

CHAIRMAN'S STATEMENT

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") hereby announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005.

This interim results have been reviewed by the Company's Audit Committee and the auditors.

INTERIM RESULTS

The Group's turnover and loss attributable to shareholders amounted to HK\$144,252,000 (2004: HK\$130,623,000) and HK\$10,390,000 (2004: HK\$50,992,000) respectively. Basic loss per share was HK2.51 cents (2004: HK12.34 cents).

INTERIM DIVIDEND

In view of the loss recorded for the first half of 2005 and the need of the Group's future development, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2005 (2004: Nil).

BUSINESS REVIEW

The Group's five in-orbit satellites, APSTAR V, APSTAR VI, APSTAR I, APSTAR IA and APSTAR IIR, together with their corresponding telemetry, tracking and control systems, have been operating under normal condition during the period. Owing to the completion of the Satellite Replacement Programme which significantly increased transponder capacities of the Company, as well as the keen competition of satellite transponder market in Asia Pacific Region, the utilization rates of the Group's satellites, APSTAR V, APSTAR VI, and APSTAR IIR were at 58.5%, 27.1% and 100%, respectively.

APSTAR VI

APSTAR VI satellite was successfully launched at 8:00 p.m. on 12 April 2005 from the Xichang Satellite Launch Center aboard a Long March 3B launch vehicle. APSTAR VI, which is a high power satellite based on a SB-4100 C 1 model supplied by Alcatel Space with 38 C-band transponders and 12 Ku-band transponders, is the fifth in-orbit satellite of the Group and a powerful addition to the APSTAR fleet. APSTAR VI is located at geostationary orbital slot 134 degrees East longitude as a replacement satellite to APSTAR IA. This satellite will provide high power Asia Pacific footprints with its C-band transponders covering China, India, Southeast Asia, Australia, South Pacific Islands, Guam and Hawaii, while its Ku-band focusing in China. It has a strong neighborhood effect due to the presences of CCTV and other renowned Chinese broadcasters and will become one of the most popular multilingual and multicultural satellite platforms in Asia Pacific Region. It started commercial operation on 7 June 2005. The satellite operation life is estimated to be about 16 years. The customers of APSTAR IA has been migrated to APSTAR VI successfully. The Company will ensure the utilization of the residual value of APSTAR IA so that it can contribute to the revenue of the Group.

APSTAR V

APSTAR V, being the fourth in-orbit satellite of the Group to replace APSTAR I, commenced commercial operation on 13 August 2004. The satellite is located at geostationary orbital slot 138 degrees East longitude with an estimated operation life of 15.3 years. APSTAR V is a high power satellite, based on FS1300 model of Space System/Loral Inc. with 38 C-band and 16 Ku-band transponders. Its C-band transponders cover China, India, Southeast Asia, Australia, New Zealand, South Pacific Islands, Guam and Hawaii whereas its Ku-band transponders cover Mainland China, India, Taiwan, Hong Kong and Korea. It supports various transponder services including DTH broadcasting, Internet and VSAT services within Asia while providing an inter-connection to the United States.

The commencements of APSTAR V and APSTAR VI will effectively strengthen the competitive edges of the Group in transponder services market by providing the latest advanced and comprehensive satellite communication and broadcasting services to our customers.

SATELLITE TV BROADCASTING AND UPLINK SERVICES

After the successful establishment of the satellite TV broadcasting platform, APT Satellite TV Development Limited (“APT TV”), a wholly-owned subsidiary of the Group has been aggressively expanding the broadcasting and uplink services under the Satellite TV Uplink and Downlink Licence of Hong Kong Special Administrative Region. As at 30 June 2005, APT TV uplinks and broadcasts up to 37 satellite TV channels for the broadcasters of the region.

SATELLITE-BASED TELECOMMUNICATIONS SERVICES

APT Telecom Services Limited (“APTS”), a wholly-owned subsidiary of the Group, provides satellite-based external telecommunication services to telecommunication operators of the region under the Fixed Carrier Licence of Hong Kong Special Administrative Region. APTS continues to provide VSAT, wholesales voice services, facilities management services and teleport uplink services to Hong Kong and Asian based telecommunication users including satellite operators, telecommunication operators, ISPs, and wholesale voice players.

Both uplink and broadcasting services and telecommunication services can help the Group to strengthen its competitive edge by offering “One-stop Services” and expand the customers base of the Group.

BUSINESS PROSPECTS

The demand of transponders will grow slowly in the second half of 2005. The market competition will still be fierce due to supply over demand. The price of transponders will still subject to pressure. The second half of 2005 will be challenging. However, the success of the Satellite Replacement Programme helps boost the competitive edge of the Group. We are confident that the Company will tide over the short-term difficulty.

FINANCE

As at 30 June 2005, the Group's gearing ratio (total liabilities/total assets) was approximately 44%. The Liquidity Ratio (current assets/current liabilities) was 1.51 times. The total equity attributable to Group was HK\$2,182,744,000.

The Group has cash and cash equivalents amounting HK\$438,060,000 and pledged bank deposits of HK\$33,724,000. The Group has the outstanding capital commitment of HK\$1,340,000, which is mainly in respect of the purchases of equipment.

CORPORATE GOVERNANCE

The Group is committed to high standard of corporate governance especially in internal control and compliance. In the first half of 2005, the Company has substantially complied with the code provisions set out in the Code of Corporate Governance Practices as required by the rules (the "Listing Rules") governing the listing of securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Meanwhile, the Company has revised the Terms of Reference of Audit Committee for incorporation of certain code provisions and has established the Nomination Committee and the Remuneration Committee. The management of the Company has also set up the Internal Control Committee, which is actively establishing and improving the internal control systems of the Group; and the Compliance Committee, which oversees all relevant compliances.

CONCLUSION

As the market competition will still be fierce and transponders in the region are still oversupply, the second half of 2005 will still be challenging. APSTAR V and APSTAR VI will help improve the Group's performance in the coming years.

NOTE OF APPRECIATION

On behalf of the Board, I would like to offer my sincere thanks to Mr. Chen Zhaobin, who resigned as the Executive Director and President, and Mr. Lim Wee Seng, who resigned as the Non-executive Director, of the Company, for their contributions to the development of the Company.

On behalf of the Board, I would like also warmly welcome Mr. Ni Yifeng, joining the Company as the Executive Director and President, and Ms Lan Kwai-chu, joining the Board as Non-executive Director of the Company. I would like to take this opportunity to thank all our customers and friends for their support, as well as to all staff members of the Group for their contributions to the Group during the period.

Liu Ji Yuan
Chairman

Hong Kong, 12 September 2005