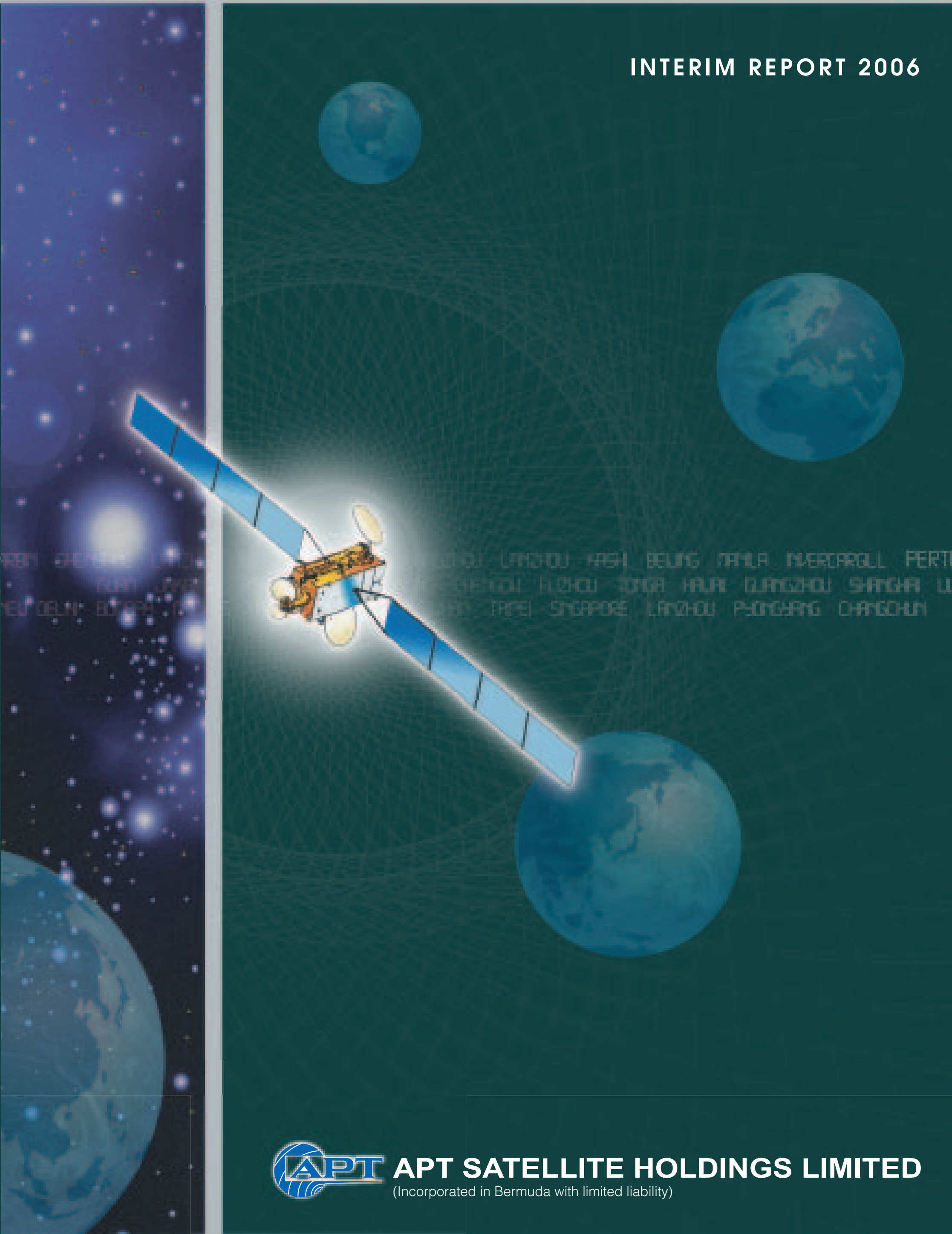
INTERIM REPORT 2006



APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

COMPANY PROFILE

APT SATELLITE HOLDINGS LIMITED ("APT Group") is a listed company on both The Stock Exchange of Hong Kong Limited and New York Stock Exchange, Inc. Having started its operation in 1992, APT Group mainly provides high quality services in satellite transponders, satellite communication and satellite TV broadcasting to the broadcasting and telecommunication sectors in Asia, Europe and the United States, and achieves remarkable results. APT Group currently operates five satellites namely APSTAR I, APSTAR IA, APSTAR IIR, APSTAR V and APSTAR VI ("APSTAR SYSTEMS") through its own satellite control centre in Tai Po, Hong Kong. APT Group has finished building its satellite TV broadcasting platform for the provision of "one-stop-shop" satellite TV broadcasting services, providing the best quality and reliable satellite TV uplink and broadcasting services to the customers. In addition, strengthened by APSTAR V and ARSTAR VI, and "one-stop-shop" services in broadcasting and telecommunications, APT Group would accommodate the needs of our customers and reinforce APT Group's competitive advantages.

APSTAR SYSTEMS

Satellites	Model	Orbital Slots	TRANSPONDERS			
			C Band		Ku Band	
			Number	Coverage	Number	Coverage
APSTAR-VI	Alcatel SB-4100 C1	134˚E	38	China, India, Southeast Asia, Australia, Hawaii, Guam, South Pacific Islands	12	China (including Hong Kong, Macau and Taiwan)
APSTAR-V	SS/L FS-1300	138˚E	38	China, India, Southeast Asia, Australia, Hawaii, Guam, South Pacific Islands	8 8	China (including Hong Kong, Macau and Taiwan) China and India
APSTAR-IIR	SS/L FS-1300	76.5˚E	28	Europe, Asia, Africa, Australia, about 75% of World's population	16	China (including Hong Kong, Macau and Taiwan) and Korea
APSTAR-IA	Boeing BSS-376	–	24	–	–	–
APSTAR-I	Boeing BSS-376	142˚E	24	–	–	–

CONTENTS

FORWARD-LOOKING STATEMENTS

This interim report contains certain forward-looking statements, such as those that express with words "believes", "anticipates", "plans" and similar wordings. Such forward-looking statements involve inherent risks and uncertainties, and actual results could be materially different from those expressed or implied by them. As regards the factors, uncertainties as well as the risks, they are identified in the Company's most recently filed Form 20-F and reports on Form 6-K furnished to the US Securities and Exchange Commission.

CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTORS

Ni Yifeng *(President)*
Tong Xudong *(Vice President)*

NON-EXECUTIVE DIRECTORS

Liu Ji Yuan *(Chairman)*
Zhang Hainan *(Deputy Chairman)*
Lim Toon
Wu Zhen Mu
Yin Yen-liang
Ho Siaw Hong
Tseng Ta-mon
(alternate director to Yin Yen-liang)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Yuen Pak Yiu, Philip
Huan Guocang
Lui King Man

COMPANY SECRETARY

Lo Kin Hang, Brian

AUTHORISED REPRESENTATIVES

Ni Yifeng
Lo Kin Hang, Brian

MEMBERS OF AUDIT COMMITTEE

Yuen Pak Yiu, Philip *(Chairman)*
Huan Guocang
Lui King Man

MEMBERS OF NOMINATION COMMITTEE

Yuen Pak Yiu, Philip *(Chairman)*
Tong Xudong
Huan Guocang
Lui King Man

MEMBERS OF REMUNERATION COMMITTEE

Lui King Man *(Chairman)*
Tong Xudong
Yuen Pak Yiu, Philip
Huan Guocang

QUALIFIED ACCOUNTANT

Lau Mei Bik

AUDITORS

KPMG

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building
No. 6, Front Street
Hamilton, HM 11
Bermuda

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

ADR DEPOSITARY

The Bank of New York
Depositary Receipt Division
101 Barclay Street 22 W
New York NY 10286
USA

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

22 Dai Kwai Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong

Tel:	(852) 2600 2100
Fax:	(852) 2522 0419
Web-site:	www.apstar.com
e-mail:	aptmk@apstar.com *(Marketing)*
	investors@apstar.com *(Investor Relations)*

STOCK CODE

1045	(in Hong Kong)
ATS	(in New York)

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 2006.

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

INTERIM RESULTS

The Group's turnover and loss attributable to shareholders amounted to HK$207,996,000 (2005: HK$144,252,000) and HK$21,139,000 (2005: HK$10,390,000) respectively. Basic loss per share was HK5.12 cents (2005: HK2.51 cents).

INTERIM DIVIDEND

In view of the loss recorded for the first half of 2006 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 2006 (2005: Nil).

BUSINESS REVIEW

The Group's five satellites, APSTAR V, APSTAR VI, APSTAR IIR, APSTAR I, and APSTAR IA, together with their corresponding telemetry, tracking and control systems, have been operating under normal condition during the period. The commencement of APSTAR VI in June 2005 further strengthened the competitive edge of the Group in market competition. As of 30 June 2006, the utilization rates of APSTAR V and APSTAR VI were at 69.9%, and 40.4% respectively.

APSTAR VI

APSTAR VI satellite is a high power satellite with 38 C-band transponders and 12 Ku-band transponders, located at geostationary orbital slot 134 degrees East longitude. 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 China market. It has a strong neighborhood effect due to the presences of CCTV and other Chinese broadcasters and will become one of the most popular multilingual and multicultural satellite platforms in Asia Pacific Region.

APSTAR V

APSTAR V operates at geostationary orbital slot 138 degrees East longitude. APSTAR V is a high power satellite 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 between the United States and major Asian cities.

With the commencements of APSTAR V and APSTAR VI, the Group can provide the latest advanced and comprehensive satellite communication and broadcasting services to our customers thereby strengthening the competitive edge in marketing of the Group.

Forming Strategic Alliance in Sales and Marketing with Intelsat

On 2 December 2005, Intelsat Limited ("Intelsat") and APT Satellite Company Limited ("APT HK"), a subsidiary of the Group signed a strategic cooperation agreement to expand businesses using the combined satellite fleets of both parties and to market each other's satellite capacity and ground resources, as well as to provide broadcast and telecommunications services to the Asia Pacific region, including China.

This strategic move allows Intelsat to access the Asia Pacific market through APSTAR V and APSTAR VI. APT HK can have access to Intelsat's capacity. As part of the alliance, the two companies have agreed to explore additional growth initiatives such as IPTV, uplink services in the Asia-Pacific region, including China.

It is expected that the strategic alliance will strengthen the Group's marketing reach enabling the Group to provide more comprehensive services to its customers.

Satellite TV Broadcasting and Uplink Services

The Group provides satellite TV uplink and broadcasting services through its wholly-owned subsidiary, APT Satellite TV Development Limited ("APT TV") and successfully established the satellite TV broadcasting platform based on the Satellite TV Uplink and Downlink Licence of Hong Kong. As at 30 June 2006, the number of satellite TV channels up-linked and broadcast by APT TV was increased to 64 channels, representing an increase of approximately 21% as compared to year end in 2005.

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. 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 contributing to the Group's revenue.

Both uplink and broadcasting services and telecommunication services enable the Group to strengthen its competitive edge by offering "One-stop-Shop Services" and expand to the customer base of the Group.

BUSINESS PROSPECTS

The economic growth in the Asia Pacific region including China will continue to drive the demand of transponders 2006. We expect the steady growth in new customers and additional utilizations in transponder services and telecommunications or broadcasting services. However, the market competition and price pressure due to over-supply of transponders will still be a concern. The Group expects APSTAR V and APSTAR VI will continue to increase in utilizations and expand our market shares further in the second half of 2006.

FINANCE

As at 30 June 2006, the Group's financial position remains sound with gearing of 42 % (total liabilities/total assets). The Liquidity Ratio (current assets/current liabilities) is 1.66 times. The total equity of the Group is HK$2,038,566,000. The Group has cash and cash equivalents amounting HK$227,569,000 and pledged bank deposits HK$60,396,000. The capital expenditure for the six months ended 30 June 2006 was approximately HK$2,453,000. With respect to the latest development of tax dispute in relation to APSTAR IIR, please refer to note 12(iii) of the interim financial report.

CORPORATE GOVERNANCE

The Group is committed to high standard of corporate governance especially in internal control and compliance.

CONCLUSION

The market competition has been fierce and transponders in the region are still oversupply. The Group expects that APSTAR V and APSTAR VI will continue to beef up the Group's market competition thereby improving the Group's performance in the coming years.

NOTE OF APPRECIATION

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

Shenzhen, China, 11 September 2006

FINANCIAL REVIEW

The turnover of the Group for the period ended 30 June 2006 was HK$207,996,000, an increase of 44%, as compared to the same period in 2005. The increase was mainly due to commencement of some new utilization contracts for APSTAR VI. The cost of services of the Group for the period ended 30 June 2006 was HK$167,497,000, an increase of 38%, as compared to the same period in 2005. The increase of cost of services was primarily due to an increase in in-orbit insurance and depreciation of the satellite of APSTAR VI which commenced service on 7 June 2005. Finance costs increased by HK$22,426,000 to HK$31,055,000, as compared to the same period in 2005. The increase of finance costs was primarily due to related interest was no longer capitalized upon the commencement of operation of APSTAR VI. The other net income decreased by HK$13,716,000 to HK$9,074,000, as compared to the same period in 2005. The decrease of other net income was mainly due to receipt of one time compensation income in respect of the late delivery of APSTAR VI in the period ended 30 June 2005. As a result of the foregoing, the Group recorded a loss after taxation of HK$21,782,000 for the period ended 30 June 2006, an increase of loss of HK$10,919,000, as compared to the same period in 2005.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the period, the Group's principal use of capital was the capital expenditure related to telecommunication equipments. The capital expenditure incurred for the period ended 30 June 2006 amounted to HK$2,453,000. As at 30 June 2006, the Group had cash and cash equivalents amounting HK$227,569,000 (31 December 2005: HK$326,440,000) and pledged bank deposits of HK$60,396,000 (31 December 2005: HK$68,699,000). Together with cash flow generated from operation, the Group could meet all the debt repayment schedules in the coming year.

As at 30 June 2006, the Group's total liabilities were HK$1,486,827,000, a decrease of HK$65,910,000, as compared to 31 December 2005, which was mainly due to the Group repaid part of bank borrowings pursuant to the repayment schedule of a bank loan facility in respect of satellite project. As a result of the above repayment, the gearing ratio (total liabilities/total assets) has decreased to 42%, representing a 1% decrease as compared to 31 December 2005. The secured bank borrowings were primarily denominated in United States dollars and were on floating-rate basis. As at 30 June 2006, the debt maturity profile (excluding the borrowing transaction cost) of the Group was as follows:

Year of Maturity	HK$
Repayable within 1 year or on demand	129,285,000
Repayable after one year but within five years	937,755,000

CAPITAL STRUCTURE

The Group continues to maintain a prudent treasury policy and manage currency and interest risks on a conservative basis. During the period, the Group made no hedging arrangement in respect of exchange rate fluctuation as majority of its business transactions was settled in United States dollars. Interest under secured bank borrowings was computed at the London Inter-Bank Offering Rate plus a margin. The Group would consider the fluctuation risk of the floating interest rate and would take appropriate measure in due course to hedge against interest rate fluctuation.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group maintained its interest in APT Satellite Telecommunications Limited ("APT Telecom") at 55% as at 30 June 2006. APT Telecom is engaged in property leasing and related facilities management services. As at 30 June 2006, the Group's share of loss of jointly controlled entities was HK$445,000.

SEGMENT INFORMATION

The turnover of the Group, which is analyzed by business and geographical segments, is disclosed in note 3 to the interim financial report.

Satellite Transponder Capacity and Related Services

Revenue from Satellite Transponder Capacity and Related Services for the period ended 30 June 2006 increased approximately 48% to HK$189,848,000. Segmental gain of HK$36,566,000, an increase of 66%, as compared to the same period in 2005, was mainly due to only one month income in respect of APSTAR VI recorded on the same period in 2005. The increase of segmental income and gain was due to an increase of commencement of some new utilization contracts upon the commencement of operation of APSTAR VI.

Satellite-based broadcasting and telecommunications

Revenue from Satellite-based Broadcasting and Telecommunications Services for the period ended 30 June 2006 increased 56% to HK$27,434,000. Segmental gain increased to HK$3,887,000. This primarily reflected an increase of some new customers in VSAT for the period in 2006.

CHARGES ON GROUP ASSETS

At 30 June 2006, the Group had deposits of approximately HK$60,396,000 (31 December 2005: HK$68,699,000) and assets of APSTAR V and APSTAR VI and related equipment contracts with aggregate carrying value of approximately HK$2,655,352,000 (31 December 2005: HK$2,752,162,000), their related in-orbit insurance claims proceeds, and the assignment of all their present and future agreements of transponder capacity were pledged to secure bank loan. As at 30 June 2006, total outstanding with respect to bank loan was HK$1,067,040,000 (US$136,800,000).

In addition, certain of the Group's banking facilities were secured by the Group's properties with aggregate carrying value of approximately HK$4,173,000 (31 December 2005: HK$4,771,000).

CAPITAL COMMITMENTS

As at 30 June 2006, the Group has the outstanding capital commitments of HK$764,000 (31 December 2005: HK$2,290,000), which was contracted but not provided for in the Group's financial statements, mainly in respect of the purchases of equipment.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group are set out in note 12 to the interim financial report.

HUMAN RESOURCES

As at 30 June 2006, the Group had 159 employees (2005: 166). With regard to the emolument policy, the Group remunerates its employees in accordance with their respective responsibilities and current market trends. On 19 June 2001, the Company first granted share options under the share option scheme adopted at the annual general meeting on 22 May 2001 ("Scheme 2001") to its employees including executive directors. On 22 May 2002, the Group adopted a new share option scheme ("Scheme 2002") at the annual general meeting to comply with the requirements of the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). To further motivate employees for better contribution to the Group, the Group has also established an incentive bonus scheme.

The Group provides on the job training to employees to update and upgrade their knowledge on related job fields.

UNAUDITED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2006 $'000	2005 $'000
Turnover	3	**207,996**	144,252
Cost of services		**(167,497)**	(121,045)
Gross profit		**40,499**	23,207
Other net income		**9,074**	22,790
Revaluation gain on investment property		**78**	–
Administrative expenses		**(35,358)**	(37,031)
Profit from operations	3	**14,293**	8,966
Finance costs	4	**(31,055)**	(8,629)
Share of results of jointly controlled entities		**(445)**	(2,909)
Loss before taxation	4	**(17,207)**	(2,572)
Income tax	5	**(4,575)**	(8,291)
Loss after taxation		**(21,782)**	(10,863)
Attributable to:			
Equity shareholders of the Company		**(21,139)**	(10,390)
Minority interests		**(643)**	(473)
Loss after taxation		**(21,782)**	(10,863)
Loss per share	6		
– Basic		**(5.12 cents)**	(2.51 cents)
– Diluted		**(5.12 cents)**	(2.51 cents)

The notes on pages 13 to 22 form part of this interim financial report.

UNAUDITED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2006
(Expressed in Hong Kong dollars)

	Note	At 30 June 2006 $'000	At 31 December 2005 $'000
Non-current assets			
Property, plant and equipment	7	**2,885,553**	2,999,402
Interest in leasehold land held for own use under an operating lease		**15,382**	15,570
Investment property	7	**2,418**	2,340
Interest in jointly controlled entities		**1,796**	2,241
Amounts due from a jointly controlled entity		**71,439**	67,476
Club memberships		**5,537**	5,537
Prepaid expenses		**30,667**	32,227
Deferred tax assets		**9,392**	3,609
		3,022,184	3,128,402
Current assets			
Trade receivables	8	**88,340**	49,730
Deposits, prepayments and other receivables		**124,204**	35,918
Amount due from a jointly controlled entity		**2,700**	5,100
Pledged bank deposits		**60,396**	68,699
Cash and cash equivalents		**227,569**	326,440
		503,209	485,887
Current liabilities			
Payables and accrued charges		**47,332**	51,593
Rentals received in advance		**30,204**	31,414
Loan from a minority shareholder		**7,488**	7,488
Secured bank borrowings due within one year	9	**126,591**	117,757
Current taxation		**91,770**	89,186
		303,385	297,438
Net current assets		**199,824**	188,449
Total assets less current liabilities carried forward		**3,222,008**	3,316,851

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

AT 30 JUNE 2006
(Expressed in Hong Kong dollars)

	Note	At 30 June 2006 $'000	At 31 December 2005 $'000
Total assets less current liabilities brought forward		**3,222,008**	3,316,851
Non-current liabilities			
Secured bank borrowings due after one year	9	**932,589**	1,000,302
Deposits received		**17,440**	15,986
Deferred income		**233,413**	239,011
		1,183,442	1,255,299
Net assets		**2,038,566**	2,061,552
Capital and reserves			
Share capital	10	**41,327**	41,327
Share premium		**1,287,536**	1,287,536
Contributed surplus		**511,000**	511,000
Capital reserve		**10,635**	11,996
Exchange reserve		**143**	1,347
Other reserves		**104**	104
Accumulated profits		**185,537**	205,315
		2,036,282	2,058,625
Minority interests		**2,284**	2,927
Total equity		**2,038,566**	2,061,552

The notes on pages 13 to 22 form part of this interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(Expressed in Hong Kong dollars)

	Attributable to equity holders of the parent									
	Share capital $'000	Share premium $'000	Contributed surplus $'000	Capital reserve $'000	Exchange reserve $'000	Other reserves $'000	Accumulated profits/(losses) $'000	Total $'000	Minority interests $'000	Total equity $'000
At 1 January 2005	41,327	1,287,536	511,000	23,964	(20)	102	328,911	2,192,820	3,856	2,196,676
Exchange differences	–	–	–	–	(19)	–	–	(19)	–	(19)
Net loss for the period	–	–	–	–	–	–	(10,390)	(10,390)	(473)	(10,863)
Balance at 30 June 2005	41,327	1,287,536	511,000	23,964	(39)	102	318,521	2,182,411	3,383	2,185,794
At 1 January 2006	41,327	1,287,536	511,000	11,996	1,347	104	205,315	2,058,625	2,927	2,061,552
Exchange differences	–	–	–	–	(1,204)	–	–	(1,204)	–	(1,204)
Cancellation of share options	–	–	–	(1,361)	–	–	1,361	–	–	–
Net loss for the period	–	–	–	–	–	–	(21,139)	(21,139)	(643)	(21,782)
Balance at 30 June 2006	41,327	1,287,536	511,000	10,635	143	104	185,537	2,036,282	2,284	2,038,566

The notes on pages 13 to 22 form part of this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2006	2005
	$'000	$'000
Net cash (used in)/from operating activities	**(15,764)**	48,545
Net cash from/(used in) investing activities	**6,307**	(479,463)
Net cash (used in)/from financing activities	**(88,210)**	195,215
Net decrease in cash and cash equivalents	**(97,667)**	(235,703)
Cash and cash equivalents at 1 January	**326,440**	673,763
Effect of foreign exchange rates changes	**(1,204)**	–
Cash and cash equivalents at 30 June	**227,569**	438,060
Analysis of the balances of cash and cash equivalents:		
Deposits with banks and other financial institutions	**221,622**	418,129
Cash at bank and in hand	**5,947**	19,931
Cash and cash equivalents at the end of the period	**227,569**	438,060

The notes on pages 13 to 22 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorized for issuance on 11 September 2006.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2005 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700, Engagements to review interim financial reports, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 27.

The financial information relating to the financial year ended 31 December 2005 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2005 are available from the Company's principal place of business. The auditors have expressed an unqualified opinion on those financial statements in their report dated 10 April 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2005 annual financial statements.

The HKICPA has issued a number of new and revised HKFRSs, which term collectively included HKASs and Interpretations, that are effective or available for early adoption for accounting periods beginning on or after 1 January 2006. The Board of Directors has determined the accounting policies expected to be adopted in the preparation of the Group's annual financial statements for the year ending 31 December 2006 on the basis of HKFRSs currently in issue, which the Board of Directors believes, do not have a significant impact on the Group's prior year financial position and results of operations.

The new and revised HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2006 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of this interim financial report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report. The Group has not applied any new standards or interpretations that is not yet effective for the current accounting period (see note 15).

3. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Inter-segment pricing is based on terms similar to as those available to external third parties.

Business segments

The Group comprises two main business segments, namely provision of satellite transponder capacity and related services and provision of satellite-based broadcasting and telecommunications services.

	Provision of satellite transponder capacity and related services		Provision of satellite-based broadcasting and telecommunications services		Inter-segment elimination		Consolidated	
For the six months ended 30 June	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
Turnover from external customers	**181,077**	126,816	**26,871**	17,302	**–**	–	**207,948**	144,118
Inter-segment turnover	**8,771**	1,287	**563**	311	**(9,334)**	(1,598)	**–**	–
Total	**189,848**	128,103	**27,434**	17,613	**(9,334)**	(1,598)	**207,948**	144,118
Service income							**48**	134
							207,996	144,252
Segment result	**36,566**	21,964	**3,887**	740	**(2)**	369	**40,451**	23,073
Service income							**48**	134
Unallocated other net income							**9,152**	22,790
Unallocated administrative expenses								
– staff costs							**(21,333)**	(18,602)
– office expenses							**(14,025)**	(18,429)
Profit from operations							**14,293**	8,966
Finance costs							**(31,055)**	(8,629)
Share of results of jointly controlled entities							**(445)**	(2,909)
Loss before taxation							**(17,207)**	(2,572)
Income tax							**(4,575)**	(8,291)
Loss after taxation							**(21,782)**	(10,863)

3. SEGMENTAL REPORTING (continued)

Geographical segments

The Group's operating assets consist primarily of its satellites which are used, or are intended for use, for transmission to multiple countries but not located within a specific geographical area. Accordingly, no segment analysis of the carrying amount of segment assets by location of assets is presented.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Hong Kong		Other regions in the PRC		Singapore		Indonesia		Others	
For the six months ended 30 June	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
Turnover from external customers	**23,890**	18,009	**114,564**	90,071	**18,187**	14,805	**22,477**	7,923	**28,878**	13,444

4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2006 $'000	2005 $'000
Interest on borrowings wholly repayable within five years	**29,589**	17,703
Other borrowing costs	**1,466**	688
Less: borrowing costs capitalised	**–**	(9,762)
	31,055	8,629
Depreciation and amortisation	**116,438**	80,355
Gain on disposal of property, plant and equipment	**(92)**	(46)

5. INCOME TAX

	Six months ended 30 June	
	2006 $'000	2005 $'000
Current tax – Overseas	**10,358**	7,750
Deferred tax	**(5,783)**	541
	4,575	8,291

5. **INCOME TAX (continued)**

Taxation is charged at the appropriate current rates of taxation ruling in the relevant countries.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profit for the period. Overseas tax includes the withholding tax paid or payable in respect of Group's income from provision of satellite transponder capacity to the customers which are located outside Hong Kong.

6. **LOSS PER SHARE**

(a) **Basic loss per share**
The calculation of basic loss per share is based on the loss attributable to equity shareholder of the Company of $21,139,000 (six months ended 30 June 2005: $10,390,000) and the weighted average of 413,265,000 ordinary shares (30 June 2005: 413,265,000 shares) in issue during the six months ended 30 June 2006.

(b) **Diluted loss per share**
Diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2006 and 2005.

7. **ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**

(a) **Acquisitions**
During the current period, the Group has acquired property, plant and equipment amounting to $2,453,000 (six months ended 30 June 2005: $521,770,000).

(b) **Valuation**
Investment property was revalued at 30 June 2006 at $2,418,000 (31 December 2005: $2,340,000) by Savills Valuation and Professional Services Limited, an independent professional property valuer, on an open market value basis by reference to net rental income allowing for reversionary income potential.

8. **TRADE RECEIVABLES**

The Group allows an average credit period of 10 days to its trade customers. The following is an ageing analysis of trade receivables (net of specific provisions for bad and doubtful debts) at the balance sheet date:

	At 30 June 2006 $'000	At 31 December 2005 $'000
0 – 30 days	**43,957**	27,603
31 – 60 days	**10,087**	8,208
61 – 90 days	**7,658**	6,141
91 – 120 days	**4,064**	2,129
Over 121 days	**22,574**	5,649
	88,340	49,730

9. SECURED BANK BORROWINGS

At 30 June 2006, the assets pledged for securing bank borrowings are the satellites of approximately $2,655,352,000 (31 December 2005: $2,752,162,000) and bank deposits of approximately $60,396,000 (31 December 2005: $68,699,000).

	At 30 June 2006 $'000	At 31 December 2005 $'000
Bank loans	**1,059,180**	1,118,059
Less: Amount due within one year included under current liabilities	**(126,591)**	(117,757)
Amount due after one year	**932,589**	1,000,302
At 30 June 2006, the bank borrowings are repayable as follows:		
Within one year or on demand	**126,591**	117,757
After one year but within five years	**932,589**	902,118
After five years	**–**	98,184
	1,059,180	1,118,059

10. SHARE CAPITAL

There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

11. SHARE OPTIONS

At the annual general meeting on 22 May 2001, the Company adopted a share option scheme ("Scheme 2001") and granted options to its employees on 19 June 2001. On 22 May 2002, the Company adopted a new share option scheme ("Scheme 2002") at its 2002 annual general meeting. Thereafter, no further options can be granted under the Scheme 2001. The options granted on 19 June 2001 shall continue to be valid until their expiry.

During the six months ended 30 June 2006, no options were granted under the Scheme 2002. (for the six months ended 30 June 2005: Nil)

11. SHARE OPTIONS (continued)

Movements in share options

The particulars of the share options granted under the Scheme 2001 outstanding during the period are as follows:

	2006 Number
At 1 January	4,230,000
Cancelled during the period	(480,000)
At 30 June	3,750,000
Options vested at 30 June	3,750,000

The above granted options have an exercise price of $2.765 per share and are exercisable within the period from 22 May 2003 to 21 May 2011.

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share option granted. The estimated fair value of the services received is measured based on a binomial lattice model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

12. CONTINGENT LIABILITIES

(i) In the years before 1999, overseas withholding tax was not charged in respect of the Group's transponder utilisation income derived from the overseas customers. From 1999, overseas withholding tax has been charged on certain transponder utilisation income of the Group and full provision for such withholding tax for the years from 1999 onwards has been made in the financial statements. The Directors of the Company are of the opinion that the new tax rules should take effect from 1999 onwards and, accordingly, no provision for the withholding tax in respect of the years before 1999 is necessary. The Group's withholding tax in respect of 1998 and before, calculated at the applicable rates based on the relevant income earned in those years, not provided for in the financial statements amounted to approximately $75,864,000.

(ii) The Company has given guarantees to banks in respect of the secured term loan facility granted to its subsidiary. The extent of such facility utilised by the subsidiary at 30 June 2006 amounted to $1,067,040,000 (31 December 2005: $1,127,295,000).

12. CONTINGENT LIABILITIES (continued)

(iii) The Hong Kong Profits Tax returns of a subsidiary of the Company for the years of assessment 1999/2000 and 2000/2001 are currently under dispute with the Hong Kong Inland Revenue Department ("IRD"). This subsidiary recognised a disposal gain of $389,744,000 in 1999 in relation to the transfer of the entire business of APSTAR IIR and substantially all of the satellite transponders of APSTAR IIR. This subsidiary has claimed the gain on disposal as a non-taxable capital gain in its 1999/2000 Profits Tax return. In 2003, IRD has proposed to treat the proceeds received as taxable income to this subsidiary with a corresponding entitlement to statutory depreciation allowance in respect of APSTAR IIR. On 23 January 2006, IRD raised a Profits Tax assessment for the year of assessment 2000/2001 to include that portion of the proceeds from sale of the satellite received during 2000/2001 as taxable income. The tax demanded for the year of assessment 2000/2001 is $212,846,000.

On 20 February 2006, the subsidiary lodged an objection against the IRD's assessment on the grounds that it is excessive.

On 24 February 2006, the subsidiary received a notice from the IRD confirming that the entire tax in dispute would be held over on condition that the subsidiary purchases $78,385,000 of Tax Reserve Certificates ("TRC") by 15 March 2006 and the balance of the amount of $134,461,000 would be held over unconditionally. Should any amount of tax held over on condition of the purchase of TRC become payable upon the final determination of the objection, the same amount of TRC would be used for settlement of tax due. For that part of the TRC not utilised to offset the tax payable, interest will accrue from the date of issue of the TRC to the date of determination of the objection and be refunded to the subsidiary. In order to fulfill the condition of hold over of tax payment, the subsidiary purchased TRC of $78,385,000 on 15 March 2006.

Since the receipt of the above mentioned notices, the Company has obtained external legal and tax advice, and the Company continues to believe that it has a reasonable likelihood of success in defending its position that the gain derived from the transaction should be treated as non-taxable. Accordingly, no provision for additional taxation has been made.

Subsequent to the 15 March 2006 announcement, having considered the advice from the tax adviser, the Company believes that it would be in the best interest of the Company that the dispute be settled as soon as practicable to avoid further incurrence of time, effort and professional costs. The subsidiary submitted a settlement proposal to the IRD, via its tax adviser, on 28 August 2006 with a view to compromising on the tax assessment dispute. The proposal may or may not be accepted by IRD. In the event that the proposal is accepted by IRD, the Company believes that it will have a positive impact on cashflow.

In the proposal, the view that the transfer was a sale of capital asset is maintained but for settlement purposes, the subsidiary proposes to treat the sale proceeds from the disposal of APSTAR IIR of $2,114,758,000 (approximately US$272,872,000) as lease income with taxability arising over the remaining life of APSTAR IIR until the tax assessment year of 2012/2013. In addition, the Company had requested for deduction of statutory depreciation allowances in respect of APSTAR IIR and other expenditures related to the transaction. In the event that the proposal is accepted by IRD, the Company would recognize an additional tax expense of approximately $21,200,000.

(iv) As of 30 June 2006, the Group did not have full in-orbit insurance coverage for its satellites. The in-orbit satellites had a net book value in aggregate of $2,727,569,000 as of 30 June 2006.

13. COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

At 30 June 2006, the Group has the following outstanding capital commitments not provided for in the Group's financial statements:

	At 30 June 2006 $'000	At 31 December 2005 $'000
Contracted for	**764**	2,290
Authorised but not contracted for	**–**	–
	764	2,290

14. MATERIAL RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2006 $'000	2005 $'000
Income from provision of satellite transponder capacity and provision of satellite-based broadcasting and telecommunication services to certain shareholders and a subsidiary of the Company *(note i)*	**8,860**	12,204
Income from provision of satellite transponder capacity and related services and provision of satellite-based broadcasting and telecommunication services to a holding company and the subsidiaries of a shareholder of the Company *(note i)*	**18,093**	15,463
Payment of service fees in connection with a satellite project to a fellow subsidiary of a shareholder of the Company *(note ii)*	**–**	138,727
Management fee income from a jointly controlled entity *(note iii)*	**240**	240

14. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

(i) The terms and conditions of these transponder capacity utilisation agreements and satellite-based broadcasting and telecommunication services agreements are similar to those contracted with other customers of the Group.

(ii) The Directors consider that the service fee is charged according to prices and conditions similar to those offered to other customers by the launch service provider.

(iii) Management fee income arose from a reimbursement of cost of service provided to a jointly controlled entity under the agreement.

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2006	2005
	$'000	$'000
Short-term employee benefits	**4,970**	5,923
Other long-term benefits	**343**	306
	5,313	6,229

15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2006

Up to the date of issue of these interim financial reports, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 December 2006 and which have not been adopted in these interim financial reports.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

		Effective for accounting periods beginning on or after
HKFRS 7	Financial instruments: disclosures	1 January 2007
Amendment to HKAS 1	Presentation of financial statements: capital disclosures	1 January 2007

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDER

As at 30 June 2006, according to the register of interests in shares and short positions kept by the Company under section 336 of the Securities and Futures Ordinance ("SFO"), the following companies are directly and indirectly interested in 5 per cent or more of the issued share capital of the Company:

Name	Note	Number of shares interested	% of issued share capital
APT Satellite International Company Limited		214,200,000	51.83
China Aerospace Science & Technology Corporation	1	37,200,000	9.00
China Aerospace International Holdings Limited	1	31,200,000	7.55
Sinolike Investments Limited	1	31,200,000	7.55
Temasek Holdings (Private) Limited	2	22,800,000	5.52
Singapore Telecommunications Limited	2	22,800,000	5.52
Singasat Private Limited	2	22,800,000	5.52

Note:

1. China Aerospace Science & Technology Corporation was deemed to be interested in the shares of the Company by virtue of its 41.86% shareholding in China Aerospace International Holdings Limited, which was deemed to be interested in the shares of the Company by virtue of its 100% shareholding in Sinolike Investments Limited, which was deemed to be interested in the shares of the Company by virtue of its 100% shareholding in CASIL Satellite Holdings Limited which holds 14,400,000 shares of the Company.

2. Temasek Holdings (Private) Limited was deemed to be interested in the shares of the Company by virtue of its 67.16% shareholding in Singapore Telecommunications Limited, which was deemed to be interested in the shares of the Company by virtue of its 100% shareholding in Singasat Private Limited.

Save as disclosed above, as at 30 June 2006, no other party has an interest or a short position in the issued share capital of the Company, as recorded in the register required to be kept by the Company under section 336 of the SFO.

INTERESTS OF DIRECTOR AND CHIEF EXECUTIVE

As at 30 June 2006, according to the register maintained by the Company pursuant to section 352 of the SFO, the director and chief executive of the Company had the following interests, all being beneficial owner unless otherwise stated, in the shares of the Company:

Name of Director and Chief Executive	Nature of interests	Number of shares held	Number of share options *(1)*
Lo Kin Hang, Brian *(Vice President & Company Secretary)*	Personal	5,000	800,000

(1) The share options were granted on 19 June 2001 under the share option scheme adopted at the annual general meeting of the Company held on 22 May 2001 and all the above share options have an exercise price of HK$2.765 per share and are exercisable within the period from 22 May 2003 to 21 May 2011.

Save as disclosed above, as at 30 June 2006, according to the register maintained by the Company pursuant to section 352 of the SFO, none of the director or the chief executive of the Company had or was deemed to have an interest or short position in the shares and underlying shares of the Company nor any associated corporations (within the meaning of Part XV of the SFO), or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

SHARE OPTION SCHEMES

Owing to the enforcement of the new requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in September 2001, the Company adopted a new share option scheme (the "Scheme 2002") at its annual general meeting on 22 May 2002, whereupon the Board of Directors of the Company shall only grant new options under the Scheme 2002.

During the period from 1 January 2006 to 30 June 2006, no option was granted under the Scheme 2002, which will expire on 21 May 2012.

On 19 June 2001, the Company had granted options to its employees under a previous share option scheme (the "Scheme 2001"), which was adopted at the annual general meeting on 22 May 2001, details of which are set out below. Since then, no further options were granted under the Scheme 2001 and, all the options granted under the Scheme 2001 shall however remain valid until their expiry.

SHARE OPTION SCHEMES (continued)

The total number of shares available for issue under the existing share option schemes (Scheme 2001 and Scheme 2002) is upon exercise of all share options granted and yet to be exercised 3,750,000, which represents 0.91% of the issued shares of the Company and not exceeding 10% of the shares of the Company in issue on the adoption date of the Scheme 2002 (i.e. 412,720,000 shares). As at 30 June 2006, the share of the Company in issue was 413,265,000 shares.

The particulars of the outstanding share options granted under Scheme 2001 are as follows:

	Options granted on 19 June 2001 and remain outstanding as at 1 January 2006	Options cancelled during the period	Options outstanding as at 30 June 2006
Name of director and chief executive:			
Lo Kin Hang, Brian *(Vice President and Company Secretary)*	800,000	–	800,000
	800,000	–	800,000
Employees in aggregate:			
Employees under continuous employment contracts	4,230,000	480,000	3,750,000

The above granted options have an exercise price of HK$2.765 per share and are exercisable within the period from 22 May 2003 to 21 May 2011, whilst there is no minimum period nor any amount payable on application required before exercising the options. The closing price of the shares immediately before the date on which these options were granted was HK$3.85.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2006, the Company has met the code provisions ("Code Provision") set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, save for the following Code Provisions:

A4.1: the non-executive directors of the Company are not appointed for a specific term given they shall retire from office by rotation once every three years except the Chairman of the Board and the President in accordance with the Bye-laws of the Company; and

A4.2: the Chairman of the Board and the President are not subject to retirement by rotation given that would help the Company in maintaining its consistency of making business decisions.

MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code ("Model Code") contained in the Appendix 10 of the Listing Rules.

Having made specific enquiry of all directors, the Company's directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the period from 1 January 2006 to 30 June 2006.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

In the meeting on 29 August 2006, the Audit Committee reviewed with the management the accounting principles and practices adopted by the Group and the Company's unaudited interim financial report for the six months ended 30 June 2006, and discussed auditing and internal control matters. The Audit Committee comprises of three independent non-executive directors including Mr. Yuen Pak Yiu, Philip, Dr. Huan Guocang and Dr. Lui King Man.

KPMG

INDEPENDENT REVIEW REPORT

To the Board of Directors of APT Satellite Holdings Limited
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 8 to 22.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review, which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

KPMG
Certified Public Accountants

Hong Kong, 11 September 2006

SUPPLEMENTARY INFORMATION FOR ADS HOLDERS

The above unaudited financial information has been prepared in accordance with the generally accepted accounting principles applicable in Hong Kong ("HK GAAP"), which differ in certain significant respects from those applicable in the United States ("US GAAP"). The significant differences between HK GAAP and US GAAP that affect the Group's results for the six months ended 30 June 2006 and shareholders' equity at 30 June 2006 are substantially the same as those disclosed in the Company's 2005 annual report. The effect of the significant differences between HK GAAP and US GAAP on the Group's unaudited consolidated net loss for the six months ended 30 June 2006 and shareholders' equity at 30 June 2006 are set out below. The US GAAP adjustments shown below have been prepared by management and have not been subject to independent audit.

	Six months ended 30 June		
	2006	**2006**	2005
	US$'000	**HK$'000**	HK$'000
Net loss as reported under HK GAAP	**(2,710)**	**(21,139)**	(10,390)
Adjustment:			
Investment properties	**(117)**	**(917)**	(917)
Revaluation of investment properties	**(10)**	**(78)**	2,750
Approximate net loss as reported under US GAAP	**(2,837)**	**(22,134)**	(8,557)
Approximate basic net loss per share in accordance with US GAAP	**US$(0.69 cents)**	**HK$(5.36 cents)**	HK$(2.07 cents)
Approximate diluted net loss per share in accordance with US GAAP	**US$(0.69 cents)**	**HK$(5.36 cents)**	HK$(2.07 cents)
Approximate basic net loss per ADS in accordance with US GAAP*	**US$(5.49 cents)**	**HK$(42.85 cents)**	HK$(16.56 cents)
Approximate diluted net loss per ADS in accordance with US GAAP*	**US$(5.49 cents)**	**HK$(42.85 cents)**	HK$(16.56 cents)

* Based on a ratio of 8 ordinary shares of the Company to one American depositary share ("ADS").

SUPPLEMENTARY INFORMATION FOR ADS HOLDERS (CONTINUED)

	At 30 June		At 31 December
	2006	**2006**	2005
	US$'000	**HK$'000**	HK$'000
Shareholders' equity as reported under HK GAAP	**261,062**	**2,036,282**	2,058,625
Adjustments:			
Accumulated depreciation on investment properties	**(664)**	**(5,182)**	(4,265)
Gain on revaluation of investment properties	**202**	**1,572**	1,650
Property, plant and equipment	**138**	**1,080**	1,080
Shareholders' equity as reported under US GAAP	**260,738**	**2,033,752**	2,057,090

Solely for the convenience of the reader, amounts in Hong Kong dollars included in this Interim Report have been translated into United States dollars at the rate of 7.8. No representation is made that the Hong Kong dollars amounts could have been, or could be, converted into United States dollars at that rate or at any other rate on 30 June 2006 or on any other date.