INTERIM REPORT 2005

APSTAR VI

APT SATELLITE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

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.

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 oversights 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

FINANCIAL REVIEW

The Group recorded a loss after taxation of HK$10,863,000 for the period ended 30 June 2005, a decrease of loss of HK$40,642,000, as compared to the period ended 30 June 2004, mainly as a result of increase of income and decrease of the cost of services. The increase of income for the period ended 30 June 2005 was mainly due to commencement of some new utilization contracts for APSTAR V and the increase of other operating income arising from the increase of interest income and other income. The decrease of cost of services was mainly due to decrease of depreciation in respect to satellite which was offset by an increase in satellite insurance cost incurred in running the APSTAR V, which began service in August 2004.

The Group believes that the commencement of operation of APSTAR VI from June 2005 will further enhance the competitive position of the Group.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the period, the Group's principal use of capital was the capital expenditure related to the construction, launch service and launch insurance of APSTAR VI which had been funded by internally generated cash and bank loan. The capital expenditure incurred for the period ended 30 June 2005 amounted to HK$521,770,000.

On 18 May 2005, the Group entered into a Second Deed of Amendment and Restatement to the US$240 million secured term loan facilities agreement dated as of 16 December 2002 (the "Bank Loan") with banks. The first amendment cancelled the unutilized portion for the facilities with respect to APSTAR V and the backup satellite. The aggregate Bank Loan facility was reduced to US$165 million. The repayment date of the first installment under the facility with respect of APSTAR V and certain financial covenants were amended. The second amendment extended the availability period of drawing under the facility with respect to APSTAR VI to 30 June 2005 and amended the financial covenants. As at 30 June 2005, the Group complied with all the financial covenants over the past six-month period. The aggregate amount drawn under the Bank Loan as at 30 June 2005 was HK$1,205,100,000 (US$154,500,000). The unutilized portion for the facility with respect to APSTAR VI was cancelled due to the availability period of drawing having expired at 30 June 2005. During the period, the Group repaid Bank Loan of HK$17,550,000 (US$2,250,000). As a result of the above repayments, total outstanding with respect to Bank Loan was HK$1,187,550,000 (US$152,250,000).

As at 30 June 2005, the Bank Loan was primarily denominated in US$ and was on floating-rate basis. The debt maturity profile of the Group was as follows:

Year of Maturity	HK$
Repayable within 1 year or on demand	120,510,000
Repayable after one year but within five years	830,232,000
Repayable after five years	236,808,000

As at 30 June 2005, the Group has approximately HK$438,060,000 (31 December 2004: HK$673,763,000) free cash and HK$33,724,000 (31 December 2004: HK$21,140,000) pledged deposit. Together with cash flow generated from operations, the Group could meet with ease all the debt repayment schedules in the coming year.

As at 30 June 2005, the Group's total liabilities were HK$1,714,652,000, an increase of HK$284,629,000 as compared to 31 December 2004, which was mainly due to the net borrowing of HK$211,770,000 (US$27,150,000) from the Bank Loan and an increase of accrued charges. As a result, the gearing ratio (total liabilities/total assets) has risen to 44%, representing a 5% increase as compared to 31 December 2004.

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 Bank Loan 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 2005. APT Telecom is engaged in property leasing and related facilities management services. As at 30 June 2005, APT Telecom still incurred a loss and the Group's share of loss of jointly controlled entities was HK$2,909,000. As compared with the same period last year, the increase of share of loss of jointly controlled entities was mainly due to APT Telecom recognised a loss on investment property revaluation of HK$5,000,000, of which the Group shared HK$2,750,000.

SEGMENT INFORMATION

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

SATELLITE TRANSPONDER CAPACITY SERVICES

Revenue from Satellite Transponder Capacity Services for the period ended 30 June 2005 increased approximately 13% to HK$128,103,000. This primarily reflected the increase of revenue due to commencement of some new utilization contracts for APSTAR V which leading to increase of segment profit.

SATELLITE-BASED BROADCASTING AND TELECOMMUNICATIONS

Revenue from Satellite-based broadcasting and telecommunications for the period ended 30 June 2005 decreased approximately 10% to HK$17,613,000. Segment result improved from loss for the period ended 30 June 2004 to the profit of HK$740,000 for the period ended 30 June 2005. The decline in revenue was mainly due to loss of customers in VSAT and wholesale voice services but part of the decrease was offset by an increase in revenue derived from TV uplink services. Segment result has improved because provision for doubtful debts in respect of wholesale voice services were provided for the period ended 30 June 2004, but no such provision was considered necessary for the period ended 30 June 2005.

CHARGES ON GROUP ASSETS

The Bank Loan is secured by the assignment of the construction, launch service and related equipment contracts relating to APSTAR V and APSTAR VI and their related insurance claims proceeds, and the assignment of all their present and future agreements of transponder capacity and termination payments under construction, launch service and related equipment contracts. Any insurance claim proceeds must be deposited in a designated account and withdrawal of any amount from this designated account shall follow the terms of Bank Loan. At 30 June 2005, the assets under fixed charge were APSTAR V and APSTAR VI approximately HK$2,848,972,000 (31 December 2004: HK$2,398,169,000) and bank deposit of approximately HK$33,724,000 (31 December 2004: HK$20,750,000).

In addition, certain of the Group's banking facilities were secured by the Group's properties with aggregate carrying value of approximately HK$4,829,000 (31 December 2004: HK$4,887,000).

CAPITAL COMMITMENTS

On 10 November 2004, the Group had entered into an agreement with a contractor pursuant to which the Group is granted a right to require the contractor to provide for the design, construction, delivery and launch of a new satellite, APSTAR VIB and the total option price is HK$59,904,000. If the option is exercised, the total consideration for the procurement and launch of APSTAR VIB is HK$936,780,000 and the option price will be applied towards the total consideration. As at 30 June 2005, the option paid of HK$59,904,000 was included as prepayment for construction of a satellite in the balance sheet.

As at 30 June 2005, the Group has the outstanding capital commitments of HK$1,340,000 (31 December 2004: HK$626,599,000), 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 11 to the interim financial report.

HUMAN RESOURCES

As at 30 June 2005, the Group had 166 employees (2004: 156). The Group remunerates its employees in accordance with their respective responsibilities and current market trends. The Group has established an incentive bonus scheme designed to motivate employees to provide better contribution to the Group. The Company has also set up share option schemes pursuant to which employees of the Company may be granted options to subscribe for the Company's shares.

The Group does provide vocational training to employees to update and upgrade their knowledge on related job fields.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005 – UNAUDITED
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2005 $'000	2004 $'000
Turnover	3	**144,252**	130,623
Cost of services		**(121,045)**	(134,601)
Gross profit/(loss)		**23,207**	(3,978)
Other operating income		**22,790**	3,463
Administrative expenses		**(37,031)**	(39,569)
Profit/(loss) from operations	3	**8,966**	(40,084)
Finance costs	4	**(8,629)**	–
Share of results of jointly controlled entities		**(2,909)**	(160)
Loss before taxation	4	**(2,572)**	(40,244)
Income tax	5	**(8,291)**	(11,261)
Loss after taxation		**(10,863)**	(51,505)
Attributable to:			
Equity holders of the parent		**(10,390)**	(50,992)
Minority interests		**(473)**	(513)
Loss after taxation		**(10,863)**	(51,505)
Loss per share	6		
– Basic		**(2.51 cents)**	(12.34 cents)
– Diluted		**(2.51 cents)**	(12.34 cents)

The notes on pages 12 to 20 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2005 – UNAUDITED
(Expressed in Hong Kong dollars)

	Note	At 30 June 2005 $'000	At 31 December 2004 (restated) $'000
Non-current assets			
Property, plant and equipment	7	**3,121,905**	2,680,330
Interest in leasehold land held for own use under an operating lease		**15,757**	15,945
Investment property		**2,340**	2,340
Interest in jointly controlled entities		**74,792**	78,140
Prepayment for construction of a satellite	12(ii)	**59,904**	38,454
Club memberships		**5,537**	5,537
Deposits, prepayments and deferred expenses		**33,990**	28,044
Deferred tax assets		**3,808**	10,134
		3,318,033	2,858,924
Current assets			
Trade receivables	8	**47,309**	45,753
Deposits, prepayments and other receivables		**58,313**	24,752
Amount due from a jointly controlled entity		**5,340**	2,700
Pledged bank deposits		**33,724**	21,140
Cash and cash equivalents		**438,060**	673,763
		582,746	768,108
Current liabilities			
Payables and accrued charges		**149,006**	45,139
Rentals received in advance		**22,967**	30,652
Loan from a minority shareholder		**7,488**	7,488
Current taxation		**87,109**	84,768
Secured bank borrowings due within one year	9	**118,457**	66,339
		385,027	234,386
Net current assets		**197,719**	533,722
Total assets less current liabilities carried forward		**3,515,752**	3,392,646

CONSOLIDATED BALANCE SHEET (CONTINUED)

AT 30 JUNE 2005 – UNAUDITED
(Expressed in Hong Kong dollars)

	Note	At 30 June 2005 $'000	At 31 December 2004 (restated) $'000
Total assets less current liabilities brought forward		**3,515,752**	3,392,646
Non-current liabilities			
Secured bank borrowings due after one year	9	**1,057,993**	909,441
Deposits received		**15,101**	12,607
Deferred income		**250,107**	261,380
Deferred tax liabilities		**6,424**	12,209
		1,329,625	1,195,637
Net assets		**2,186,127**	2,197,009
Capital and reserves			
Share capital	10	**41,327**	41,327
Share premium		**1,287,525**	1,287,525
Contributed surplus		**511,000**	511,000
Share option reserve		**27,269**	27,269
Translation reserve		**(39)**	(20)
Other reserves		**102**	102
Accumulated profits		**315,560**	325,950
Total equity attributable to equity holders of the parent		**2,182,744**	2,193,153
Minority interests		**3,383**	3,856
Total equity		**2,186,127**	2,197,009

The notes on pages 12 to 20 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2005 – UNAUDITED
(Expressed in Hong Kong dollars)

		Attributable to equity holders of the parent										
	Note	Share capital $'000	Share premium $'000	Contributed surplus $'000	Share option reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Other reserves $'000	Accumulated profits/ (losses) $'000	Total $'000	Minority interests $'000	Total equity $'000
At 1 January 2004 as previously reported		41,327	1,285,466	511,000	–	7,700	(100)	102	407,535	2,253,030	–	2,253,030
Minority interests (as previously presented separately from liabilities and equity at 31 December)	2(d)	–	–	–	–	–	–	–	–	–	5,915	5,915
Prior period adjustments arising from changes in accounting policies under:												
– HKAS 40 investment properties	2(b)	–	–	–	–	(7,700)	–	–	7,700	–	–	–
– HKFRS 2 share-based payment	2(a)	–	2,059	–	27,269	–	–	–	(29,328)	–	–	–
At 1 January 2004 (Restated)		41,327	1,287,525	511,000	27,269	–	(100)	102	385,907	2,253,030	5,915	2,258,945
Exchange differences		–	–	–	–	–	42	–	–	42	–	42
Net loss for the period		–	–	–	–	–	–	–	(50,992)	(50,992)	(513)	(51,505)
Balance at 30 June 2004 (Restated)		41,327	1,287,525	511,000	27,269	–	(58)	102	334,915	2,202,080	5,402	2,207,482
At 1 January 2005 as previously reported		41,327	1,285,466	511,000	–	5,500	(20)	102	349,778	2,193,153	–	2,193,153
Minority interests (as previously presented separately from liabilities and equity at 31 December)	2(d)	–	–	–	–	–	–	–	–	–	3,856	3,856
Prior period adjustments arising from changes in accounting policies under:												
– HKAS 40 investment properties	2(b)	–	–	–	–	(5,500)	–	–	5,500	–	–	–
– HKFRS 2 share-based payment	2(a)	–	2,059	–	27,269	–	–	–	(29,328)	–	–	–
At 1 January 2005 (Restated)		41,327	1,287,525	511,000	27,269	–	(20)	102	325,950	2,193,153	3,856	2,197,009
Exchange differences		–	–	–	–	–	(19)	–	–	(19)	–	(19)
Net loss for the period		–	–	–	–	–	–	–	(10,390)	(10,390)	(473)	(10,863)
Balance at 30 June 2005		41,327	1,287,525	511,000	27,269	–	(39)	102	315,560	2,182,744	3,383	2,186,127

The notes on pages 12 to 20 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005 – UNAUDITED
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2005	2004
	$'000	$'000
Net cash from operating activities	**48,545**	57,102
Net cash used in investing activities	**(479,463)**	(356,373)
Net cash from/(used in) financing activities	**195,215**	(6,979)
Net decrease in cash and cash equivalents	**(235,703)**	(306,250)
Cash and cash equivalents at 1 January	**673,763**	546,864
Cash and cash equivalents at 30 June	**438,060**	240,614
Analysis of the balances of cash and cash equivalents:		
Deposits with banks and other financial institutions	**418,129**	230,212
Cash at bank and in hand	**19,931**	10,402
Cash and cash equivalents at the end of the period	**438,060**	240,614

The notes on pages 12 to 20 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).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2004 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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 2004 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 HKFRSs.

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 25.

The financial information relating to the financial year ended 31 December 2004 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 2004 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 11 April 2005.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (HKFRSs, which term collectively includes HKASs and Interpretations) that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. 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 2005, on the basis of HKFRSs currently in issue.

2. CHANGES IN ACCOUNTING POLICIES (continued)

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2005 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim 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 following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2005 which have been reflected in this interim financial report.

(a) Employee share option scheme (HKFRS 2, Share-based payment)

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the Company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 January 2005, in order to comply with HKFRS 2, the Group recognises the fair value of such share options as an expense in the income statement, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognised in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the Group recognises the fair value of the options granted over the vesting period. Otherwise, the Group recognises the fair value in the period in which the options are granted.

If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price.

The new accounting policy has been applied retrospectively by decreasing the opening balance of retained earnings as of 1 January 2005 by $29,328,000 (1 January 2004: $29,328,000), with the corresponding amount credited to share premium and share option reserves. There is no effect on the Group's loss before taxation for the six months ended 30 June 2004 and 2005 as a result of this new accounting policy.

Details of the employee share option scheme can be found in the Company's annual report for the year ended 31 December 2004.

2. **CHANGES IN ACCOUNTING POLICIES (continued)**

(b) Investment properties (HKAS 40, Investment property, and HK(SIC) Interpretation 21, Income taxes – Recovery of revalued non-depreciable assets)

Changes in accounting policies relating to investment properties are as follows.

(i) Timing of recognition of movements in fair value in the income statement

In prior years, movements in the fair value of the Group's investment properties were recognised directly in the investment properties revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognised in the income statement had reversed, or when an individual investment property was disposed of. In these limited circumstances movements in the fair value were recognised in the income statement.

Upon adoption of HKAS 40 as from 1 January 2005, all changes in the fair value of investment properties are recognised directly in the income statement in accordance with the fair value model in HKAS 40.

These changes in accounting policy have been adopted retrospectively by increasing the opening balance of retained earnings as of 1 January 2005 by $5,500,000 (1 January 2004: $7,700,000) to include all of the Group's previous investment properties revaluation reserve.

As a result of this new policy, the Group's loss before taxation for the six months ended 30 June 2005 has increased by $2,750,000 (30 June 2004: nil), being the Group's share of the net decrease in the fair value of the investment property held by the Group's jointly controlled entity. The decrease is reflected in the share of results of jointly controlled entities.

(ii) Measurement of deferred tax on movements in fair value

In prior years the Group was required to apply the tax rate that would be applicable to the sales of investment properties to determine whether any amounts of deferred tax should be recognised on the revaluation of investment properties. As there would have been no tax payable on the disposal of the group's investment properties, no deferred tax was provided in prior years.

As from 1 January 2005, in accordance with HK(SIC) Interpretation 21, the Group recognises deferred tax on movements in the value of an investment property using tax rates that are applicable to the property's use, if the Group has no intention to sell it and the property would have been depreciable had the Group not adopted the fair value model.

This new accounting policy has been adopted retrospectively, but there is no impact on the Group's net assets as at the period end/year end and on the Group's loss attributable to the equity shareholders for the periods presented.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(c) Leasehold land and buildings held for own use (HKAS 17, Leases)

In prior years, leasehold land held for own use which was presented as part of "Land and buildings" in "Property, plant and equipment" was stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation was calculated to write-off the cost of leasehold land on a straight-line basis over their lease term.

With effect from 1 January 2005, in order to comply with HKAS 17, leasehold land held for own use are accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land could be separately identified from the fair value of the leasehold land at the time the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later. Any pre-paid land premiums for acquiring the leasehold land, or other lease payments, are stated at cost and are written off on a straight-line basis over the respective periods of the lease term.

Any buildings held for own use which are situated on such land leases continue to be presented as part of property, plant and equipment.

The new accounting policy has been adopted retrospectively, but there is no impact on the Group's net assets as at the period end/year end and on the Group's loss attributable to equity shareholders for the periods presented. An additional line item "Interest in leasehold land held for own use under an operating lease", which was previously included in "Property, plant and equipment" has been included on the face of consolidated balance sheet. The comparative figure for "Property, plant and equipment" has been reclassified to conform with the current year's presentation.

(d) Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the parent.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

(e) Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39 Financial instruments: Recognition and measurement)

In prior years, loan arrangement fee was included as part of the "Deposits, prepayments and deferred expenses" and was amortised over the terms of the relevant bank borrowings. With effect from 1 January 2005, in order to comply with HKAS 39, the unamortised balance of the loan arrangement fee is presented as a deduction from the secured bank borrowings in the consolidated balance sheet.

2. **CHANGES IN ACCOUNTING POLICIES (continued)**

(e) **Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39 Financial instruments: Recognition and measurement) (continued)**
The adoption of the new accounting standard has no impact on the Group's net assets as at the period end/year end and on the Group's loss attributable to equity shareholders for the periods presented.

Comparative amounts have not been restated in accordance with the transitional arrangement in HKAS 39.

3. **SEGMENTAL REPORTING**

Segment information is presented in respect of the Group's business. 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 similar terms as those available to other external 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	**2005 $'000**	2004 $'000	**2005 $'000**	2004 $'000	**2005 $'000**	2004 $'000	**2005 $'000**	2004 $'000
Turnover from external customers	**126,816**	110,987	**17,302**	19,636	**–**	–	**144,118**	130,623
Inter-segment turnover	**1,287**	2,826	**311**	3	**(1,598)**	(2,829)	**–**	–
Total	**128,103**	113,813	**17,613**	19,639	**(1,598)**	(2,829)	**144,118**	130,623
Service income							**134**	–
							144,252	130,623
Segment result	**21,964**	(5,604)	**740**	(2,869)	**369**	(3)	**23,073**	(8,476)
Service income							**134**	–
Unallocated operating income and expenses							**(14,241)**	(31,608)
Profit/(loss) from operations							**8,966**	(40,084)

4. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2005	2004
	$'000	$'000
Interest on borrowings	**18,391**	6,901
Less: borrowing costs capitalised	**(9,762)**	(6,901)
	8,629	–
Depreciation and amortisation	**80,355**	103,942
(Gain)/loss on disposal of property, plant and equipment	**(46)**	18

5. INCOME TAX

	Six months ended 30 June	
	2005	2004
	$'000	$'000
Current tax – Provision for Hong Kong Profits Tax	**–**	–
Current tax – Overseas	**7,750**	8,207
Deferred tax	**541**	3,054
	8,291	11,261

Hong Kong Profits Tax has been provided at the rate of 17.5% on the estimated assessable profits for the period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

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 holders of the parent of $10,390,000 (six months ended 30 June 2004: $50,992,000) and the weighted average of ordinary shares of 413,265,000 (30 June 2004: 413,265,000 shares).

(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 2005 and 2004.

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions

During the current period, the Group has acquired property, plant and equipment amounting to $521,770,000 (30 June 2004: $342,575,000).

(b) Valuation

Investment property was revalued at 30 June 2005 at $2,340,000 (31 December 2004: $2,340,000) by Chesterton Petty 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 2005 $'000	At 31 December 2004 $'000
0 – 30 days	**16,884**	22,167
31 – 60 days	**8,550**	4,106
61 – 90 days	**9,138**	4,278
91 – 120 days	**2,484**	765
Over 121 days	**10,253**	14,437
	47,309	45,753

9. SECURED BANK BORROWINGS

During the current period, the Group further drewdown approximately $229,320,000 (30 June 2004: nil) and repaid bank loans of approximately $17,550,000 (30 June 2004: nil). At 30 June 2005, the assets pledged for securing bank borrowings are the satellites of approximately $2,848,972,000 (31 December 2004: $2,398,169,000) and bank deposits of approximately $33,724,000 (31 December 2004: $20,750,000).

	At 30 June 2005 $'000	At 31 December 2004 $'000
Proceeds from secured bank borrowings	**1,187,550**	975,780
Transaction costs	**(11,100)**	–
Net proceeds	**1,176,450**	975,780

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. 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 2005 amounted to $1,187,550,000 (2004: $975,780,000).

(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 gain of $389,744,000 in 1999 in relation to the transfer of substantially all of the satellite transponder capacities of APSTAR IIR for the rest of its useful life. This subsidiary has claimed the gain as a non-taxable capital gain in its 1999/2000 Profits Tax return. The non-taxable claim is under review by the IRD which 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.

Having taken into consideration independent professional advice, the Company believes it has a reasonable likelihood of success in defending its position that the gain derived from the abovementioned transaction should be treated as non-taxable. Accordingly, no provision for additional taxation is required. In the event that the Company is unsuccessful in the capital gains claim, the estimated tax exposure is $56,000,000.

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

(i) At 30 June 2005, the Group has the following outstanding capital commitments not provided for in the Group's financial statements:

	At 30 June 2005 $'000	At 31 December 2004 $'000
Contracted for	**1,340**	286,048
Authorised but not contracted for	**–**	340,551
	1,340	626,599

(ii) At 30 June 2005, the Group had entered into an agreement with a contractor pursuant to which the Group is granted a right to require the contractor to provide for the design, construction, delivery and launch of a new satellite, APSTAR VIB and the total option price is $59,904,000. If the option is exercised, the total consideration for the procurement and launch of APSTAR VIB is $936,780,000 and the option price will be applied towards the total consideration.

13. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2005	2004
	$'000	$'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)*	**12,204**	20,955
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)*	**15,463**	10,070
Payment of service fees in connection with a satellite project to a fellow subsidiary of a shareholder of the Company *(note ii)*	**138,727**	87,603
Management fee expenses to a holding company of a shareholder of the Company *(note iii)*	**–**	1,135

In addition, at 30 June 2005, the Group had no outstanding commitment to pay launch service fees for APSTAR VI and option payment for the design, construction, delivery and launch of a satellite APSTAR VIB to a fellow subsidiary of a shareholder of the Company (31 December 2004: $116,805,000 and $21,450,000 respectively).

Notes:

(i) The terms and conditions of these transponder capacity utilisation agreements and satellite-based 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 expenses arose from a reimbursement of cost of service provided from the holding company of a shareholder of the Company.

ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDER

As at 30 June 2005, 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 2005, 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 DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2005, according to the register maintained by the Company pursuant to section 352 of the SFO, the directors and chief executives of the Company had the following interests, all being beneficial owner unless otherwise stated, in the shares of the Company:

Name of Directors and chief executives	Nature of interests	Number of shares held	Number of share options *(1)*
Chen Zhaobin *(Executive Director & President)*	Personal	–	2,200,000
Cui Xinzheng *(Vice President)*	Personal	–	1,200,000
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 2005, 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 2005 to 30 June 2005, no option was granted under the Scheme 2002, which will expire on 21 May 2012.

SHARE OPTION SCHEMES (continued)

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.

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 8,250,000, which represents 2.00% 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 2005, the shares 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 2005	Options cancelled during the period	Options outstanding as at 30 June 2005
Name of director and chief executive:			
Chen Zhaobin *(Executive Director and President)*	2,200,000	–	2,200,000
Cui Xinzheng *(Vice President)*	1,200,000	–	1,200,000
Lo Kin Hang, Brian *(Vice President and Company Secretary)*	800,000	–	800,000
	4,200,000	–	4,200,000
Employees in aggregate:			
Employees under continuous employment contracts	8,450,000	200,000	8,250,000

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 2005, other that the requirements relating to the preparation and content of a Corporate Government Report (which will come into effect in respect of the Company's annual report for the financial year ending 31 December 2005) and that 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 that 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, the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

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 2005 to 30 June 2005.

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

During the six months ended 30 June 2005, 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 1 September 2005, the Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters including the review of the unaudited interim report for the six months ended 30 June 2005. 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 7 to 20.

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 2005.

KPMG
Certified Public Accountants

Hong Kong, 12 September 2005

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 2005 and shareholders' equity at 30 June 2005 are substantially the same as those disclosed in the Company's 2004 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 2005 and shareholders' equity at 30 June 2005 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		
	2005	**2005**	2004
	US$'000	**HK$'000**	HK$'000
Net loss as reported under HK GAAP	**(1,332)**	**(10,390)**	(50,992)
Adjustment:			
Investment properties	**235**	**1,833**	(917)
Stock option compensation	**–**	**–**	456
Approximate net loss as reported under US GAAP	**(1,097)**	**(8,557)**	(51,453)
Approximate basic net loss per share in accordance with US GAAP	**US$(0.27 cents)**	**HK$(2.07 cents)**	HK$(12.45 cents)
Approximate diluted net loss per share in accordance with US GAAP	**US$(0.27 cents)**	**HK$(2.07 cents)**	HK$(12.45 cents)
Approximate basic net loss per ADS in accordance with US GAAP*	**US$(2.12 cents)**	**HK$(16.56 cents)**	HK$(99.60 cents)
Approximate diluted net loss per ADS in accordance with US GAAP*	**US$(2.12 cents)**	**HK$(16.56 cents)**	HK$(99.60 cents)

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

	At 30 June		At 31 December
	2005	**2005**	2004
	US$'000	**HK$'000**	HK$'000
Shareholders' equity as reported under HK GAAP	**279,839**	**2,182,744**	2,193,153
Adjustments:			
Accumulated depreciation on investment properties	**(429)**	**(3,349)**	(2,432)
Gain on revaluation of investment properties	**(353)**	**(2,750)**	(5,500)
Property, plant and equipment	**138**	**1,080**	1,080
Shareholders' equity as reported under US GAAP	**279,195**	**2,177,725**	2,186,301

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 2005 or on any other date.