
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in APT Satellite Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1045)

MASTER AGREEMENTS AND ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Independent Financial Adviser to the Independent Board Committee
ALTUS CAPITAL LIMITED

A letter from the Independent Board Committee is set out on page 14 of this circular.

A letter from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 20 of this circular.

A copy of the notice convening a special general meeting of the Company to be held at the Satellite Control Centre of the Company, 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on 30 December 2004 at 11:00 a.m. is set out on pages 27 to 28 of this circular. Whether or not you intend to attend such meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjourned meeting should you so wish.

13 December 2004

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Altus” or the “Independent Financial Adviser”	Altus Capital Limited, a corporation deemed licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Master Agreements, the Continuing Connected Transactions and the Annual Caps
“Annual Caps”	the proposed maximum aggregate value for each of the Transponder Transactions and the Telecom Transactions as set out under the section headed “Proposed annual caps” in the letter from the Board contained in this circular
“APSTAR IA”	a satellite based on Boeing BSS-376 with 24 C-band transponders
“APSTAR V”	a satellite based on a FS1300 model satellite with 38 C-band transponders and 16 Ku-band transponders
“APSTAR VI”	a satellite based on Alcatel SB-4100 C1 with 38 C-band transponders and 12 Ku-band transponders
“APT International”	APT Satellite International Company Limited, a company incorporated in the British Virgin Islands on 4 October 1996 and is interested in approximately 51.83% of the Company. It is owned as to approximately 28.57% by SingaSat and the remaining 71.43% by four other parties (namely, approximately 28.57% by China Telecommunications Broadcast Satellite Corporation and approximately 14.29% by each of China Aerospace Science & Technology Corporation, CASIL Satellite Holdings Limited, and Kwang Hua Development and Investment Limited) who are independent of and not connected with the SingTel Group or its associates
“APT Telecom”	APT Satellite Telecommunications Limited, an indirect 55% owned subsidiary of the Company incorporated in Hong Kong on 9 February 2000 with limited liability and a jointly controlled entity formed in June 2000 under 55:45 equity ratio between the Group and SingaSat respectively
“APT Telecom Transactions”	the connected transactions entered into between APT Telecom and the SingTel Group in relation to the provision and procurement of telecommunication services

DEFINITIONS

“APTTS”	APT Telecom Services Limited, an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“associates”	the same meaning as defined in the Listing Rules
“Board”	the board of directors of the Company
“Company”	APT Satellite Holdings Limited, a company incorporated in Bermuda with limited liability and its shares are listed on the main board of the Stock Exchange
“connected persons”	the same meaning as defined in the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions proposed to be entered into between the Group and the SingTel Group, the details of which have been set out in the section headed “Background” in the letter from the Board contained in this circular
“Directors”	the directors of the Company
“Fixed Carrier Licence”	the Fixed Carrier Licence Number 21 issued on 2 June 2003 by the Office of the Telecommunication Authority of Hong Kong (“OFTA”) (converted from the Fixed Telecommunications Network Services Licence dated 19 June 2000 issued by OFTA to APT Telecom as amended on 18 December 2001)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board consisting of Mr. Yuen Pak Yiu, Philip, Dr. Huan Guocang and Dr. Lui King Man, the independent non-executive Directors
“Independent Shareholders”	the Shareholders other than SingaSat and its associates
“Latest Practicable Date”	9 December 2004 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Master Agreements”	the agreement dated 1 December 2004 entered into between the Company and SingTel in relation to the provision of satellite transponder and any other satellite related services and telecommunications related services by the Group to SingTel and Singapore Telecom Hong Kong Limited, or vice versa; and the agreement dated 1 December 2004 entered into between the Company and C2C Pte Limited (an associate of SingTel) in relation to the provision of telecommunications related services by the Group to C2C Pte Limited and its subsidiary, or vice versa
“Reorganisation”	the reorganisation of the business of APT Telecom in accordance with the agreement dated 10 September 2003 entered into among APT Telecom, Skywork Corporation (which is an indirect wholly-owned subsidiary of the Company), APTTS and SingaSat pursuant to which the parties to the agreement agreed to reorganise the business of APT Telecom such that following the reorganisation of the business of APT Telecom, APT Telecom would be mainly engaged in property leasing and related facilities management services in relation to its premises located at the Tai Po Industrial Estate in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held to consider and approve the Master Agreements and the Annual Caps
“Shareholders”	the shareholders of the Company
“SingaSat”	Singasat Private Limited, a company incorporated in Singapore on 7 July 1994 with limited liability which, as at the Latest Practicable Date, held approximately 5.52% of the Company’s issued share capital and approximately 28.57% of the issued share capital of APT International (which in turn held approximately 51.83% of the issued share capital of the Company)
“SingTel”	Singapore Telecommunications Limited, a company incorporated in Singapore with limited liability and is the holding company of SingaSat
“SingTel Group”	SingTel and/or any of its subsidiaries including, where applicable, their associates
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	the same meaning as defined in the Listing Rules

DEFINITIONS

“Telecom Transactions”	the connected transactions proposed to be entered into between the Group and the SingTel Group in relation to the provision and procurement of telecommunication services
“Threshold”	being 2.5% when the relevant amount on an annual basis is expressed in terms of the percentage ratios (as defined in Chapter 14A of the Listing Rules), or HK\$10,000,000 provided that each of such percentage ratios is on an annual basis equal to or more than 2.5% but less than 25%
“Transponder Transactions”	the connected transactions entered and proposed to be entered into between the Group and the SingTel Group in relation to the provision and procurement of transponder services
“HK\$”	Hong Kong dollars

LETTER FROM THE BOARD



APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

CHEN Zhaobin (*President*)

TONG Xudong (*Vice President*)

Non-executive Directors:

LIU Ji Yuan (*Chairman*)

ZHANG Hainan (*Deputy Chairman*)

LIM Toon

WU Zhen Mu

TAY Chek Khoon

YIN Yen-liang

TSENG Ta-mon

(Alternate Director to YIN Yen-liang)

LIM Wee Seng

(Alternate Director to LIM Toon and TAY Chek Khoon)

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

Independent Non-executive Directors:

YUEN Pak Yiu, Philip

HUAN Guocang

LUI King Man

13 December 2004

To the Shareholders

Dear Sir or Madam,

MASTER AGREEMENTS AND ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

It was announced on 2 December 2004 by the Board that on 1 December 2004, the Company entered into the Master Agreements with SingTel and its associates for the purposes of governing the Continuing Connected Transactions and ensuring compliance with Chapter 14A of the Listing Rules. The purpose of this circular is to provide you with further information on the Continuing Connected Transactions, the Master Agreements and the proposed Annual Caps, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Agreements and the Annual Caps, the recommendation of the Independent Board Committee, the SGM Notice and other information as required under the Listing Rules.

LETTER FROM THE BOARD

BACKGROUND

Since APT Telecom is owned as to 55% indirectly by the Company and 45% by SingaSat, which is a wholly-owned subsidiary of SingTel, the transactions conducted between the Group and the SingTel Group, as well as those conducted between APT Telecom and the SingTel Group, constitute connected transactions of the Company under the Listing Rules.

As disclosed in the announcement of the Company dated 28 August 2003, the Group had entered into the Transponder Transactions with the SingTel Group and APT Telecom had entered into the APT Telecom Transactions with the SingTel Group. It was also stated in the aforesaid announcement, the Company had applied to the Stock Exchange for a conditional waiver from strict compliance with the disclosure requirements in respect of, among others, each category of the Transponder Transactions and the APT Telecom Transactions under the relevant Listing Rules prevailing at that time, and such waiver was granted by the Stock Exchange on 15 September 2003.

As a result of the Reorganisation, the Fixed Carrier Licence held by APT Telecom had been transferred to APTTS, whereas the interests in certain submarine cable networks held by APT Telecom had been transferred to the SingTel Group. Accordingly, following the Reorganisation, APT Telecom no longer engaged in the provision of telecommunication services related to the Fixed Carrier Licence. In addition, since the Group, through APTTS, has obtained the Fixed Carrier Licence, certain transactions in relation to the provision and procurement of telecommunication services which would otherwise be conducted between APT Telecom and the SingTel Group will continue to be conducted between the Group and the SingTel Group.

The Directors expect that both the Transponder Transactions and the Telecom Transactions (altogether, the “Continuing Connected Transactions”) will continue in the ordinary and usual course of business of the Group and extend over a period of time. As all the Continuing Connected Transactions are now conducted between indirect wholly-owned subsidiaries of the Company and the SingTel Group and the proposed annual value of these Continuing Connected Transactions on an aggregate basis exceeds the Threshold, the Continuing Connected Transactions constitute non-exempt continuing connected transactions under the Listing Rules. For the purposes of governing the Continuing Connected Transactions and ensuring compliance with Chapter 14A of the Listing Rules, the Company entered into the Master Agreements with SingTel and its associates on 1 December 2004 which will be subject to reporting, announcement and independent shareholders’ approval requirements under Rule 14A.35 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS AND THE MASTER AGREEMENTS

The Group has entered, and will from time to time enter, into various transactions with the SingTel Group in respect of the provision as well as procurement of satellite transponder capacity. The Group has also entered, and will from time to time enter, into various transactions with the SingTel Group for the provision as well as procurement of telecommunication services. The telecommunication services provided by the Group to the SingTel Group mainly include VSAT (Very Small Aperture Terminal), facilities management services and wholesale voice services, while the telecommunication services procured from the SingTel Group mainly include data signal transmission services, wholesale voice services and leasing of cable circuits.

LETTER FROM THE BOARD

For the purposes of governing the Continuing Connected Transactions and ensuring compliance with Chapter 14A of the Listing Rules, the Company entered into the Master Agreements with SingTel and its associates on 1 December 2004. Except for the parties to the agreements, the principal terms of the two Master Agreements are in principle identical to each other. The principal terms of the Master Agreements are as follows:

Parties	: the Company and SingTel; and the Company and C2C Pte Limited (an associate of SingTel)
Condition precedent	: upon approval of the transactions contemplated under the Master Agreements by the Independent Shareholders at a general meeting of the shareholders of the Company
Services to be transacted	: the satellite transponder and any other satellite related services and telecommunications related services provided by the Group to the SingTel Group, or vice versa
Terms	: on normal commercial terms having regard to the particulars, quantity and duration of the services and other relevant conditions prevailing at the time of the transactions
Duration	: subject to the approval by the Independent Shareholders and the early termination by the parties to the agreements, the Master Agreements shall remain in force until 31 December 2006

As the Master Agreements were entered into between the Company and SingTel and its associates at the request of the Company in order to facilitate compliance by the Company with the Listing Rules applicable to continuing connected transactions, the Company has agreed under the Master Agreements to fully indemnify and hold harmless the SingTel Group against any loss or damage that may arise from the Company's requesting SingTel and its associates to enter into the Master Agreements or any breach by the Group of the Master Agreements. Since it is the obligation of the Company as a listed company on the Stock Exchange, and not the SingTel Group, to observe and comply with the Listing Rules and the purpose of the Master Agreements is mainly to facilitate the Company to comply with the Listing Rules applicable to continuing connected transactions, the Directors consider such indemnity in favour of the SingTel Group to be fair and reasonable.

All the Continuing Connected Transactions have been and will continue to be supported by written contracts between the relevant members of the Group and members of the SingTel Group, and the terms of which have been and will continue to be made in accordance with the Group's pricing policy and negotiated on an arm's length basis and on normal commercial terms between the Group and the SingTel Group or on terms no less favorable to the Group than terms available from independent third parties. In particular, the prices for the Transponder Transactions will continue to be arrived at after considering the market rate for the particular bandwidth (in terms of MHz) of satellite transponder to be utilised and the duration of such utilisation. As regards the Telecom Transactions, the prices will continue to be arrived at after considering the complexity of the services, the capacity and duration of the usage and the level of

LETTER FROM THE BOARD

the technical support. It has been stipulated in the Master Agreements that the detailed terms set out in the business contracts shall not be inconsistent with the terms of the Master Agreements.

For each of the three financial years ended 31 December 2003, the aggregate value of the Transponder Transactions was approximately HK\$20 million, HK\$19 million and HK\$20 million respectively, and in the case of the APT Telecom Transactions, such aggregate value was approximately HK\$20 million, HK\$57 million and HK\$10 million, respectively. The significant fluctuation in the aggregate value of the APT Telecom Transactions during the three financial years ended 31 December 2003 was mainly due to the performance of the general telecommunication market during such period. The telecommunication market recorded strong growth in 2000 and 2001, but took a downturn since late 2002 as a result of over-investments in the market as well as the sudden collapse of certain major global telecommunication companies leading to a severe price drop.

PROPOSED ANNUAL CAPS

For each of the three financial years ending 31 December 2006, the proposed maximum aggregate value for each of the Transponder Transactions and the Telecom Transactions is as follows:

	Financial year ending 31 December		
	2004	2005	2006
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Annual Cap proposed for the Transponder Transactions	15	18	32
Annual Cap proposed for the Telecom Transactions	2	9	11

The Board proposes that the aggregate value of the Transponder Transactions for the financial year ending 31 December 2004, 31 December 2005 and 31 December 2006 shall not exceed HK\$15 million, HK\$18 million and HK\$32 million, respectively, and in the case of the Telecom Transactions for the same period, such aggregate value shall not exceed HK\$2 million, HK\$9 million and HK\$11 million, respectively. The Annual Caps for each of the Transponder Transactions and the Telecom Transactions are determined by reference to (i) the historical value of the relevant transactions; (ii) the value of the relevant business contracts on hand; and (iii) the estimated demand for satellite broadcasting services and telecommunication services related to the Group's business, particularly following the launch of APSTAR V on 29 June 2004 of which the Group is entitled to utilise the capacity of up to 37 transponders and as a result of the continuous economic development and rising living standards in the People's Republic of China as well as the economic recovery in many countries in the Asia Pacific Region.

The proposed Annual Cap in respect of the Transponder Transactions for each of the financial years ending 31 December 2004 and 2005 of HK\$15 million and HK\$18 million, respectively, represents a slight decrease compared with the aggregate value of the Transponder Transactions for the financial year ended 31 December 2003. Such decrease is expected as the trading environment for the telecommunications industry remains difficult in 2004 and certain of the SingTel Group's transponder service requirements in 2005 are expected to be satisfied under the transponder service agreement between the Group and the SingTel Group dated 22 May 2003. On the other hand, the proposed Annual Cap in

LETTER FROM THE BOARD

respect of the Transponder Transactions for the financial year ending 31 December 2006 of HK\$32 million represents an increase of over 70% compared to the proposed Annual Cap for each of the preceding two financial years ending 31 December 2005. Such increase in 2006 is estimated on the basis of expected continuous economic development and recovery in the Asia Pacific Region as well as the addition of APSTAR VI which is expected to be launched in early 2005 and to replace APSTAR IA which will expire in 2006/2007.

The proposed Annual Cap in respect of the Telecom Transactions for each of the three financial years ending 31 December 2006 of HK\$2 million, HK\$9 million and HK\$11 million, respectively, represents a significant decrease compared with the aggregate value of the APT Telecom Transactions for each of the three financial years ended 31 December 2003. Such significant decrease is due to the fact that the interests in certain submarine cable networks previously held by APT Telecom were transferred to the SingTel Group under the Reorganisation and, thereafter, the Group no longer provides the telecommunication services related to such submarine cable networks. As a result, the value of the Telecom Transactions for each of the three financial years ending 31 December 2006 is expected to be substantially lower than those for the previous financial years.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS AND THE MASTER AGREEMENTS

The principal businesses of both the Group and the SingTel Group include the provision of satellite transponder services and they each possess its own satellite transponder capacity. However, the footprint and capacities as well as other specifications of the satellite transponders of them may be different from each other. Therefore, the Group and the SingTel Group may from time to time be required to utilise the satellite transponders of each other in the ordinary course of their businesses.

As regards the telecommunication services, APTTS, a wholly-owned subsidiary of the Company, is principally engaged in the business of the satellite-based external telecommunication services such as VSAT, wholesale voice services under the Fixed Carrier Licence and its operations frequently require the utilisation of satellite transponder services and cable network services. Given the fact that the SingTel Group is one of the major providers of telecommunication services in the Asia Pacific region and has an extensive cable network, the Group, either through APTTS or other members of the Group, will occasionally be required to purchase cable network services from the SingTel Group in its ordinary course of business. On the other hand, following the Reorganisation, the Fixed Carrier Licence has been transferred to APTTS, from which the SingTel Group may from time to time be required in its ordinary course of business to purchase such related services, such as wholesale voice services and VSAT.

The Directors consider that it is in the commercial interest of the Group to carry on the Transponder Transactions and the Telecom Transactions which will either increase the Group's revenue or enable the Group to source the required services in its ordinary course of business. The Directors are not aware of any adverse impact on the Group as a result of the Transponder Transactions and the Telecom Transactions as they will continue to be conducted on normal commercial terms.

LISTING RULES REQUIREMENTS

As the estimated aggregate value of the Continuing Connected Transactions for the financial year ending 31 December 2004 exceeds the Threshold, the Continuing Connected Transactions constitute non-

LETTER FROM THE BOARD

exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules. The Master Agreements, the purposes of which are to govern the Continuing Connected Transaction and to ensure compliance with Chapter 14A of the Listing Rules, are therefore subject to independent shareholders' approval under Rule 14A.35(4), the annual review requirement under Rules 14A.37 to 14A.41 and the reporting requirements under Rules 14A.45 and 14A.46 of the Listing Rules, respectively.

The Board will therefore seek from the Independent Shareholders approval of the Master Agreements and the transactions contemplated thereunder and the Annual Caps for a period of three financial years ending 31 December 2006 on the following conditions:

- a. For the three financial years ending 31 December 2004, 31 December 2005 and 31 December 2006, the annual aggregate value of the Transponder Transactions will not exceed HK\$15 million, HK\$18 million and HK\$32 million, respectively, and in the case of the Telecom Transactions, their annual aggregate value will not exceed HK\$2 million, HK\$9 million and HK\$11 million, respectively.
- b.
 - (i) The Continuing Connected Transactions have been and will continue to be entered into in the usual and ordinary course of business of the Group;
 - (ii) The Continuing Connected Transactions have been and will continue to be conducted either (1) on normal commercial terms; or (2) if there is no available comparison, on terms no less favorable to the Group than terms available from independent third parties; and
 - (iii) The Continuing Connected Transactions have been and will continue to be entered into in accordance with the Master Agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
- c. Brief details of the Continuing Connected Transactions will be disclosed in the Company's next and each successive annual report, each accompanied with a statement of opinion of the independent non-executive Directors in such manner as referred to in paragraph (d) below.
- d. The independent non-executive Directors will review annually the Continuing Connected Transactions, and they will confirm in the Company's annual report for the financial year in question that such Continuing Connected Transactions under their review were conducted in the manner as stated in paragraphs (a) and (b) above.
- e. The auditors of the Company will review annually the Continuing Connected Transactions, and confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each relevant period, during which the Continuing Connected Transactions were conducted, stating that:
 - (i) the Continuing Connected Transactions have been approved by the Board;

LETTER FROM THE BOARD

- (ii) the Continuing Connected Transactions have been entered into in accordance with the terms of the Master Agreements;
- (iii) the value of the Continuing Connected Transactions has not exceeded their respective annual limits set out in paragraph (a) above; and
- (iv) the Continuing Connected Transactions have been entered into in accordance with the pricing policies of the Group,

and where for whatever reasons, if the auditors of the Company decline to accept the engagement or are unable to provide the auditors' letter, the Board will contact the Listing Division of the Stock Exchange immediately.

- f. The Company will allow, and shall procure that the SingTel Group shall allow, the auditors of the Company sufficient access to the relevant records for the purpose of the auditors' review and report as referred to in (e) above. The Board will state in the Company's annual report for the financial year in question whether the auditors of the Company have confirmed the matters stated in (e) above.
- g. The Company will promptly notify the Stock Exchange and publish an announcement in the newspapers if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company will not be able to confirm the matters set out in (b) and/or (e) above respectively.

In addition, the Board will ensure that the Company will comply with all relevant requirements applicable to continuing connected transactions under the Listing Rules in effect from time to time.

SPECIAL GENERAL MEETING

A copy of the notice convening the SGM to be held at the Satellite Control Centre of the Company, 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong at 11:00 a.m. on Thursday, 30 December 2004 is set out on pages 27 to 28 of this circular. At the SGM, an ordinary resolution will be proposed for the Independent Shareholders to consider, and if thought fit, to approve, among other things, the Master Agreements and the Annual Caps.

A form of proxy for use at the SGM is enclosed. Whether or not the Independent Shareholders are able to attend the SGM, they are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Independent Shareholders from attending and voting at the SGM or any adjournment thereof should they so wish.

In view of SingaSat's interests in the Company, SingaSat and its associates will abstain from voting at the SGM.

LETTER FROM THE BOARD

PROCEDURE FOR DEMANDING A POLL AT THE SGM

Under the Bye-laws of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the Chairman of such meeting;
- (b) at least three Shareholders, who are entitled to vote at such meeting, present in person (or in the case of a shareholder being a corporation by its duly authorised representative) or by proxy;
- (c) by one or more Shareholders present in person (or in the case of a shareholder being a corporation by its duly authorised representative) or by proxy representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at such meeting; or
- (d) by one or more Shareholders present in person (or in the case of a shareholder being a corporation by its duly authorised representative) or by proxy holding Shares conferring a right to vote at such meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Pursuant to Rule 14.52 of the Listing Rules, the votes of the Independent Shareholders at the SGM will be taken by poll.

RECOMMENDATION

The Continuing Connected Transactions have been and are expected to be conducted in the ordinary and usual course of business of the Group and on normal commercial terms. The Master Agreements were entered into between the Company and SingTel and its associates for the purposes of governing the Continuing Connected Transactions and ensuring compliance with Chapter 14A of the Listing Rules. The Directors are of the view that the Master Agreements and the Continuing Connected Transactions are in the interests of the Company and its shareholders as a whole and the terms of the Master Agreements as well as the Annual Caps are fair and reasonable as far as the Company and its shareholders are concerned.

An independent board committee, comprising Messrs. Yuen Pak Yiu, Philip, Huan Guocang and Lui King Man, has been established to consider the terms of the Master Agreements and the Annual Caps. Altus has been appointed to advise the Independent Board Committee and the Independent Shareholders on whether the Master Agreements and the Continuing Connected Transactions are in the interests of the Company and its shareholders as a whole and on the fairness and reasonableness of the terms of the Master Agreements and the Annual Caps.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 14 of this circular which contains the opinion and recommendation of the Independent Board Committee to the Independent Shareholders regarding the ordinary resolution to approve the Master Agreements and the Annual Caps; and (ii) the letter from Altus set out on pages 15 to 20 of this circular which contains its opinion and advice to the Independent Board Committee and the Independent Shareholders in respect of the Master Agreements and the Annual Caps.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
APT Satellite Holdings Limited
Liu Ji Yuan
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

13 December 2004

To the Independent Shareholders

Dear Sir or Madam,

MASTER AGREEMENTS AND ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

We have been appointed as the Independent Board Committee to advise you in connection with the Master Agreements, the Continuing Connected Transactions and the Annual Caps, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 13 December 2004 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders on the terms of the Master Agreements and the Annual Caps.

We wish to draw your attention to the letter from the Board on pages 5 to 13 of the Circular, which sets out information in connection with the Continuing Connected Transactions. We also wish to draw your attention to the letter from Altus to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Master Agreements and the proposed Annual Caps set out on pages 15 to 20 of the Circular.

Having considered the terms, principal factors and reasons of the Master Agreements and the transactions contemplated thereunder and the Annual Caps and the opinion of the Independent Financial Adviser in relation thereto as set out on pages 15 to 20 of the Circular, we are of the opinion that the terms of the Master Agreements and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the SGM to approve the Master Agreements and the transactions contemplated thereunder and the Annual Caps.

Yours faithfully,

For and on behalf of

Independent Board Committee

Yuen Pak Yiu, Philip

Independent

non-executive Director

Huan Guocang

Independent

non-executive Director

Lui King Man

Independent

non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of the letter from Altus to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this Circular:

ALTUS CAPITAL LIMITED

8/F Hong Kong Diamond Exchange Building
8 Duddell Street, Central
Hong Kong

To the Independent Board Committee and the Independent Shareholders of

APT Satellite Holdings Limited

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

13 December 2004

Dear Sirs

MASTER AGREEMENTS AND ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Master Agreements and the transactions contemplated thereunder and the Annual Caps, particulars of which are set out in the letter from the board (the “Board’s Letter”) contained in the circular to the Shareholders dated 13 December 2004 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

An Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Master Agreements and the transactions contemplated thereunder, and the Annual Caps. SingaSat and its associates will abstain from voting at the SGM to be convened for this purpose. The votes of the Independent Shareholders in the SGM shall be taken by poll.

BASIS OF OUR OPINION

In formulating our opinion, we have relied to a considerable extent on the information, statements, opinion and representations contained or referred to in the Circular and the information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so at the date hereof. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the Board’s Letter were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors confirmed that they have provided us all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material facts or information (which is known to the Company) have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into the business and affairs or the prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the terms of the Continuing Connected Transactions, we have taken the following principal factors and reasons into consideration:

1. Background and reasons for the Master Agreements and the Continuing Connected Transactions

The principal business of both the Group and the SingTel Group include the provision of satellite transponder services and they each possesses its own satellite transponder capacity. As stated in the annual report of the Group for the financial year ended 31 December 2003, though the external economic environment has started to pick up in the second half of 2003, the transponder market has remained highly competitive and demand for transponders in the Asia Pacific region still rather weak.

We note that the Continuing Connected Transactions have been and will continue to be conducted between the Group and SingTel Group in their usual and ordinary courses of business.

As stated in the Board's Letter, as the footprint and capacities as well as other specifications of the satellite transponders of the Group and the SingTel Group may be different from each other, the Group and the SingTel Group may from time to time be required to utilise the satellite transponders of each other in the ordinary course of their businesses.

As the SingTel Group is one of the providers of telecommunication services in the Asia Pacific region and has an extensive cable network, the Group, either through APTTS or other members of the Group, has been purchasing cable network services from the SingTel Group in its ordinary course of business. Following the Reorganisation of the business of APT Telecom, the transfer of the Fixed Carrier Licence from APT Telecom to APTTS still maintains its requirement of SingTel Group's services such as wholesale voice services and VSAT. The Telecom Transactions are thereof continued to be conducted.

Since APT Telecom is owned as to 55% indirectly by the Company and 45% by SingaSat, which is a wholly-owned subsidiary of SingTel, the transactions conducted between the Group and the SingTel Group, as well as those conducted between APT Telecom/APTTS and the SingTel Group, constitute connected transactions of the Company under the Listing Rules.

As stated in the Board's Letter, the Master Agreements were entered into between the Company and SingTel and its associates at the request of the Company in order to facilitate compliance by the Company with the Listing Rules applicable to continuing connected transactions, the Company has agreed under the Master Agreements to fully indemnify and hold harmless the SingTel Group against any loss or damage that may arise from the Company's requesting SingTel and its associates to enter into the

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Master Agreements or any breach by the Group of the Master Agreements. As the indemnity is part of the Master Agreements and the Continuing Connected Transactions will be supported by further written contracts between the relevant members of the Group and members of the SingTel Group, and the terms of such contracts will be made in the ordinary course of business and governed by the conditions as set out in paragraph 4 headed “Listing Rules requirements” in this letter, we consider that the provision of such indemnity will not bring any additional commercial risk to the Group and is acceptable to the Company.

In view that the Continuing Connected Transactions are part of the principal businesses of the Group and have been and are expected to be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, we concur with the Directors’ view that the entering into the Master Agreements and the continuing of the Continuing Connected Transactions are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the commercial interest of the Company and the Shareholders as a whole.

2. Basis of determination

As stated in the Board’s Letter, we note that all the Continuing Connected Transactions have been and will continue to be supported by written contracts between the relevant members of the Group and members of the SingTel Group, and the terms of these have been and will continue to be made in accordance with the Group’s pricing policy and negotiated on an arm’s length basis and on normal commercial terms between the Group and the SingTel Group or on terms no less favorable to the Group than terms available from independent third parties.

In particular, as regards the prices for the Transponder Transactions, it will continue to be arrived at after considering the market rate for the particular bandwidth (in terms of MHz) of satellite transponder to be utilised and the duration of such utilisation. As regards the Telecom Transactions, the prices will continue to be arrived at after considering the complexity of the services, the capacity and duration of the usage and the level of the technical support.

We have reviewed samples of copies of contracts or invoices of: (i) the Transponder Transactions and the Telecom Transactions; and (ii) similar transactions entered into between the Group and other independent third parties. We have noted that the rate charged by or to the Group in relation to the Transponder Transactions and the Telecom Transactions are comparable to those charged to independent customers or by independent suppliers as reviewed by us. We are therefore of the opinion that the Continuing Connected Transactions are no more favourable to SingTel than those transactions entered into with other customers or suppliers of the Group.

Given that the Continuing Connected Transactions: (i) have been and are entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the rate charged in relation to the Continuing Connected Transactions are comparable to those charged to independent customers or by independent suppliers, we consider that the Continuing Connected Transactions provide the Group with additional sources of revenue and a reliable supply of services in its ordinary course of business at market prices and are in the interest of the Group and the Shareholders.

3. Annual Caps

As stated in the Board’s Letter, the aggregate value of the Transponder Transactions was approximately HK\$20 million, HK\$19 million and HK\$20 million respectively and of the APT Telecom Transactions was approximately HK\$20 million, HK\$57 million and HK\$10 million, respectively, for each of the three financial years ended 31 December 2003. As explained in the Board’s Letter, the

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significant fluctuation in the aggregate value of the APT Telecom Transactions during the three financial years ended 31 December 2003 was mainly due to the performance of the general telecommunication market during the corresponding period. The telecommunication market recorded strong growth in 2000 and 2001, but took a downturn since late 2002 as a result of over-investments in the market as well as the sudden collapse of certain major global telecommunication companies which led to a severe price drop. The Board proposes that the Annual Caps for the Continuing Connected Transactions for each of the consecutive financial years ending 31 December 2004, 31 December 2005 and 31 December 2006 as follows:

For the financial year ending 31 December	Proposed Annual Caps for the Transponder Transactions (HK\$ million)	Proposed Annual Caps for the Telecom Transactions (HK\$ million)
2004	15	2
2005	18	9
2006	32	11

As stated in the Board's Letter, the Directors, in determining the Annual Caps for the Continuing Connected Transactions for each of the three financial years ending 31 December 2006, have made reference to (i) the historical value of the relevant transactions; (ii) the value of the relevant business contracts on hand; and (iii) the estimated demand for satellite broadcasting services and telecommunication services related to the Group's business, particularly following the launch of the satellite "APSTAR V" on 29 June 2004.

The proposed Annual Caps in respect of the Transponder Transactions for each of the financial years ending 31 December 2004 and 2005 of HK\$15 million and HK\$18 million, respectively, represent decreases compared with the aggregate value of the Transponder Transactions for the financial year ended 31 December 2003. Such decreases are expected as the trading environment for the telecommunications industry remains difficult in 2004 and certain of the SingTel Group's transponder service requirements in 2005 are expected to be satisfied under the transponder service agreement between the Group and the SingTel Group dated 22 May 2003. However, the proposed Annual Cap in respect of the Transponder Transactions for the financial year ending 31 December 2006 will increase to HK\$32 million since the management of the Company expects a continuous economic development and recovery in the Asia Pacific Region as well as the addition of satellite APSTAR VI which is expected to be launched in early 2005 and to replace APSTAR IA which will expire in 2006/2007.

The proposed Annual Caps in respect of the Telecom Transactions for each of the three financial years ending 31 December 2006 also represent decreases compared with the aggregate value of the APT Telecom Transactions since the Group no longer provides the telecommunication services related to submarine cable networks.

Having considered the basis and assumptions (including the contracts in hand with expected completion dates, the enquires of the SingTel Group received by the Group and the expected business and economic environment as anticipated by the Directors) in arriving at the projections for the determination of the Annual Caps, we consider that the Annual Caps do offer flexibility to the Group and are justifiable.

Having taken into account the above, we consider the basis of determining the Annual Caps for the Continuing Connected Transactions to be fair and reasonable so far as the Company and the Shareholders are concerned.

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4. Listing Rules requirements

The Master Agreements, the purposes of which are to govern the Continuing Connected Transactions and to ensure compliance with Chapter 14A of the Listing Rules, are subject to independent shareholders' approval under Rule 14A.35(4), the annual review requirement under Rules 14A.37 to 14A.41 and the reporting requirements under Rules 14A.45 and 14A.46 of the Listing Rules, respectively.

The Board will therefore seek from the Independent Shareholders approval of the Master Agreements and the transactions contemplated thereunder and the Annual Caps for a period of three financial years ending 31 December 2006 on the following conditions:

- a. For the three financial years ending 31 December 2004, 31 December 2005 and 31 December 2006, the annual aggregate value of the Transponder Transactions will not exceed HK\$15 million, HK\$18 million and HK\$32 million, respectively, and in the case of the Telecom Transactions, their annual aggregate value will not exceed HK\$2 million, HK\$9 million and HK\$11 million, respectively.
- b.
 - (i) The Continuing Connected Transactions have been and will continue to be entered into in the usual and ordinary course of business of the Group;
 - (ii) The Continuing Connected Transactions have been and will continue to be conducted either (1) on normal commercial terms; or (2) if there is no available comparison, on terms no less favorable to the Group than terms available from independent third parties; and
 - (iii) The Continuing Connected Transactions have been and will continue to be entered into in accordance with the Master Agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- c. Brief details of the Continuing Connected Transactions will be disclosed in the Company's next and each successive annual report, each accompanied with a statement of opinion of the independent non-executive Directors in such manner as referred to in paragraph (d) below.
- d. The independent non-executive Directors will review annually the Continuing Connected Transactions, and they will confirm in the Company's annual report for the financial year in question that such Continuing Connected Transactions under their review were conducted in the manner as stated in paragraphs (a) and (b) above.
- e. The auditors of the Company will review annually the Continuing Connected Transactions, and confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) in respect of each relevant period, during which the Continuing Connected Transactions were conducted, stating that:
 - (i) the Continuing Connected Transactions have been approved by the Board;

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- (ii) the Continuing Connected Transactions have been entered into in accordance with the terms of the Master Agreements;
- (iii) the value of the Continuing Connected Transactions has not exceeded their respective annual limits set out in paragraph (a) above; and
- (iv) the Continuing Connected Transactions have been entered into in accordance with the pricing policies of the Group,

and where for whatever reasons, if the auditors of the Company decline to accept the engagement or are unable to provide the auditors' letter, the Board will contact the Listing Division of the Stock Exchange immediately.

- f. The Company will allow, and shall procure that the SingTel Group shall allow, the auditors of the Company sufficient access to the relevant records for the purpose of the auditors' review and report as referred to in (e) above. The Board will state in the Company's annual report for the financial year in question whether the auditors of the Company have confirmed the matters stated in (e) above.
- g. The Company will promptly notify the Stock Exchange and publish an announcement in the newspapers if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company will not be able to confirm the matters set out in (b) and/or (e) above respectively.

In addition, the Board will ensure that the Company will comply with all relevant requirements applicable to continuing connected transactions under the Listing Rules in effect from time to time.

In view of the above conditions, in particular items (b)(i) to (b)(iii), we consider that the Company has taken appropriate measures to govern itself in carrying out the Continuing Connected Transactions, thereby safeguarding the interest of the Independent Shareholders thereunder.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Continuing Connected Transactions are in the usual and ordinary course of business of the Company and the terms and conditions of the Master Agreements, including the Annual Caps, are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise and recommend the Independent Shareholders to vote in favour of the resolution to approve the terms of the Master Agreements and the transactions contemplated thereunder and the Annual Caps to be proposed at the SGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Kevin Chan
Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and that there are no other facts the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

A. Directors' interests in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors, and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors and chief executives	Nature of interests	Number of shares held	Number of share options*
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

* 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.

All the interests disclosed above represented long positions in the shares of the Company or its associated corporations.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company were, or were taken or deemed to have any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

B. Persons who have interests or short positions in Shares and underlying Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following parties, had, or were deemed or taken to have any interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of the Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

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:

- 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 the Latest Practicable Date, so far was known to the Directors or chief executive of the Company, no other person had an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

As at the Latest Practicable Date, save for the aforementioned, there were no outstanding securities, options or warrants which were convertible into new Shares.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

4. MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2003, being the date to which the latest published audited financial statements of the Company were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and entered into with the Company and which was significant in relation to the business of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the following non-executive directors of the Company were also directors in other businesses, which competed or were likely to compete, either directly or indirectly, with the Group's business:

Name of Director	Name of the Companies	Principal Activities
Lim Toon	SingTelSat Pte Ltd	Provision of satellite capacity for telecommunication and video broadcasting services
	Singapore Telecom Hong Kong Limited INS Holdings Pte Ltd	Investment holding and provision of telecommunications services
	SingTel Services Australia Pty Limited SingTel (Philippines), Inc. Singapore Telecom Taiwan Limited	Provision of customer services for telecommunications related activities
	Singapore Telecom Japan Co Ltd Singapore Telecom Korea Limited	Provision of telecommunications services and all related activities
	Bharti Tele-Ventures Limited	Provision of cellular, fixed line, national long distance and international telecommunication services
	Singapore Telecom USA, Inc.	Provision of telecommunication services and engineering and marketing services for telecommunications networks in USA
	New Century Infocomm Tech Co. Ltd.	Provision of fixed line telecommunication services
Lim Wee Seng	C2C Pte Ltd	Operation and provision of telecommunications facilities and services utilising a network of submarine cable systems and associated terrestrial capacity

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company was considered to have interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses in which (a) the Group was interested and (b) the Directors' only interests were as directors appointed to represent the interests of the Group.

6. EXPERT'S QUALIFICATION AND CONSENT

- (a) Altus, being the expert who has given opinion in this circular, is a deemed licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities.
- (b) As at the Latest Practicable Date, Altus did not have any shareholding in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company, nor did it have any interest, directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2003, being the date to which the latest published audited financial statements of the Company were made up.
- (c) Altus has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 13 December 2004 as set out in this circular and reference to its name in the form and context in which they appear.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2003, the date to which the latest published audited financial statements of the Company were made up.

8. MISCELLANEOUS

- (a) The Qualified Accountant of the Company is Miss Lau Mei Bik who is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (b) The Secretary of the Company is Dr. Lo Kin Hang, Brian, DBA, MScIT, MBA, FCIS, CEng, MIEE.
- (c) The Company's Hong Kong share registrar and transfer office is Tengis Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong during normal business hours up to and including 30 December 2004:

- (i) the Master Agreements;
- (ii) the letter from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- (iii) the letter from Altus, the text of which is set out on pages 15 to 20 of this circular; and
- (iv) the written consent of Altus referred to in paragraph 6(c) above.



APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1045)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of APT Satellite Holdings Limited (the “Company”) will be held at the Satellite Control Centre of the Company, 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Thursday, 30 December 2004 at 11:00 a.m. for the purpose of considering and, if it thought fit, passing with or without amendments the following resolution:

ORDINARY RESOLUTION

“THAT

- (a) the agreement dated 1 December 2004 between the Company and Singapore Telecommunications Limited (a copy of which marked “A” is produced to the meeting and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the agreement dated 1 December 2004 between the Company and C2C Pte Limited (a copy of which marked “B” is produced to the meeting and signed by the chairman of the meeting for the purposes of identification) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (c) the Annual Caps (as defined in the circular to the shareholders of the Company of which this resolution forms part (the “Circular”)) referred to in the section headed “Proposed annual caps” in the “Letter from the Board” contained in the Circular be and are hereby approve; and
- (d) the directors of the Company or any one of the directors of the Company be and is hereby authorised to do all such further acts and things and sign, seal, execute and deliver all such documents and take all such actions which in their absolute discretion consider necessary, desirable or expedient to implement and/or give full effect to the agreements referred to in (a) and (b) above and the transactions contemplated thereunder and the Annual Caps referred to in (c) above”.

By Order of the Board
Lo Kin Hang, Brian
Company Secretary

Hong Kong, 13 December 2004

A COPY OF THE NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or, if he/she is the holder of two or more shares, more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof, must be deposited with the Company's branch share registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be).