



APT SATELLITE HOLDINGS LIMITED

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

Discloseable Transaction

Rights to design, construction, delivery and launch of APSTAR VIB

APT Satellite, a wholly-owned subsidiary of the Company, entered into an agreement with CGWIC pursuant to which APT Satellite will be granted a right to require CGWIC to provide for the design, construction, delivery and launch of APSTAR VIB to a designated orbit. The consideration for the option is US\$7,680,000 (approximately HK\$59,904,000).
The transaction contemplated under the agreement constitutes a discloseable transaction of the Company pursuant to rule 14.08 of the Listing Rules.

The board of directors of the Company announced that APT Satellite, a wholly-owned subsidiary of the Company, entered into an agreement with CGWIC.

AGREEMENT DATED 10 NOVEMBER 2004

Parties: Grantor and contractor: CGWIC;
so far as the directors are aware, CGWIC and its ultimate beneficial owner are independent third parties and not connected persons of the Company (as defined under rule 14A.11 of the Listing Rules)

Grantee and purchaser: APT Satellite

Option granted: rights granted to APT Satellite to require CGWIC to provide for the design, construction, delivery and launch of APSTAR VIB to a designated orbit

Option exercise period: Commencing from the date of the agreement and ending on 30 September 2005

Exercise of option: APT Satellite shall notify CGWIC in writing of its exercise of the option and reconfirm, inter alia, the technical specifications

Option price and payment: US\$7,680,000 (approximately HK\$59,904,000) payable in four instalments:

- US\$3,180,000, upon signing of the agreement;
- US\$1,750,000, not later than 20 November 2004;
- US\$1,750,000, not later than 15 January 2005; and
- US\$1,000,000, not later than 5 April 2005.

The option price is to be funded by internal resources of the Company.

In the event the option is exercised by APT Satellite, the option price will be applied towards the total consideration for the design, construction, delivery and launch of APSTAR VIB.

In the event, the option is not exercised by APT Satellite, CGWIC shall stop all preparation works for the design, construction, delivery and launch of APSTAR VIB and will have to transfer the option price to such other satellite project as may be designated by APT Satellite (whether with CGWIC or not) and refund the balance of the option price (net of all reasonable fee incurred).

Termination of option: The agreement will be deemed terminated if the option is not exercised and the option price has not been fully paid by APT Satellite.

Set out below the major terms of the in-orbit delivery satellite arrangement upon exercise of the option:

Subject: the design, construction, delivery and launch of APSTAR VIB by CGWIC (and approved subcontractors) to a designated orbit

Consideration: US\$120,100,000 (approximately HK\$936,780,000), by instalments according to the progress of the design, construction, delivery of APSTAR VIB and the relevant launching vehicle, the launch and the relevant in-orbit testing of APSTAR VIB.

The consideration shall be subject to adjustment in case after in-orbit testing, APSTAR VIB carries functional transponders of less than 28 C-band transponders and 16 Ku-band transponders with an expected operational life of 13 years.

Major milestones: It is expected that the delivery, launch and in-orbit testing of APSTAR VIB will take place within 27, 29 and 30.5 months after the effective date of the agreement of progress schedule (as indicated in the confirmation of technical specifications upon exercise of the option).

Risk allocation: The ownership of APSTAR VIB shall be transferred to APT Satellite upon the lift-off of APSTAR VIB.

Termination of the design, construction, delivery and launch of APSTAR VIB arrangement: In case the launch of APSTAR VIB is delayed for more than 5 months from the scheduled milestones, the acquisition of the APSTAR VIB shall be cancelled at the discretion of APT Satellite and CGWIC shall refund all payments made by APT Satellite.

In case (a) APT Satellite determines to terminate the acquisition and the launch of APSTAR VIB or (b) if APT Satellite fails to comply with the relevant obligations (payment and instructions) and CGWIC terminates the services, APT Satellite shall be responsible to indemnify CGWIC for all costs and expenses incurred up to the date of termination in respect of the design, production and delivery of APSTAR VIB and the launch services with a 5% profit compensation together with all costs and expenses reasonably incurred to terminate all subcontracting arrangements, if any. Progress payments made by APT Satellite in excess of the costs, expenses and compensation shall be refunded by CGWIC to APT Satellite and the work in progress to the date of termination shall be transferred to APT Satellite upon due settlement.

BASIS OF CONSIDERATION

The option price is determined after arm's length negotiation between the parties (taking into account the preparation works which CGWIC has to carry out for the design, and construction of APSTAR VIB prior to the exercise of the option).

The consideration of the design, construction, delivery and launch of APSTAR VIB arrangement is determined after arm's length negotiation between the parties (taking into account the backup schedule for APSTAR VI as set out below, the satellite model and the launch services).

REASONS AND BENEFIT OF THE TRANSACTION

The estimated operational life of APSTAR IA will not expire before the end of 2007. The transponder services offered by APSTAR IA are intended to be replaced by APSTAR VI (which will be launched by CGWIC) upon its successful launch in the first quarter of 2005. However, in view of the risk of satellite launch, it is necessary for the Company to have a contingency plan safeguarding the replacement arrangement of APSTAR IA and to lock a launching slot in case of failure of the launching of APSTAR VI for the smooth operations of satellite transponder services provided by the Company.

The directors (including independent non-executive directors) of the Company are of the view that the transaction has been conducted in the ordinary and usual course of business of APT Satellite, on normal commercial terms and the terms of the transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

Principal business activities carried out by the Company:

The Company and its subsidiaries are engaged in the provision of satellite transponder services for the international and Asia-Pacific broadcasting and telecommunications sectors.

Principal business activities of CGWIC:

CGWIC is engaged in the provision of launch services in respect of, inter alia, satellites. It also engages as contractor for the design and construction of satellites.

The transaction contemplated under the agreement constitutes a discloseable transaction of the Company pursuant to rule 14.08 of the Listing Rules. A circular setting out details of the transaction will be despatched to shareholders of the Company within 21 days from the publication of this announcement.

In the event the option is to be exercised, the relevant disclosure and shareholders approval requirement of Chapter 14 of the Listing Rules will be complied with.

DEFINITIONS

Terms used in this announcement shall have the following meanings:

"APT Satellite"	APT Satellite Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
"APSTAR IA"	a satellite based on Boeing BSS-376 with 24 C-band transponders;
"APSTAR VI"	a satellite based on Alcatel SB-4100 C1 with 38 C-band transponders and 12 Ku-band transponders;
"APSTAR VIB"	a satellite based on DFH-4 with 28 C-band transponders and 16 Ku-band transponders;
"Company"	APT Satellite Holdings Limited;
"CGWIC"	China Great Wall Industry Corporation (中國長城工業總公司);
"HK\$"	Hong Kong dollars;
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"US\$"	United States dollars

By Order of the Board
Dr. Brian Lo
Company Secretary

Hong Kong, 12 November 2004

The Directors as at the date of this announcement are as follows:

Executive Directors: Chen Zhaobin and Tong Xudong

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) and Lim Wee Seng (Alternate Director to Lim Toon and Tay Chek Khoon)

Independent Non-Executive Directors: Yuen Pak Yiu, Philip, Huan Guocang and Lui King Man

Please also refer to the published version of this announcement in The Standard.