

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the maintenance and operation of satellite telecommunication systems.

SEGMENTAL INFORMATION

Details of the segmental information are set out in note 34 to the financial statements.

RESULTS AND DIVIDENDS

Details of the results of the Group and appropriations of the Company for the year ended 31 December 2000 are set out in the consolidated income statement on page 27 and the accompanying notes to the financial statements.

The directors recommend the payment of a final dividend of HK15 cents per share which, together with the interim dividend of HK5 cents per share paid during the year, makes a total cash dividend of HK20 cents per share for the year.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 67.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group for the year ended 31 December 2000 are set out in note 12 to the financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2000 are set out in note 32 to the financial statements.

Details of the Company's interest in a subsidiary not consolidated are set out in note 15 to the financial statements.

JOINTLY CONTROLLED ENTITY

Details of the Company's interest in a jointly controlled entity are set out in note 14 to the financial statements.

SHARE CAPITAL

During the year, the Company repurchased a total of 7,200,000 of its own shares on The Stock Exchange of Hong Kong Limited. Details of the repurchases are set out in note 19 to the financial statements.

RESERVES

Details of movements during the year in the reserves of the Group and of the Company are set out in note 21 to the financial statements.

BORROWINGS

Details of the Group's bank borrowings are set out in note 17 to the financial statements. No interest was capitalised by the Group during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Chen Zhaobin (<i>President</i>)	(appointed on 10 February 2001)
Cui Xinzheng (<i>Vice President</i>)	(appointed on 10 February 2001)
Qin Shen	(resigned on 2 February 2000)

Non-executive directors

Liu Ji Yuan (*Chairman*)

He Ke Rang (*Vice Chairman*) (resigned as President and re-designated as non-executive director on 10 February 2001)

Zhou Ze He (*Vice Chairman*)

Wong Hung Khim

Lim Toon

Hsu Chih Chang

Wu Zhen Mu

Lu Xiaochun (appointed on 24 July 2000)

Wu Jinfeng (appointed on 10 February 2001)

Lim Shyong (appointed on 21 March 2001)

Tay Chek Khoon (appointed on 21 March 2001)

Yang Tze-kaing (appointed on 21 March 2001)

Loh Yim Kew (resigned as alternate director to Wong Hung Khim and Lim Toon and appointed as a director on 8 November 2000; resigned as a director and appointed as alternate director to Lim Shyong on 21 March 2001)

Lim Bee Ling (appointed on 8 November 2000; resigned as a director and appointed as alternate director to Tay Chek Khoon on 21 March 2001)

Zhang Jia De (resigned on 2 February 2000)

Wong Kit Ming (resigned on 31 May 2000)

Zhu You Jun (resigned on 31 May 2000)

Liang Wen Hao (resigned on 24 July 2000)

Chen Ji Bin (resigned on 10 February 2001)

Lee Hsiang Wei (resigned on 21 March 2001)

Independent non-executive directors

Li Kwok Wing, Meocre

Yuen Pak Yiu, Philip

DIRECTORS (Continued)

In accordance with Article 86(2) and Article 87 of the Company's bye-laws, Messrs Chen Zhaobin, Cui Xinzheng, He Ke Rang, Lim Toon, Lu Xiaochun, Wu Jinfeng, Lim Shyong, Tay Chek Khoon, Yang Tze-kaing and Li Kwok Wing, Meocre will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. The remaining directors continue in office.

Mr. Chen Zhaobin and Mr. Cui Xinzheng have entered into service contracts with the Company for an initial term of three years, commencing 10 February 2001 and 1 February 2001 respectively and continuing thereafter until terminated by either party giving to the other not less than six months' notice.

Save as disclosed above, no Director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's bye-laws.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 31 December 2000, Mr. Leng Yi Shun, Vice-President of the Group, had personal interests in 500 shares of the Company.

Save as disclosed above, none of the Directors, chief executives or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance").

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Except for the share option scheme as described in note 20 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in the Company any other body corporate.

At the balance sheet date, no options had been granted pursuant to the share option scheme.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

INTERESTS IN COMPETING BUSINESS DISCLOSURES

At 31 December 2000, the following non-executive directors of the Company are also directors in other businesses, which compete or are likely to compete, either directly or indirectly, with the Company's business:

Name of Director	Name of the companies/business	Place of Incorporation
1. Wong Hung Khim	Singapore Telecommunications Limited	Singapore
2. Lim Toon	SingTelSat Private Limited	Singapore
	Singapore Telecom Japan Company Limited	Japan
	SingTel Japan Company Limited	Japan

Remarks:

1. Singapore Telecommunications Limited, is incorporated in Singapore and is principally engaged in the operation and provision of telecommunication system and services and investment holding. The turnover of the company for the nine months ended 31 December 2000 was S\$3.7 billion and the market capitalisation was S\$41.5 billion (based on 31 December 2000).
2. SingTelSat Private Limited is a wholly-owned subsidiary of Singapore Telecommunications Limited and its main activities are the provision of satellite capacity for telecommunication and video broadcasting services. The company had no turnover for the nine months ended 31 December 2000.
3. Singapore Telecom Japan Company Limited is a wholly owned subsidiary of Singapore Telecommunications Limited and involves in the running, operating, managing and dealing in telecommunication systems and services.*
4. SingTel Japan Company Limited is a wholly owned subsidiary of Singapore Telecommunications Limited. Its business is in international leased circuits.*

* The total turnover for the two companies in Japan was Yen 559 million for the nine months ended 31 December 2000.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2000, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name	Number of shares held	%
APT Satellite International Company Limited	214,200,000	51.89

Messrs. He Ke Rang, Chen Ji Bin, Wong Hung Khim, Hsu Chih Chang, Lim Toon, Lee Hsiang Wei, Liu Ji Yuan, Zhou Ze He, Lu Xiaochun, Wu Zhen Mu, Ms. Loh Yim Kew and Ms. Lim Bee Ling, Directors of the Company, are also Directors of APT Satellite International Company Limited.

Save as disclosed above, the Company has not been notified of any interest representing 10% or more of the Company's issued share capital at 31 December 2000.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in note 19 to the financial statements, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

In 2000, the largest customer accounted for 36% (1999: 26%) of the Group's turnover. Turnover attributable to the Group's five largest customers accounted for 75% (1999: 52%) of the turnover for the year. Aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

HUMAN RESOURCES

The remuneration packages of employees are commensurable to their respective responsibilities and remain competitive under the current market trends. The Group has joined the Mandatory Provident Fund in December 2000 and is in the process to propose a new share option scheme (the "New Scheme") to replace the existing share option scheme. A summary of the New Scheme has been contained in an explanatory statement, which will be sent together with the Annual Report to the shareholders.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the annual report, except that the non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws of the Company.

The Audit Committee held its Meeting on 16 March 2001 at which the Committee reviewed the audited financial report of the Group for the year ended 31 December 2000.

AUDITORS

Messrs. Ernst & Young retired at the last annual general meeting of the Company and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company.

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Chen Zhaobin
Director

Cui Xinzheng
Director

Zhuhai, PRC
7 April 2001