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## **ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**

**亞洲衛星控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 1135)*

### **ANNOUNCEMENT**

## **CONSTRUCTION AGREEMENT FOR ASIASAT 5C**

### **DISCLOSEABLE TRANSACTION**

On 27 April 2009, AsiaSat, an indirect wholly-owned subsidiary of the Company, entered into a Construction Agreement with the Construction Contractor, an Independent Third Party, for the construction of AsiaSat 5C with specifications similar to that of AsiaSat 5 and provision of certain associated services. The total cash consideration for the construction of AsiaSat 5C and associated services under the Construction Agreement is approximately US\$98.34 million (approximately HK\$767.05 million), subject to adjustment.

Under the Construction Agreement, AsiaSat will have an option to direct the Construction Contractor to convert AsiaSat 5C to operate in a different orbital slot than AsiaSat 5C slot with certain pre-defined modification; and a further option to acquire an additional satellite substantially similar to AsiaSat 5C.

As disclosed in the Previous Announcement and the Previous Circular, the launch of AsiaSat 5 was delayed and the launch date of AsiaSat 5 was rescheduled to a period between 15 July 2009 and 15 August 2009. In view of the delay in the launch of AsiaSat 5, the Company believes it to be prudent to make preparation for launching another satellite (i.e. AsiaSat 5C) to replace AsiaSat 2 in time before its retirement in the event of a launch failure of AsiaSat 5. In the event that AsiaSat 5 is successfully launched in time to replace AsiaSat 2, the Company would consider converting the specifications of AsiaSat 5C for other possible uses, or consider other options, such as re-sell AsiaSat 5C, terminate, or assign its rights, under the Construction Agreement.

Since each of the applicable percentage ratios calculated with reference to the total consideration for the construction of AsiaSat 5C and provision of certain associated services under the Construction Agreement is more than 5% but below 25%, the transactions contemplated under the Construction Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

*\* For identification purpose only*

## **CONSTRUCTION AGREEMENT**

### **Date**

27 April 2009

### **Parties**

1. The Construction Contractor, being an Independent Third Party, whose principal business is the designing, manufacturing and integrating of communication satellites and satellite systems.
2. AsiaSat, an indirect wholly-owned subsidiary of the Company.

### **Construction of AsiaSat 5C and associated services**

The Construction Contractor will provide AsiaSat the design, construction, assembly, testing, production and delivery of AsiaSat 5C, and certain associated services (including design, analysis, manufacture, product assurance, product integration, transportation and testing). In addition, the Construction Contractor will also provide all necessary technical support to the prospective launch services provider to permit testing integration and launch. The Construction Contractor may engage subcontractors to perform a portion of the work required under Construction Agreement.

The Construction Contractor will also provide a royalty-free, world-wide, non-exclusive, non-transferable, paid-up license for AsiaSat to use such data and information, including, without limitation, technical data and information contained in reports, documents, computer programs, diagrams, drawings and graphs that AsiaSat requires for the purpose of the construction and the operation of AsiaSat 5C.

### **Consideration and Payment**

The total cash consideration for the construction of AsiaSat 5C and provision of certain associated services under the Construction Agreement is approximately US\$98.34 million (approximately HK\$767.05 million), which is based on the preliminary figures of the relevant indices released by U.S. Bureau of Labor Statistics in March 2009, subject to any adjustment based on the relevant official final indices released by U.S. Bureau of Labor Statistics in August 2009 (the "**Contract Price**"). Ten percent (10%) of the Contract Price represents a performance incentive payment which the Construction Contractor will be entitled to retain and not returned to AsiaSat if AsiaSat 5C's projected operational lifetime is exceeded. The Contract Price will be fully funded by the Group's internal resources.

AsiaSat and the Construction Contractor have agreed on a payment schedule and billing milestones that spread over 24 months from 23 March 2009 and AsiaSat is required to pay the Construction Contractor within 30 days of its receipt of the invoice from the Construction Contractor upon completion of each milestone event. Up to the date hereof, AsiaSat has paid to the Construction Contractor part of the Contract Price in the amount of approximately US\$5.4 million (approximately HK\$42.12 million), which payment was made on 23 March 2009.

## **Title**

The title to AsiaSat 5C shall pass to AsiaSat at the moment of launch. In the event AsiaSat 5C is not launched within 3 years after AsiaSat 5C is available for shipment, AsiaSat shall pay all monies payable under the Construction Agreement and have the title to AsiaSat 5C subject to the obtaining of requisite U.S.A. Government approvals.

## **Completion of construction**

Under the terms of the Construction Agreement, the Construction Contractor shall complete the construction of AsiaSat 5C and make AsiaSat 5C to be available for shipment to the launch site within 22 months from 23 March 2009.

## **Collateral provided by Construction Contractor**

The Construction Contractor has pledged and granted to AsiaSat a security interest in all of the Construction Contractor's right, title and interest in, to and under the work and work-in-progress under the Construction Agreement and any proceeds and benefits thereof.

## **Assignability**

Either AsiaSat or the Construction Contractor shall have the right to assign their rights or transfer their obligations under the Construction Agreement to any person or entity, without the prior written consent of the other party, in certain circumstances.

## **Intellectual property indemnification from the Construction Contractor**

The Construction Contractor will indemnify AsiaSat and defend at its own expenses on third party requests, claims, actions and proceedings for royalty payments, equitable relief or damages against AsiaSat based on any allegation that the manufacture of any items under the Construction Agreement infringes any third party intellectual property rights; and to pay any royalties and other costs in the settlement of such requests or claims and the costs and damages finally awarded to the relevant third party on the claim.

## **Options**

AsiaSat has the option exercisable within certain specified periods to direct the Construction Contractor to alter the specification of AsiaSat 5C at a price up to approximately US\$3.18 million (approximately HK\$24.80 million).

In addition, AsiaSat has the option exercisable at any time within a specified period to order an additional satellite substantially similar to AsiaSat 5C at a price of US\$106 million (approximately HK\$826.8 million) to be available for shipment within 25 months after exercise of such option.

The Company will comply with the requisite requirements under the Listing Rules if and when such options are exercised, and a further announcement will be made if and when required.

## **REASONS AND BENEFITS OF THE TRANSACTION**

Reference is made to the Previous Announcement and Previous Circular relating to the AsiaSat 5 Launch Contract entered into by AsiaSat and ILS for the launch of AsiaSat 5. As disclosed therein, the launch of AsiaSat 5 was delayed and the launch date of AsiaSat 5 was rescheduled to a period between 15 July 2009 and 15 August 2009. In view of the delay in the launch of AsiaSat 5, the Company believes it to be prudent to make preparation for launching another satellite (i.e. AsiaSat 5C) to replace AsiaSat 2 in time before its retirement in the event of a launch failure of AsiaSat 5. In the event that AsiaSat 5 is successfully launched in time to replace AsiaSat 2, the Company would consider converting the specifications of AsiaSat 5C for other possible uses, or consider other options, such as re-sell AsiaSat 5C, terminate, or assign its rights, under the Construction Agreement.

The Directors are of the view that the transactions contemplated under the Construction Agreement were entered into in the ordinary and usual course of business of the Company, on normal commercial terms and the terms of the transactions are fair and reasonable and in the interest of the shareholders of the Company as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Since each of the applicable percentage ratios calculated with reference to the Contract Price is more than 5% but below 25%, the transactions contemplated under the Construction Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **GENERAL INFORMATION ON THE GROUP**

The Group is principally engaged in the provision of satellite communication channel capacity and satellite services to broadcasting and telecommunications markets and broadband access services.

## **DEFINITIONS**

Terms used in this announcement shall have the following meanings:

“AsiaSat”	Asia Satellite Telecommunications Company Limited, an indirect wholly-owned subsidiary of the Company, incorporated under the laws of Hong Kong;
“AsiaSat 2”	the AsiaSat satellite launched in 1995 and located at the orbital position of 100.5 degrees East;
“AsiaSat 5”	the Space Systems/Loral 1300 class satellite bus, with 26 C-band and 14 Ku-band transponders, to be launched pursuant to the AsiaSat 5 Launch Contract;

“AsiaSat 5 Launch Contract”	the launch contract dated 20 February 2009 entered into between AsiaSat and ILS for the launch of AsiaSat 5;
“AsiaSat 5C”	the new Space Systems/Loral satellite being constructed by the Construction Contractor pursuant to the Construction Agreement;
“Board”	the board of directors of the Company;
“Company”	Asia Satellite Telecommunications Holdings Limited, a company incorporated under the laws of Bermuda, with its principal business being an investment holding company that indirectly owns 100% shareholding of AsiaSat. The shares of the Company are listed on the main board of the Stock Exchange;
“Construction Agreement”	the agreement dated 27 April 2009 entered into between AsiaSat and the Construction Contractor for the construction of AsiaSat 5C;
“Construction Contractor”	Space Systems/Loral, Inc., a corporation organised and existing under the law of the State of Delaware, U.S.A. and headquartered in California, U.S.A.;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries including but not limited to AsiaSat;
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“ILS”	ILS International Launch Services, Inc., a corporation organised and existing under the laws of the State of Delaware, U.S.A. having its principal place of business at Virginia, U.S.A. Its principal business is the provision of communication satellite launch services;
“Independent Third Party”	a person and its ultimate beneficial owner who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules);

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Previous Announcement”	the announcement dated 20 February 2009 published by the Company relating to the AsiaSat 5 Launch Contract entered into by AsiaSat and ILS for the launch of AsiaSat 5;
“Previous Circular”	the circular dated 20 April 2009 published by the Company relating to the subject matter of the Previous Announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.A.” or “U.S.”	the United States of America;
“US\$”	United States dollars, the lawful currency of U.S.A.; and
“%”	Per cent.

By Order of the Board  
**Sue Yeung**  
Company Secretary

Hong Kong, 27 April 2009

*As at the date of this announcement, the Board of the Company comprises 13 directors. The Executive Directors are Mr. Peter JACKSON and Mr. William WADE. The Non-executive Directors are Mr. MI Zeng Xin (Chairman), Mr. Sherwood P. DODGE (Deputy Chairman), Mr. John F. CONNELLY, Mr. Mark CHEN, Ms. Nancy KU, Mr. DING Yu Cheng, Mr. GUAN Yi and Mr. JU Wei Min. The Independent Non-executive Directors are Professor Edward CHEN, Mr. Robert SZE and Mr. James WATKINS.*

*Note: The translations of US\$ into HK\$ are for illustrative purpose only and have been made at a rate of US\$1.00 to HK\$7.80. Such translations should not be construed as representations that the US\$ amounts could be converted into HK\$ at that or any other rate.*