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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

DISCLOSEABLE TRANSACTION LAUNCH CONTRACT FOR THE COMMISSIONING OF ASIASAT 7

Reference is made to the announcement dated 27 April 2009 (“**2009 Announcement**”) relating to the construction contract for AsiaSat 7 (then known as AsiaSat 5C) dated 27 April 2009 (“**Construction Contract**”) and entered into by Asia Satellite Telecommunications Company Limited (“**AsiaSat**”), an indirect wholly-owned subsidiary of the Company, and Space Systems/Loral, Inc. (“**Loral**”) as the construction contractor.

On 5 October 2010, AsiaSat entered into the agreement (“**Launch Contract**”) with ILS International Launch Services, Inc. (“**ILS**”) whereby ILS shall provide one launch services to AsiaSat for launching AsiaSat 7 in the Republic of Kazakhstan (or some other place agreed by the parties) within the period between 1 August 2011 and 30 November 2011. The launch period can be postponed by no more than 12 months in accordance with the terms of the Launch Contract and the total cash consideration for the launch services is US\$101 million (equivalent to approximately HK\$787.8 million). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, ILS and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”)) of the Company.

In the event of a launch mission failure, AsiaSat may order a replacement launch services from ILS to launch a replacement satellite with configuration and mission identical to AsiaSat 7 no later than 31 December 2014 for a consideration ranging from US\$107 million (equivalent to approximately HK\$834.6 million) to US\$110 million (equivalent to approximately HK\$858 million) depending on the actual date of the replacement launch (“**Replacement Launch Option**”).

Certain applicable percentage ratios attributable to the Launch Contract (excluding the replacement launch services cost) exceed 5% but are less than 25%. The Launch Contract constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to announcement but exempt from shareholders’ approval requirements under Chapter 14 of the Listing Rules. The Company will comply with the requisite requirements under the Listing Rules if and when it exercises the Replacement Launch Option, and a further announcement will be made as required.

INTRODUCTION

Reference is made to the 2009 Announcement relating to the Construction Contract for AsiaSat 7 (then known as AsiaSat 5C) dated 27 April 2009 entered into by AsiaSat, an indirect wholly-owned subsidiary of the Company, and Loral as the construction contractor. On 5 October 2010, AsiaSat entered into the Launch Contract with ILS as launch services provider for launching AsiaSat 7.

LAUNCH CONTRACT

Date

5 October 2010

Parties

(1) AsiaSat

(2) ILS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, ILS and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Subject Matter

Pursuant to the Launch Contract, ILS shall provide one launch services to AsiaSat for launching AsiaSat 7 in the Republic of Kazakhstan (or some other place as mutually agreed by the parties) within the period between 1 August 2011 and 30 November 2011, such launch period can be postponed by no more than 12 months in accordance with the terms of the Launch Contract.

Consideration and Payment

The consideration for the provision of the launch services is US\$101 million (equivalent to approximately HK\$787.8 million), US\$14.584 million (equivalent to approximately HK\$113.76 million) of which will be paid on the date of the Launch Contract. The remaining balance of the consideration will be payable in stages, the final balance of which will be payable one (1) month after the launch.

The consideration payable under the Launch Contract was negotiated on an arm's-length basis taking into account the fees for similar services available in the market. It will be paid in cash and will be fully funded by the internal resources of the Group.

Termination Charge

A termination charge of up to US\$48.5 million (equivalent to approximately HK\$378.3 million) shall be payable by AsiaSat if the Launch Contract is terminated by AsiaSat on its own course or other circumstances, including a default of payment by AsiaSat in accordance with the terms of the Launch Contract.

Replacement Launch Option

In the event of a launch mission failure, AsiaSat may order a replacement launch services from ILS to launch a replacement satellite with configuration and mission identical to AsiaSat 7 no later than 31 December 2014. The consideration for the provision of the replacement launch services ranges from US\$107 million (equivalent to approximately HK\$834.6 million) to US\$110 million (equivalent to approximately HK\$858 million) depending on the actual date of the replacement launch.

REASONS AND BENEFITS OF THE LAUNCH CONTRACT

Reference is made to the announcement of the Company dated 9 July 2010 relating to the Sea Launch Contract entered into by AsiaSat with Sea Launch pursuant to which Sea Launch shall provide launch services for one AsiaSat spacecraft during the period between 1 January 2012 and 31 December 2014. As mentioned in the said announcement, the Company may use this launch services for launching AsiaSat 7. No payments have been made to Sea Launch so far and due to commercial considerations, the Company has decided to use the launch services under the Sea Launch Contract for launching another satellite instead of AsiaSat 7 and to use the launch services under the ILS Contract to launch AsiaSat 7, which will be a replacement satellite for the Company's other operating satellite, AsiaSat 3S.

The Directors believe that the terms of the Launch Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

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

INFORMATION ON ILS

To the extent of the Company's knowledge, ILS is engaged in the provision of commercial satellite launch services.

INFORMATION TO SHAREHOLDERS

Certain applicable percentage ratios attributable to the Launch Contract (excluding the replacement launch services cost) exceed 5% but are less than 25%. The Launch Contract constitutes a discloseable transaction of the Company and is subject to announcement but is exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules. The Company will comply with the requisite requirements under the Listing Rules if and when it exercises the Replacement Launch Option, and a further announcement will be made as required.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2009 Announcement”	the announcement dated 27 April 2009 of the Company relating to the construction of AsiaSat 7 (then known as AsiaSat 5C) pursuant to the Construction Contract;
“AsiaSat”	Asia Satellite Telecommunications Company Limited, an indirect wholly-owned subsidiary of the Company incorporated under the laws of Hong Kong having its registered office in Hong Kong;
“AsiaSat 7”	the Space Systems/Loral satellite bus, formerly named as AsiaSat 5C, which is still under construction;
“Company”	Asia Satellite Telecommunications Holdings Limited, a company incorporated under the laws of Bermuda, whose shares are listed on the main board of the Stock Exchange;
“Construction Contract”	the agreement dated 27 April 2009 entered into between AsiaSat and Loral for the construction of AsiaSat 7;
“Directors” or “Board”	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 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.;
“Launch Contract”	the agreement dated 5 October 2010 entered into between AsiaSat and ILS;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Loral”	Space Systems/Loral, Inc., a corporation organised and existing under the laws of the State of Delaware, U.S.A.;

“ Replacement Launch Option ”	the option to order a replacement launch in the event of a launch mission failure under the Launch Contract;
“ Sea Launch ”	Sea Launch Limited Partnership;
“ Sea Launch Contract ”	the launch services contract entered into between AsiaSat and Sea Launch on 8 July 2010 pursuant to which Sea Launch shall provide launch services for one AsiaSat spacecraft during the period between 1 January 2012 and 31 December 2014;
“ Shareholders ”	the shareholders of the Company;
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited;
“ U.S.A. ”	the United States of America;
“ US\$ ”	United States dollars, the lawful currency of the United States of America;
“ % ”	per cent.

By order of the Board
Sue Yeung
Company Secretary

Hong Kong, 5 October 2010

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

Conversions of US dollars into HK dollars in this announcement are for reference only and have been made at a rate of US\$1.00 to HK\$7.80. Such conversions should not be construed as representations that the US dollar amounts could be converted into HK dollars at that or any other rate.

* *For identification purpose only*