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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 AGREEMENTS FOR ASIASAT 6 and ASIASAT 8**

**MAJOR TRANSACTION**

On 11 November 2011, AsiaSat, an indirect wholly-owned subsidiary of the Company, entered into the Construction Agreements with the Construction Contractor, an Independent Third Party, for the construction of AsiaSat 6 and AsiaSat 8 respectively and the provision of the associated equipment and services. The total aggregate cash consideration for the construction of AsiaSat 6 and AsiaSat 8 and the provision of the associated equipment and services under the Construction Agreements is approximately US\$233 million (approximately HK\$1,817.4 million), subject to adjustments.

Under each of the Construction Agreements, AsiaSat has the option to order one (1) Optional Satellite.

Since all applicable percentage ratios calculated with reference to the total aggregate consideration for the construction of AsiaSat 6 and AsiaSat 8 and the provision of the associated equipment and services under the Construction Agreements are more than 25% but below 100%, the Transactions constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting if the Company were to convene a general meeting. As such, the Transactions will be approved by written shareholders' approval in accordance with Rule 14.44 of the Listing Rules. No Shareholders' meeting will be convened to consider the Transactions. The Company's controlling shareholder, Bowenvale Limited, which owns 291,174,695 ordinary shares in the Company, representing approximately 74.43% of the issued share capital of the Company as at the date of this announcement, has granted its approval to the Company on the Transactions as required under the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to send to the Shareholders a circular containing, among other things, details of the Construction Agreements and the Transactions within 15 business days from the publication of this announcement, i.e. on or before 2 December 2011.

The Company expects that it will need additional time to prepare and finalise the financial information to be included in the circular pursuant to the Listing Rules, including the statement of working capital sufficiency. In view of the additional time required to despatch the circular, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and an extension of the deadline for the despatch of the circular to 16 December 2011.

## **AS6 CONSTRUCTION AGREEMENT**

### **Date**

11 November 2011

### **Parties**

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

### **Construction of AsiaSat 6 and provision of associated equipment and services**

The Construction Contractor has agreed to design, construct, assemble, test, produce for, and deliver to AsiaSat, AsiaSat 6 and provide the associated equipment and services (including studies, development, research, design, analysis, manufacture, product assurance, product integration, transportation and testing) to AsiaSat. 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 the AS6 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 6.

## **Consideration and Payment**

The total cash consideration for the construction of AsiaSat 6 and the provision of the associated equipment and services under the AS6 Construction Agreement is US\$114.5 million (approximately HK\$893.1 million) (the “**AS6 Contract Price**”), which is negotiated on an arm’s length basis having regard to the value of similar assets quoted by other suppliers in the market.

Ten percent (10%) of the AS6 Contract Price represents a performance incentive payment. Such performance incentive payment is included in the AS6 Contract Price and will be paid by AsiaSat in advance. The Construction Contractor will be entitled to retain and not return to AsiaSat part or all of such performance incentive payment if the transponders on AsiaSat 6 are able to meet certain applicable performance requirements over AsiaSat 6’s projected operational lifetime.

The AS6 Contract Price may be adjusted, and the maximum amount after adjustment is US\$120.4 million (approximately HK\$939.1 million), depending on whether AsiaSat elects to direct the Construction Contractor to use stationary plasma thrusters on AsiaSat 6, and AsiaSat’s selection of the launch vehicle for the launch of AsiaSat 6.

In the event that AsiaSat terminates the AS6 Construction Agreement for convenience and without default of either party, but elects to proceed with the AS8 Construction Agreement, the AS8 Contract Price will increase by an amount of US\$8.5 million (approximately HK\$66.3 million). Either party may terminate the AS6 Construction Agreement in case of a material default of the other party in accordance with the provisions of the AS6 Construction Agreement.

The AS6 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 28 months from 11 November 2011, and AsiaSat is required to pay the Construction Contractor within 30 days of its receipt of the relevant invoice from the Construction Contractor upon completion of each milestone event.

## **Title**

The title to AsiaSat 6 shall pass to AsiaSat at the moment of launch. In the event AsiaSat 6 is not launched within 3 years after AsiaSat 6 is available for shipment due to AsiaSat’s default, AsiaSat shall pay all monies payable under the AS6 Construction Agreement and have the title to AsiaSat 6 subject to the obtaining of requisite U.S. Government approvals.

## **Completion of construction**

The Construction Contractor shall make AsiaSat 6 available for shipment to the launch site within approximately 25 months from 11 November 2011.

### **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 AS6 Construction Agreement and any proceeds and benefits thereof.

### **Assignability**

Both AsiaSat and the Construction Contractor shall have the right to assign their rights or transfer their obligations under the AS6 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, any third party requests for royalty payments, or any claims, actions or proceedings for equitable relief or damages against AsiaSat based on any allegation that the manufacture of any items under the AS6 Construction Agreement, or the use, lease or sale of these items actually and directly 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.

### **Option**

AsiaSat has the option exercisable at any time within a specified period to order an Optional Satellite for AsiaSat 6 at a base price of US\$117 million (approximately HK\$912.6 million) to be available for shipment within 24 months after exercise of such option.

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

## **AS8 CONSTRUCTION AGREEMENT**

### **Date**

11 November 2011

### **Parties**

1. The Construction Contractor
2. AsiaSat

## **Construction of AsiaSat 8 and provision of associated equipment and services**

The Construction Contractor has agreed to design, construct, assemble, test, produce for, and deliver to AsiaSat, AsiaSat 8 and provide the associated equipment and services (including studies, development, research, design, analysis, manufacture, product assurance, product integration, transportation and testing) to AsiaSat. 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 the AS8 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 8.

### **Consideration and Payment**

The total cash consideration for the construction of AsiaSat 8 and the provision of the associated equipment and services under the AS8 Construction Agreement is US\$118.5 million (approximately HK\$924.3 million) (the “**AS8 Contract Price**”), which is negotiated on an arm’s length basis having regard to the value of similar assets quoted by other suppliers in the market.

Ten percent (10%) of the AS8 Contract Price represents a performance incentive payment. Such performance incentive payment is included in the AS8 Contract Price and will be paid by AsiaSat in advance. The Construction Contractor will be entitled to retain and not return to AsiaSat part or all of such performance incentive payment if the transponders on AsiaSat 6 are able to meet certain applicable performance requirements over AsiaSat 8’s projected operational lifetime.

The AS8 Contract Price may be adjusted and the maximum amount after adjustment is US\$124.4 million (approximately HK\$970.3 million), depending on whether AsiaSat elects to direct the Construction Contractor to use stationary plasma thrusters on AsiaSat 8, and AsiaSat’s selection of the launch vehicle for the launch of AsiaSat 8.

In the event that AsiaSat terminates the AS8 Construction Agreement for convenience and without default of either party, but elects to proceed with the AS6 Construction Agreement, the AS6 Contract Price will increase by an amount of US\$8.5 million (approximately HK\$66.3 million). Either party may terminate the AS8 Construction Agreement in case of a material default of the other party in accordance with the provisions of the AS8 Construction Agreement.

The AS8 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 26 months from 11 November 2011, and AsiaSat is required to pay the Construction Contractor within 30 days of its receipt of the relevant invoice from the Construction Contractor upon completion of each milestone event.

## **Option**

AsiaSat has the option exercisable at any time within a specified period to order an Optional Satellite for AsiaSat 8 at a base price of US\$122 million (approximately HK\$951.6million) to be available for shipment within 24 months after exercise of such option.

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

## **Other material terms**

Other material terms of the AS8 Construction Agreement are identical to those of the AS6 Construction Agreement as detailed above.

At any time up to 30 days before the first scheduled spacecraft thermal vacuum test, AsiaSat shall have the right to exchange the completion timetable for AsiaSat 6 and AsiaSat 8.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Directors consider that the Transactions can strengthen the Group's satellite fleet to provide complementary coverage and services at existing orbital positions as well as open potential new orbital locations for the Group to increase its competitiveness. AsiaSat 6 and AsiaSat 8 will also expand capacity and service offerings of the Group to Asian broadcasters who continually demonstrate demand for high quality satellite capacity and value added services.

The Directors are of the view that the transactions contemplated under the Construction Agreements were entered into on an arm's length basis and 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 all applicable percentage ratios calculated with reference to the total aggregate consideration for the construction of AsiaSat 6 and AsiaSat 8 and the provision of the associated equipment and services under the Construction Agreements are more than 25% but below 100%, the Transactions constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting if the Company were to convene a general meeting. As such, the Transactions will be approved by written shareholders' approval in accordance with Rule 14.44 of the Listing Rules. No Shareholders' meeting will be convened to consider the Transactions. The Company's controlling shareholder, Bowenvale Limited, which owns 291,174,695 ordinary shares in the Company, representing approximately 74.43% of the issued share capital of the Company as at the date of this announcement, has granted its approval to the Company on the Transactions as required under the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to send to the Shareholders a circular containing, among other things, details of the Construction Agreements and the Transactions within 15 business days from the publication of this announcement, i.e. on or before 2 December 2011.

The Company expects that it will need additional time to prepare and finalise the financial information to be included in the circular pursuant to the Listing Rules, including the statement of working capital sufficiency. In view of the additional time required to despatch the circular, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and an extension of the deadline for the despatch of the circular to 16 December 2011.

## **GENERAL INFORMATION ON THE GROUP**

The Group is principally engaged in the provision of satellite transponder 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 6”	the new communications satellite to be constructed by the Construction Contractor pursuant to the AS6 Construction Agreement;
“AsiaSat 8”	the new communications satellite to be constructed by the Construction Contractor pursuant to the AS8 Construction Agreement;
“AS6 Construction Agreement”	the agreement dated 11 November 2011 entered into between AsiaSat and the Construction Contractor for the construction of AsiaSat 6;
“AS6 Contract Price”	the total consideration payable by AsiaSat to the Construction Contractor for the construction of AsiaSat 6 and the provision of the associated equipment and services under the AS6 Construction Agreement before adjustments;
“AS8 Construction Agreement”	the agreement dated 11 November 2011 entered into between AsiaSat and the Construction Contractor for the construction of AsiaSat 8;

“AS8 Contract Price”	the total consideration payable by AsiaSat to the Construction Contractor for the construction of AsiaSat 8 and the provision of the associated equipment and services under the AS8 Construction Agreement before adjustments;
“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 Agreements”	collectively, the AS6 Construction Agreement and the AS8 Construction Agreement;
“Construction Contractor”	Space Systems/Loral, Inc., a corporation organised and existing under the laws 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 Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“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;
“Optional Satellite”	an additional satellite to be ordered by AsiaSat under either one, or both, of the Construction Agreements, which shall be substantially similar to AsiaSat 6 or AsiaSat 8, as applicable;
“Shareholder(s)”	the shareholder(s) of the Company;



“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions contemplated under the Construction Agreements;
“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.

*\* For identification purpose only*

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

Hong Kong, 11 November 2011

*As at the date of this announcement, the Board comprises 12 directors. The Executive Director is Mr. William WADE. The Non-executive Directors are Mr. Sherwood P. DODGE (Chairman), Mr. MI Zeng Xin (Deputy Chairman), Mr. JU Wei Min, Mr. LUO Ning, Mr. GUAN Yi, Mr. John F. CONNELLY, Ms. Nancy KU and Mr. Mark CHEN. 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.*