

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1135)

PROPOSED CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF TRANSPONDER MASTER AGREEMENT

Reference is made to the Previous Disclosures in relation to the Existing Transponder Master Agreement, which will expire on the Existing Permit Expiry Date.

The Company announces that on 6 September 2012, AsiaSat entered into the Renewed Transponder Master Agreement with CITIC Networks and CITICSat, pursuant to which AsiaSat may, subject to approval from the Independent Shareholders' for, among other things, the transactions contemplated under the Renewed Transponder Master Agreement, continue to provide transponder capacity on its Satellites to CITICSat on substantially the same terms as the Existing Transponder Master Agreement on an exclusive basis during the term of the Renewed Transponder Master Agreement. Further, CITICSat will promote AsiaSat's Transponder Capacity services in the PRC during the Agreement Term.

CITICSat is the branch established and run by CITIC Networks for the development and operation of its satellite system related business. CITIC Networks is a wholly-owned subsidiary of the CITIC Group. As at the date of this announcement, the CITIC Group indirectly controls 50% of the voting rights of Bowenvale, which in turn holds approximately 74.4% of the total issued share capital of the Company. Accordingly, the CITIC Group, CITIC Networks and CITICSat are connected persons of the Company and the transactions contemplated under the Renewed Transponder Master Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the maximum aggregate annual value of the Proposed Transactions calculated with reference to the Proposed Caps exceeds 5%, the Renewed Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps.

A circular containing, among other things, (i) details of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; (ii) a letter from the Independent Board Committee; (iii) a letter of advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 27 September 2012.

Bowenvale, which owns approximately 74.4% of the total issued share capital of the Company as at the date of this announcement, is interested in the proposed transactions contemplated under the Renewed Transponder Master Agreement, and is therefore required to abstain from voting at the SGM.

INTRODUCTION

Reference is made to the Previous Disclosures.

The Company announces that on 6 September 2012, AsiaSat entered into the Renewed Transponder Master Agreement with CITIC Networks and CITICSat, pursuant to which AsiaSat may, subject to fulfillment of the Condition, continue to provide transponder capacity on its Satellites to CITICSat on substantially the same terms as the Existing Transponder Master Agreement on an exclusive basis during the term of the Renewed Transponder Master Agreement. Further, CITICSat will promote AsiaSat's Transponder Capacity services in the PRC during the Agreement Term.

RENEWED TRANSPONDER MASTER AGREEMENT

Date

6 September 2012

Agreement Term

A period of three years from the Effective Date, which is expected to be 18 October 2012

Parties

- (1) AsiaSat, an indirect wholly-owned subsidiary of the Company;
- (2) CITIC Networks, a wholly-owned subsidiary of the CITIC Group and a connected person of the Company; and
- (3) CITICSat, a branch established by CITIC Networks, a wholly-owned subsidiary of the CITIC Group and a connected person of the Company.

Transaction Details and Pricing Basis

CITIC Networks and CITICSat have granted to AsiaSat a right to provide the Transponder Capacity for use by their customers in the PRC on an exclusive basis under the Renewed Transponder Master Agreement. During the Agreement Term, CITICSat will, upon the requests of its end-user customers in the PRC, place orders for the Transponder Capacity provided by AsiaSat pursuant to the terms and conditions of the Renewed Transponder Master Agreement. Upon the acceptance of any such order, AsiaSat will provide the relevant Transponder Capacity to CITICSat for use by CITICSat's customers for such utilisation period as ordered, at an utilisation fee in RMB to be agreed between the parties based on the market rate or at a rate similar to those AsiaSat would have offered to independent third party customers in the PRC. Such utilisation fee is payable by CITICSat's customers to CITICSat before the sum is settled with AsiaSat on a quarterly basis.

During the Agreement Term, CITICSat will promote AsiaSat's Transponder Capacity services in the PRC at a fee in RMB to be determined based on the total value of the Transponder Capacity orders placed and collected from CITICSat's customers under the Renewed Transponder Master Agreement during each of the financial reporting periods under the Agreement Term, and AsiaSat will reimburse CITICSat for certain costs incurred by CITICSat for the promotion of AsiaSat's Transponder Capacity services in the PRC.

CITICSat will settle with AsiaSat any utilisation fee received from its customers, net of any outstanding fee and costs incurred in relation to the Proposed Marketing Support payable by AsiaSat to CITICSat, in US dollars on a quarterly basis. Any risk associated with foreign exchange fluctuation will be borne by AsiaSat under the Renewed Transponder Master Agreement.

Termination

In the event that the New Permit is revoked, cancelled, terminated or modified to the effect to preclude the CITIC Group from engaging in the Proposed Capacity Transactions during the Agreement Term, the Renewed Transponder Master Agreement will be terminated.

Proposed Caps

There is no commitment from AsiaSat, CITIC Networks or CITICSat on the amount of Transponder Capacity to be ordered or provided, or the marketing support to be provided under the Renewed Transponder Master Agreement. However, the Directors believe that the total utilisation fee receivable from CITICSat for the Proposed Capacity Transactions and the total amount payable to CITICSat for the Proposed Marketing Support in each of the financial reporting periods under the Agreement Term will not exceed their respective annual caps as set out below:

(a) *Proposed Capacity Transactions*

The aggregate annual utilisation fee receivable by AsiaSat from CITICSat in relation to the Proposed Capacity Transactions, i.e. the Proposed Fee Caps, for each of the following financial reporting periods under the Agreement Term are stated as follows:

Period commencing on the Effective Date and ending on 31 December 2012	Financial year ending 31 December 2013	Financial year ending 31 December 2014	Period commencing on 1 January 2015 and ending on 17 October 2015
RMB37.6 million	RMB215.1 million	RMB228.9 million	RMB190.7 million
(approximately US\$5.8 million)	(approximately US\$33.1 million)	(approximately US\$35.2 million)	(approximately US\$29.3 million)
(approximately HK\$45.1 million)	(approximately HK\$258.1 million)	(approximately HK\$274.7 million)	(approximately HK\$228.8 million)

The determination of the Proposed Fee Caps has taken into consideration (i) the annual revenue generated from AsiaSat's provision of Transponder Capacity to CITICSat in the PRC in the previous three financial years ending 31 December, in the amount of approximately HK\$54.2 million in 2009, approximately HK\$128.5 million in 2010 and approximately HK\$189.1 million in 2011; and (ii) the potential growth of the PRC market due to the rapid expansion of demand for higher quality transmission signals in telecommunications.

(b) *Proposed Marketing Support*

The aggregate annual fee payable and costs to be reimbursed by AsiaSat to CITICSat in relation to the Proposed Marketing Support, i.e. the Proposed Marketing Caps, for each of the following financial reporting periods under the Agreement Term are stated as follows:

Period commencing on the Effective Date and ending on 31 December 2012	Financial year ending 31 December 2013	Financial year ending 31 December 2014	Period commencing on 1 January 2015 and ending on 17 October 2015
RMB1.6 million	RMB11.3 million	RMB14.2 million	RMB13.1 million
(approximately US\$0.2 million)	(approximately US\$1.7 million)	(approximately US\$2.2 million)	(approximately US\$2.0 million)
(approximately HK\$1.9 million)	(approximately HK\$13.5 million)	(approximately HK\$17.0 million)	(approximately HK\$15.7 million)

The determination of the Proposed Marketing Caps has taken into consideration (i) AsiaSat's previous expenses of the same nature under the Existing Transponder Master Agreement, in the amount of approximately HK\$11.2 million in 2009, approximately HK\$11.4 million in 2010 and approximately HK\$1.3 million in 2011^(Note); and (ii) the competitive market situation in the PRC with the recent launch of new satellites by other PRC service providers.

Note: Such amount for the year 2011 has taken into account refunds of business tax expenses paid in 2009 and 2010.

Condition and Effective Date

The Renewed Transponder Master Agreement will take effect from the fulfilment of the Condition (namely, the approval by the Independent Shareholders of the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps).

The Renewed Transponder Master Agreement shall supersede and replace the Existing Transponder Master Agreement on the Effective Date.

INFORMATION ON CITICSAT, CITIC NETWORKS AND CITIC GROUP

The Company understands that CITIC Networks is a wholly-owned subsidiary of the CITIC Group, the principal business activities of which is the provision of integrated territorial and international communications network and system services; while CITICSat is the branch established by CITIC Networks for its development and operation of satellite system related business. The CITIC Group is a business conglomerate with extensive lines of business, including but not limited to, finance, investments, engineering and contracting, resources, infrastructure, regional and real estate development, manufacturing, information technology, trading and services.

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.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS

The Existing Permit was granted to CITIC Networks in 2008, allowing it to provide basic telecom services, including the provision of communications networks and the leasing and sales of certain satellite transponder capacity to customers in the PRC. The Existing Transponder Master Agreement has enabled the Group to indirectly provide satellite transponder services to the extensive and established business network of CITIC Networks in the PRC. As the Existing Transponder Master Agreement is due to expire on 22 October 2012, the Company considers it necessary to enter into the Renewed Transponder Master Agreement to continue to facilitate such arrangement with CITIC Networks.

The Directors (excluding the independent non-executive Directors whose views will be set out in the circular to be despatched to the Shareholders together with the advice of the independent financial adviser) consider the terms of the Renewed Transponder Master Agreement and the Proposed Transactions to be on normal commercial terms and in the ordinary and usual course of business of the Company. Such Directors also consider that the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps are fair and reasonable and in the interests and benefit of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

CITICSat is the branch established and run by CITIC Networks for the development and operation of its satellite system related business. CITIC Networks is a wholly-owned subsidiary of the CITIC Group. As at the date of this announcement, the CITIC Group indirectly controls 50% of the voting rights of Bowenvale, which in turn holds approximately 74.4% of the total issued share capital of the Company. Accordingly, the CITIC Group, CITIC Networks and CITICSat are connected persons of the Company and the transactions contemplated under the Renewed Transponder Master Agreement will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the maximum aggregate annual value of the Proposed Transactions calculated with reference to the Proposed Caps exceeds 5%, the Renewed Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps. An independent financial adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps.

A circular containing, among other things, (i) details of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; (ii) a letter from the Independent Board Committee; (iii) a letter of advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 27 September 2012.

Bowenvale, which owns approximately 74.4% of the total issued share capital of the Company as at the date of this announcement, is interested in the proposed transactions contemplated under the Renewed Transponder Master Agreement, and is therefore required to abstain from voting at the SGM.

DEFINITIONS

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

- “Agreement Term”** the three-year period commencing on the Effective Date;
- “AsiaSat”** Asia Satellite Telecommunications Company Limited, an indirect wholly-owned subsidiary of the Company incorporated under the laws of Hong Kong; the principal business of which is the provision of satellite services to the broadcasting and telecommunications markets;
- “Bowenvale”** Bowenvale Limited, a controlling Shareholder who owns approximately 74.4% of the total issued share capital of the Company as at the date of this announcement, and a company incorporated under the laws of British Virgin Island;
- “CITIC Group”** 中國中信集團有限公司 (CITIC Group Corporation), an indirect shareholder controlling 50% of the voting rights of Bowenvale as at the date of this announcement, and an enterprise established and existing under the laws of the PRC;
- “CITIC Networks”** 中信網絡有限公司(CITIC Networks Co., Ltd), a wholly-owned subsidiary of the CITIC Group and a company established under the laws of the PRC;
- “CITICSat”** 中信網絡有限公司北京衛星通訊分公司 (CITIC Networks Co., Ltd. Beijing Satellite Telecommunications Branch), the branch established and run by CITIC Networks for the development and operation of its satellite system related business;
- “Company”** Asia Satellite Telecommunications Holdings Limited, an investment holding company incorporated under the laws of Bermuda, the shares of which are listed on the main board of the Stock Exchange;
- “Condition”** the condition more particularly described under the section headed “Renewed Transponder Master Agreement - Condition and Effective Date” of this announcement;

“Directors”	the directors of the Company;
“Effective Date”	the date on which the Condition is fulfilled, which is currently expected to be 18 October 2012;
“Existing Permit”	基礎電信業務經營許可證 (the Basic Telecom Business Operating Permit) issued to CITIC Networks by MIIT dated 8 January 2008, which will expire on the Existing Permit Expiry Date;
“Existing Permit Expiry Date”	22 October 2012;
“Existing Transponder Master Agreement”	the transponder master agreement entered into between AsiaSat, CITIC Networks and CITICSat on 28 November 2008 whereby AsiaSat agreed to, among other things, provide satellite transponder capacity on some of AsiaSat’s satellites to CITICSat;
“Group”	the Company and its subsidiaries from time to time;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	a board committee, comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps;
“Independent Shareholders”	Shareholders other than Bowenvale;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MIIT”	中華人民共和國工業和信息化部 (the Ministry of Industry and Information Technology of the PRC), formerly 中華人民共和國信息產業部 (MII, Ministry of Information of the PRC);

“New Permit”	基礎電信業務經營許可證 (the Basic Telecom Business Operating Permit) dated 13 August 2012 issued to CITIC Networks by MIIT which will expire on the New Permit Expiry Date;
“New Permit Expiry Date”	means the expiry date of the New Permit, being 13 August 2022;
“PRC” or “China”	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“Previous Disclosures”	the announcement and circular of the Company dated 28 November 2008 and 19 December 2008, respectively, in relation to the Existing Transponder Master Agreement;
“Proposed Capacity Transactions”	the proposed provision of Transponder Capacity by AsiaSat to CITICSat pursuant to orders placed under the Renewed Transponder Master Agreement;
“Proposed Caps”	collectively the Proposed Fee Caps and the Proposed Marketing Caps;
“Proposed Fee Caps”	the maximum aggregate annual values of the Proposed Capacity Transactions during the Agreement Term;
“Proposed Marketing Caps”	the maximum aggregate annual values of the Proposed Marketing Support during the Agreement Term;
“Proposed Marketing Support”	the promotion of AsiaSat’s Transponder Capacity services in the PRC by CITICSat during the Agreement Term;
“Proposed Transactions”	collectively the Proposed Capacity Transactions and the Proposed Marketing Support;
“Renewed Transponder Master Agreement”	the agreement entered into between AsiaSat, CITIC Networks and CITICSat on 6 September 2012 for, among other things, the provision of AsiaSat’s Transponder Capacity to CITICSat, the major terms of which are set out in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;

“Satellites”	the AsiaSat 3S, AsiaSat 4 and AsiaSat 5 satellites, their respective replacement satellites, and any other future AsiaSat satellites which will be subject to the approval to an amendment of the New Permit conditions by MIIT and “ Satellite ” shall mean any one of the Satellites;
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving the terms of the Renewed Transponder Master Agreement, the Proposed Transactions and the Proposed Caps;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transponder Capacity”	the transponder capacity on the Satellites;
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

The conversions of RMB into US dollars and into HK dollars are for convenience only and have been made at rates of US\$1.00 to RMB6.5 and RMB1 to HK\$1.2, respectively. Such conversions should not be construed as representations that the RMB amounts could be converted into US and HK dollars at that or any other rates.

By order of the Board
Sue Yeung
Company Secretary

Hong Kong, 6 September 2012

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. JU Wei Min (Chairman), Mr. Sherwood P. DODGE (Deputy Chairman), Mr. MI Zeng Xin, Mr. LUO Ning, Mr. Peter JACKSON, 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. The Alternate Director is Mr. CHONG Chi Yeung (alternate to Mr. MI Zeng Xin).

** For identification purpose only*