



## ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

### BOARD OF DIRECTORS CORPORATE GOVERNANCE GUIDELINES

#### Introduction

The Corporate Governance Guidelines are intended to provide an additional level of guidance to the Directors to maintain a high standard of corporate governance.

#### I. Board Issues

##### **Membership:**

1. **Size of Board.** The Board's optimum size should not be more than fifteen (15) members.
2. **Board Membership Criteria.**
  - (a) **Background.** The Board recognizes the importance of diversity in the composition of an effective board and seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. This assessment will include an individual's independence, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board. The Board Diversity Policy was developed and adopted by the Board in November 2013.
  - (b) **Simultaneous Service.** The director should inform the Board if he/she serves more than four other public traded company boards or governing bodies of public institutions. The Nomination Committee should review to ensure that such simultaneous service does not impair the ability of such member to effectively serve on the Board and make the recommendation to the Board where appropriate. Directors should advise the Chairman of the Board and the Chairman of the Nomination Committee in advance of accepting an invitation to serve on another public company board or other such governing body.
  - (c) **Financial Literacy.** Directors should know how to read and understand fundamental financial statements and understand the use of financial ratios and information in evaluating the financial performance of the Company.
  - (d) **Character.** Directors should be persons of good character and thus should possess all of the following personal characteristics:

*Integrity:* Directors should demonstrate high ethical standards and integrity in their personal and professional dealings;

*Accountability:* Directors should be willing to be accountable for their decisions as directors;

*Judgment:* Directors should possess the ability to provide wise and thoughtful counsel on a broad range of issues;

*Responsibility:* Directors should interact with each other in a manner which encourages responsible, open, challenging and inspired discussion;

*High Performance Standards:* Directors should have a history of achievements which reflects high standards for themselves and others;

*Commitment and Enthusiasm:* Directors should be committed to, and enthusiastic about, their performance for the Company as directors, both in absolute terms and relative to their peers; and

*Courage:* Directors should possess the courage to express views openly, even in the face of opposition.

(e) Expectations. Each Director will be expected to:

dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties;

comply with the duties and responsibilities set forth herein and in the By-laws of the Company;

comply with all duties of care, loyalty and confidentiality applicable to directors of publicly traded corporations organized in our jurisdiction of incorporation; and

adhere to the Company's Code of Business Conduct and Ethics, including, but not limited to, the policies on conflicts of interest expressed there in. Exceptional candidates who do not meet all of these criteria may still be considered.

3. New Directors. The Nomination Committee has as one of its responsibilities the recommendation of director candidates to the Board. Nominees for directorship will be selected by the Nomination Committee in accordance with the policies and principles in its charter, the criteria established by the Board and the Board Diversity Policy. The Nomination Committee will maintain an orientation program for new directors.

4. Retirement.

(a) Term Limits. The Board does not favour term limits for directors, but believes that it is important to monitor overall Board performance. Therefore, the Nomination Committee shall review each director's continuation on the Board every three years. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

(b) Retirement Policy. No person shall be nominated by the Board to serve as a director after he or she has passed his or her 75th birthday, unless the

Nomination Committee has voted, on an annual basis, to waive, or continue to waive, the mandatory retirement age of such person as a director.

- (c) Resignation Policy – Executive Directors. Executive directors shall offer to resign from the Board upon their resignation, removal or retirement as an officer of the Company.
- (d) Directors Changing Their Present Job Responsibilities. The Board expects directors to offer to resign from the Board upon a change in their business position including, without limitation, retirement from the position on which their original nomination was based. It is not the sense of the Board that in every instance the directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Nomination Committee to review the continued appropriateness of Board membership under the circumstances.

## **II. Conduct:**

- 1. Directors' Duties. The Board is elected by stockholders to provide oversight and strategic guidance to senior management. The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's officers, employees, outside advisors and independent auditors. The Board selects and oversees the members of senior management, to whom the Board delegates the authority and responsibility for the conduct of the day-to-day operations of the business.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are expected to review meeting materials prior to Board and committee meetings and, when possible, should communicate in advance of meetings any questions or concerns that they wish to discuss so that management will be prepared to address the same. Each director's attendance at, and preparation for, Board meetings and meetings of committees on which they serve, shall be considered by the Nomination Committee when recommending director nominees.

### **2. Board Meetings.**

- (a) Selection of Agenda Items and Executive Sessions. The Chairman and Chief Executive Officer should establish the agenda for Board meetings. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will meet periodically in executive sessions without executive directors and any members of the Company's management, whether or not they are directors, who may otherwise be present. There may, but does not need to be, a single presiding director at all executive sessions; however the directors meeting in executive session may select a procedure by which a presiding director shall be selected for each executive session.

- (b) Distribution of Materials. The Company shall distribute, sufficiently in advance of meetings to permit meaningful review, written materials, which shall in all events include recent financial information, for use at Board meetings.
- (c) Attendance of Non-Directors. The Board believes that attendance of key executive officers augments the meeting process, and such attendance should be encouraged.
- (d) Number of Meetings. The Board shall hold a minimum of four meetings per year.

3. Conflicts of Interest. Directors shall avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. The Company annually solicits information from directors in order to monitor potential conflicts of interest and directors are expected to be mindful of their fiduciary obligations to the Company.
4. Director Compensation. The form and amount of director compensation will be determined by the Remuneration Committee in accordance with the policies and principles set forth in its charter. The Board is aware that questions as to directors' independence may be raised when directors' fees and emoluments exceed what is customary. Similar concerns may be raised when the Company makes substantial charitable contributions to organisations in which a director is affiliated, or enters into consulting contracts with (or provides other indirect forms of compensation to) a director. The Board will critically evaluate each of these matters when determining the form and amount of director compensation.
5. Orientation and Continuing Director Education. Within the first 90 days after election or appointment to the Board, each new member of the Board shall commence participation in a mandatory orientation program in which such new member will visit facilities representing all of the Company's business lines and will have the opportunity to meet with corporate department heads, which orientation program shall be completed within the first 180 days after election or appointment. In addition, the management of the Company shall provide new members of the Board with materials, briefings and educational opportunities to permit them to become familiar with the Company and to enable them to better perform their duties.
6. Assessing Board Performance. The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nomination Committee will receive comments from all directors as to the Board's performance and report annually to the Board with an assessment of the Board's performance, to be discussed with the full Board following the end of each fiscal year.
7. Access to Officers and Employees. Board members have complete and open access to the Company's Chief Executive Officer, Chief Financial Officer, and Legal Counsel. Board members who wish to have access to other members of management may coordinate such access through one of the foregoing or may contact such members of management directly.

8. Interaction with Third Parties. The Board believes that management should speak for the Company and that the Chairman should speak for the Board. In order to ensure compliance with applicable securities laws and to avoid the potential detriment to the interests of the Company and other constituencies that could result from inconsistent communications, the members of the Board will not respond to media inquiries or make statements to the media regarding the Company and its business without consultation with, and approval by, the Chairman of the Board or the Board.
9. Board Authority. The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.
10. Confidentiality. The Board believes maintaining confidentiality of information and deliberations is an imperative. Information learned during the course of service on the Board is to be held confidential and used solely in furtherance of the Company's business.

### **III. Committee Issues**

1. Board Committees. The Board will have at all times an Audit Committee, a Remuneration Committee, a Compliance Committee and a Nomination Committee. Committee members will be appointed by the Board upon recommendation of the Nomination Committee with consideration of the desires of individual directors.  
  
The Board may, from time to time, establish or maintain additional committees as necessary or appropriate to meet the Company's needs. Currently the Board has established two committees namely Strategy Committee and Compliance Committee to assist the Board for the strategic business matter and regulatory and compliance matters.
2. Rotation of Committee Assignments and Chairs. Committee assignments and the designation of committee chairs should be based on the director's knowledge, interests and areas of expertise. The Board does not favour mandatory rotation of committee assignments or chairs. The Board believes experience and continuity are more important than rotation. Committee members and chairs may be rotated in response to changes in membership of the Board and in all cases should be rotated only if rotation is likely to increase committee performance.
3. Committee Charters. Each committee shall have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its own performance.
4. Frequency and Length of Committee Meetings. The chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter.

#### **IV. Chief Executive Officer (the “CEO”) Evaluation and Management Succession**

1. CEO Compensation. The Remuneration Committee will conduct an annual review and approve corporate goals and objectives relevant to CEO compensation and set the CEO's compensation level based on this evaluation in accordance with the policies set forth in the charter of the Remuneration Committee.
2. Succession. At least annually, the Board or the Nomination Committee shall work with the Chairman of the Board and the CEO to plan for CEO's succession, as well as to develop plans for interim succession for the CEO in the event of an unexpected occurrence.

## **Exhibit A**

### **Categorical Independence Standards**

(A). The following commercial or charitable relationships will not be considered material relationships that would impair a director's independence:

- a director or an immediate family member\* is an executive officer of another company that does business with Company and the annual sales to, or purchases from, the Company are less than one percent of the annual revenues of the company he or she serves as an executive officer.
- a director or an immediate family member is an executive officer of another company which is indebted to the Company, or to which the Company is indebted, and the total amount of either company's indebtedness to the other is less than one percent of the total consolidated assets of the company he or she serves as an executive officer and such indebtedness is not past due.
- a director or an immediate family member serves as an officer, director or trustee of a charitable organisation, and the Company's discretionary charitable contributions to the organisation are less than one percent of that organisation's total annual charitable receipts (the Company's automatic matching of employee charitable contributions will not be included in the amount of the Company's contributions for this purpose).

(B). The following relationships will be considered material relationships that would impair a director's independence, absent a determination by the Board to the contrary:

- a director or an immediate family member is a partner of or of counsel to a law firm that performs substantial legal services to the Company on a regular basis; and
- a director or an immediate family member is a partner, officer or employee of an investment bank or consulting firm that performs substantial services to the Company on a regular basis.

(C). Business relationships, other than those enumerated in (A) and (B) above, between the Company and an entity for which the director or an immediate family member serves as an officer or general partner or of which the director or an immediate family member is the owner of more than five percent of the outstanding equity interests will be evaluated by reference to the following criteria:

- is the business arrangement usually and customarily offered to customers or suppliers by the Company?

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\* An “immediate family member” includes a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home.

- is the arrangement offered on substantially similar terms as those prevailing at the time for comparable transactions with other customers or suppliers under similar circumstances?
- in the event that (i) a proposed arrangement were not made or (ii) an existing arrangement were terminated in the normal course of business, would that action reasonably be expected to have a material and adverse effect on the financial condition, results of operations, or business of the recipient?

For relationships not covered by the guidelines above, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the Board.