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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

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 17 October 2015.

The Company announces that on 4 September 2015, AsiaSat entered into the Renewed Transponder Master Agreement with CITIC Networks and CITICSat, pursuant to which AsiaSat may, subject to the approval from the Independent Shareholders for, among other things, the transactions contemplated under the Renewed Transponder Master Agreement, continue to provide transponder capacity of its Satellites to CITICSat in the PRC on an exclusive basis and CITICSat will continue to promote the provision of the Transponder Capacity 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 CITIC Group. As at the date of this announcement, CITIC Group is the controlling shareholder of CITIC Limited and CITIC Limited indirectly controls 50% of the voting rights of Bowenvale, which in turn holds approximately 74.43% of the total issued share capital of the Company. Accordingly, 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 all 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 exceed 5% and the Proposed Caps exceed HK\$10,000,000, 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. Messis Capital Limited has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser 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 of recommendation from the Independent Board Committee; (iii) a letter of advice from 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 25 September 2015.

Bowenvale, which owns approximately 74.43% 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 4 September 2015, AsiaSat entered into the Renewed Transponder Master Agreement with CITIC Networks and CITICSat, pursuant to which AsiaSat will, subject to the fulfillment of the Condition, continue to provide transponder capacity of its Satellites to CITICSat in the PRC on an exclusive basis and CITICSat will continue to promote the provision of the Transponder Capacity in the PRC during the Agreement Term.

RENEWED TRANSPONDER MASTER AGREEMENT

Date

4 September 2015

Agreement Term

A period of three years starting from the Effective Date, which is expected to be 18 October 2015.

Parties

- (1) AsiaSat, an indirect wholly-owned subsidiary of the Company;
- (2) CITIC Networks, a wholly-owned subsidiary of 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 Policy

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 confirmation on the availability of the Transponder Capacity and 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 a utilisation fee in RMB to be agreed between CITICSat and AsiaSat based on the market comparable rate or at a rate similar to those AsiaSat would have offered to independent third party customers in the PRC with a discount of no more than 5%, to be determined with reference to the projected sales for the relevant year and the discount that AsiaSat would have offered to other bulk purchaser(s) of its Transponder Capacity in the PRC.

During the Agreement Term, CITICSat will promote the provision of the Transponder Capacity in the PRC and provide marketing consulting services to AsiaSat at a marketing consulting fee, being a fixed fee of RMB 1,000,000 plus a variable fee of 0.25% over any recognised sales by CITICSat of the Transponder Capacity in excess of RMB 200 million. The marketing consulting fee was determined based on arms' length negotiations between the parties and the commission payable by AsiaSat to its third party sales agents.

Payment Terms

CITICSat shall pay to AsiaSat the utilisation fee less any applicable tax(es) with respect to the Transponder Capacity after the end of each calendar quarter.

AsiaSat shall pay the marketing consulting fee to CITICSat annually within 30 days after the end of each calendar year.

Any risk associated with foreign exchange fluctuation will be borne by AsiaSat under the Renewed Transponder Master Agreement.

Termination

In the event that the Permit is revoked, cancelled, terminated or modified by the PRC government to the effect to preclude either CITIC Networks or CITICSat from conducting the provision of Transponder Capacity to end-user(s) 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 under the Renewed Transponder Master Agreement. However, the Directors believe that the total utilisation fee receivable from CITICSat and the total marketing consulting fee payable to CITICSat for the promotion of the Transponder Capacity and for CITICSat's marketing consulting services in each of the financial reporting periods under the Agreement Term will not exceed their respective annual caps as set out below:

(a) Utilisation Fee

The aggregate annual utilisation fee receivable by AsiaSat from CITICSat in relation to the provision of the Transponder Capacity, 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 2015	Financial year ending 31 December 2016	Financial year ending 31 December 2017	Period commencing on 1 January 2018 and ending on 17 October 2018
RMB78.0 million	RMB370.5 million	RMB422.5 million	RMB390.0 million
(approximately US\$12.0 million)	(approximately US\$57.0 million)	(approximately US\$65.0 million)	(approximately US\$60.0 million)
(approximately HK\$93.6 million)	(approximately HK\$444.6 million)	(approximately HK\$507.0 million)	(approximately HK\$468.0 million)

The determination of the Proposed Fee Caps has taken into consideration (i) the annual revenue generated from the provision of the Transponder Capacity to CITICSat in the PRC in the previous three financial years ended 31 December 2014, in the amount of approximately HK\$225.6 million in 2012, approximately HK\$268.8 million in 2013 and approximately HK\$261.1 million in 2014; (ii) the potential growth of the PRC market due to strong demand for video broadcasting and various applications in telecommunications services; and (iii) 2 newly launched satellites AsiaSat 6 and AsiaSat 8 in the third quarter of 2014.

(b) Marketing Consulting Fee

The aggregate annual marketing consulting fee payable by AsiaSat to CITICSat in relation to the promotion of the Transponder Capacity in the PRC and for CITICSat's marketing consulting services, 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 2015	Financial year ending 31 December 2016	Financial year ending 31 December 2017	Period commencing on 1 January 2018 and ending on 17 October 2018
RMB0.40 million	RMB1.50 million	RMB1.60 million	RMB1.60 million
(approximately US\$0.062 million)	(approximately US\$0.231 million)	(approximately US\$0.246 million)	(approximately US\$0.246 million)
(approximately HK\$0.48 million)	(approximately HK\$1.80 million)	(approximately HK\$1.92 million)	(approximately HK\$1.92 million)

The determination of the Proposed Marketing Caps has taken into consideration the maximum sales of the Transponder Capacity to CITICSat under the Proposed Fee Caps.

Condition and Effective Date

The Renewed Transponder Master Agreement will take effect from the Effective Date, i.e. from 18 October 2015, subject to the fulfillment 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).

INFORMATION ON CITICSAT, CITIC NETWORKS AND CITIC GROUP

The Company understands that CITIC Networks is a wholly-owned subsidiary of CITIC Group, the principal business activities of which are 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. 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. As at the date of this announcement, CITIC Group is the controlling shareholder of CITIC Limited and CITIC Limited indirectly controls 50% of the voting rights of Bowenvale, which in turn holds approximately 74.43% of the total issued share capital of the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of satellite transponder capacity and satellite services to broadcasting and telecommunications markets.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS

CITIC Networks holds the Permit which allows it to provide basic telecommunications 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 17 October 2015, the Company considers it necessary to enter into the Renewed Transponder Master Agreement to continue to facilitate such arrangement with CITIC Networks.

Based on the advice of the independent third party adviser of the Group, 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 CITIC Group. As at the date of this announcement, CITIC Group is the controlling shareholder of CITIC Limited and CITIC Limited indirectly controls 50% of the voting rights of Bowenvale, which in turn holds approximately 74.43% of the total issued share capital of the Company. Accordingly, 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 all 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 exceed 5% and the Proposed Caps exceed HK\$10,000,000, 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.

GENERAL

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. Messis Capital Limited has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser 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 of recommendation 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 25 September 2015.

Bowenvale, which owns approximately 74.43% 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 transponder capacity and satellite services to the broadcasting and telecommunications markets;
“Bowenvale”	Bowenvale Limited, a controlling Shareholder who owns approximately 74.43% of the total issued share capital of the Company as at the date of this announcement, and a company incorporated under the laws of the British Virgin Islands;

“CITIC Group”	中國中信集團有限公司 (CITIC Group Corporation), the controlling shareholder of CITIC Limited, 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 Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong, formerly known as CITIC Pacific Limited, the shares of which are listed on the Stock Exchange (stock code: 00267)
“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”	18 October 2015, subject to the fulfillment of the Condition;
“Existing Transponder Master Agreement”	the transponder master agreement entered into between AsiaSat, CITIC Networks and CITICSat on 6 September 2012 whereby AsiaSat agreed to, among other things, provide satellite transponder capacity of 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 Financial Adviser”	Messis Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and 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);
“Permit”	基礎電信業務經營許可證 (the Basic Telecom Business Operating Permit) issued to CITIC Networks by MIIT with a term from 7 July 2015 to 13 August 2022;
“PRC”	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 6 September 2012 and 27 September 2012, respectively, in relation to the Existing Transponder Master Agreement;
“Proposed Caps”	collectively the Proposed Fee Caps and the Proposed Marketing Caps;
“Proposed Fee Caps”	the maximum aggregate annual utilisation fee payable by CITICSat during the Agreement Term;
“Proposed Marketing Caps”	the maximum aggregate annual marketing consulting fee payable by AsiaSat during the Agreement Term;

“Proposed Transactions”	collectively the provision of the Transponder Capacity to CITICSat and the promotion of the Transponder Capacity by CITICSat pursuant to the Renewed Transponder Master Agreement;
“Renewed Transponder Master Agreement”	the agreement entered into between AsiaSat, CITIC Networks and CITICSat on 4 September 2015 for, among other things, the provision of the Transponder Capacity to CITICSat and promotion of the Transponder Capacity by CITICSat, the major terms of which are set out in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Satellites”	the AsiaSat 4, AsiaSat 5, AsiaSat 6, AsiaSat 7 satellites, their respective replacement satellites, and any other future AsiaSat satellites which will be subject to the approval for an amendment to the 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 of 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 RMB6.50 and RMB1.00 to HK\$1.20, 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, 4 September 2015

As at the date of this announcement, the executive Director is Mr. William WADE. The non-executive Directors are Mr. Gregory M. ZELUCK (Chairman), Mr. JU Wei Min (Deputy Chairman), Mr. LUO Ning, Mr. Peter JACKSON, Mr. Julius M. GENACHOWSKI, and Mr. Alex S. YING. The independent non-executive Directors are Mr. James WATKINS, Mr. Stephen LEE Hoi Yin, Mr. Kenneth McKELVIE and Ms. Maura WONG Hung Hung. The alternate Director is Mr. CHONG Chi Yeung (alternate to Mr. LUO Ning).

** For identification purpose only*