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If you have sold or transferred all your shares in Asia Satellite Telecommunications Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

CONSTRUCTION AGREEMENTS FOR ASIASAT 6 AND ASIASAT 8

MAJOR TRANSACTION

16 December 2011

* for identification purpose only

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DEFINITIONS

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

“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;
“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 Space Systems/Loral communications satellite, with 28 C-band transponders, to be constructed by the Construction Contractor pursuant to the AS6 Construction Agreement;
“AsiaSat 8”	the new Space Systems/Loral communications satellite, with 24 Ku-band transponders and a Ka-band beam, to be constructed by the Construction Contractor pursuant to the AS8 Construction Agreement;
“Associate(s)”	has the meaning as ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Bowenvale”	Bowenvale Limited;

DEFINITIONS

“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;
“Connected person(s)”	has the meaning as ascribed to it under the Listing Rules;
“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.;
“Controlling shareholder(s)”	has the meaning as ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“GE”	General Electric 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;
“Latest Practicable Date”	13 December 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules;
“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 the purpose of illustration only and unless otherwise stated, conversion of US\$ into HK\$ in this circular is based on the exchange rate of US\$1: HK\$7.80. Such conversion should not be construed as a representation that any amounts in US\$ have been, could have been, or may be, exchanged at the above rate or any other rates.

LETTER FROM THE BOARD



Asia Satellite Telecommunications Holdings Limited 亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1135)

Executive Director:

Mr. William WADE

Non-executive Directors:

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

Mr. Mark CHEN

Registered Office:

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22 Victoria Street

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Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

19th Floor, Sunning Plaza

10 Hysan Avenue

Causeway Bay

Hong Kong

Independent Non-executive Directors:

Professor Edward CHEN

Mr. Robert SZE

Mr. James WATKINS

16 December 2011

To the Shareholders,

Dear Sir or Madam,

CONSTRUCTION AGREEMENTS FOR ASIASAT 6 AND ASIASAT 8 MAJOR TRANSACTION

INTRODUCTION

The Board announced on 11 November 2011 that 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.

* for identification purpose only

LETTER FROM THE BOARD

The Transactions constitute a major transaction for the Company under Chapter 14 of the Listing Rules. Written Shareholder's approval for the Transactions has been obtained.

The purpose of this circular is to provide you with, among other things, (i) further information on the Construction Agreements and (ii) the financial information of the Group.

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.

LETTER FROM THE BOARD

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. As at the Latest Practicable Date, US\$3.4 million (approximately HK\$26.5 million) of the total cash consideration for the construction of AsiaSat 6 has been paid by the Company.

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. In particular, such performance incentive payment will be calculated based on an agreed daily rate for each day the transponders on AsiaSat 6 do not experience a transponder failure that is not attributable to AsiaSat or AsiaSat’s representatives, consultants or subcontractors. All measurements, computations and analyses made for the purpose of calculating such performance incentive payment shall be made in accordance with good engineering practice applying standards generally applicable in the satellite industry.

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 selecting the launch vehicle for the launch of AsiaSat 6, the Company will take into account factors including but not limited to reliability and price competitiveness. The AS6 Contract Price may be reduced by up to US\$2.9 million (approximately HK\$22.6 million) or increased by up to US\$0.9 million (approximately HK\$7.0 million), depending on the launch vehicle selected as different launch vehicles may require different integration schedule, launch location and launch support services, and in particular may require different supporting equipment specifications and manpower for carrying out the integration with the launch vehicle at the time of the launch campaign.

LETTER FROM THE BOARD

In the event that AsiaSat terminates the AS6 Construction Agreement for convenience (i.e. by written notice served unilaterally by AsiaSat to the Construction Contractor and not due to 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) to account for the estimated non-recurring costs for the construction of the entire two satellite program that the Construction Contractor was anticipating to recover under the terminated AS6 Construction Agreement. The AS6 Contract Price and AS8 Contract Price were determined on the bulk purchase basis that the Construction Contractor will be constructing two satellites for AsiaSat at the same time. These bulk discount advantages would be lost if either the AS6 Construction Agreement or the AS8 Construction Agreement is terminated and hence there is an adjustment mechanism for the AS6 Contract Price.

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 on export laws and regulations, including but not limited to the International Traffic in Arms Regulations and the Arms Export Control Act.

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.

LETTER FROM THE BOARD

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. The Board considers this to be fair and reasonable on the basis that the parties may only do so if, in the case of AsiaSat, the proposed transferee possesses the financial capability to fulfill AsiaSat's obligations under the AS6 Construction Agreement, and in the case of the Construction Contractor, the proposed transferee has the same or greater financial capability, manufacturing skills, expertise and know-how, technological capability and customer commitment as the Construction Contractor, and any assignment or transfer shall not jeopardise either party's rights under the AS6 Construction Agreement or violate laws relating to export or technology transfer.

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 as a replacement or back up of AsiaSat 6 in the event of launch or satellite failure at a base price of US\$117 million (approximately HK\$912.6 million), calculated with reference to the AS6 Contract Price and estimated inflation in satellite prices, to be available for shipment within 24 months after the exercise of such option. The base price of the Optional Satellite for AsiaSat 6 may be adjusted based on the producer price index industry data for aircraft manufacturing and the employment cost index for the total compensation, private industry of professional and related occupations released by the U.S. Department of Labor.

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.

LETTER FROM THE BOARD

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. As at the Latest Practicable Date, US\$3.6 million (approximately HK\$28.1 million) of the total cash consideration for the construction of AsiaSat 8 has been paid by the Company.

LETTER FROM THE BOARD

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 8 are able to meet certain applicable performance requirements over AsiaSat 8's projected operational lifetime. In particular, such performance incentive payment will be calculated based on an agreed daily rate for each day the transponders on AsiaSat 8 do not experience a transponder failure that is not attributable to AsiaSat or AsiaSat's representatives, consultants or subcontractors. All measurements, computations and analyses made for the purpose of calculating such performance incentive payment shall be made in accordance with good engineering practice applying standards generally applicable in the satellite industry.

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 selecting the launch vehicle for the launch of AsiaSat 8, the Company will take into account factors including but not limited to reliability and price competitiveness. The AS8 Contract Price may be reduced by up to US\$2.9 million (approximately HK\$22.6 million) or increased by up to US\$0.9 million (approximately HK\$7.0 million), depending on the launch vehicle selected as different launch vehicles may require different integration schedule, launch location and launch support services, and in particular may require different supporting equipment specifications and manpower for carrying out the integration with the launch vehicle at the time of the launch campaign.

In the event that AsiaSat terminates the AS8 Construction Agreement for convenience (i.e. by written notice served unilaterally by AsiaSat to the Construction Contractor and not due to 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) to account for the estimated non-recurring costs for the construction of the entire two satellite program that the Construction Contractor was anticipating to recover under the terminated AS8 Construction Agreement. The AS6 Contract Price and AS8 Contract Price were determined on the bulk purchase basis that the Construction Contractor will be constructing two satellites for AsiaSat at the same time. These bulk discount advantages would be lost if either the AS6 Construction Agreement or the AS8 Construction Agreement is terminated and hence there is an adjustment mechanism for the AS8 Contract Price.

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.

LETTER FROM THE BOARD

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 a replacement or back up of AsiaSat 8 in the event of launch or satellite failure at a base price of US\$122 million (approximately HK\$951.6 million) calculated with reference to the AS8 Contract Price and estimated inflation in satellite prices to be available for shipment within 24 months after the exercise of such option. The base price of the Optional Satellite for AsiaSat 8 may be adjusted based on the Producer Price Index Industry Data for aircraft manufacturing and the Employment Cost Index for the total compensation, private industry of professional and related occupations released by the U.S. Department of Labor.

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 as a whole.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

Since all applicable percentage ratios calculated with reference to the total 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 has been 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, 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 Latest Practicable Date, 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 the announcement for the Construction Agreements on 11 November 2011, i.e. on or before 2 December 2011. In view of the additional time required to prepare and finalise the financial information for inclusion in this circular pursuant to the Listing Rules, including the statement of working capital sufficiency, the Company applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and an extension of the deadline for the despatch of this 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.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Sherwood P. DODGE
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group (i) for the six months ended 30 June 2011 is disclosed on pages 17 to 42 of the interim report of the Company for the six months ended 30 June 2011 published on 26 September 2011; (ii) for the year ended 31 December 2010 is disclosed on pages 51 to 118 of the annual report of the Company for the year ended 31 December 2010 published on 18 April 2011; (iii) for the year ended 31 December 2009 is disclosed on pages 54 to 126 of the annual report of the Company for the year ended 31 December 2009 published on 28 April 2010; and (iv) for the year ended 31 December 2008 is disclosed on pages 52 to 122 of the annual report of the Company for the year ended 31 December 2008 published on 17 April 2009.

All of the above were published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.asiasat.com>).

2. INDEBTEDNESS

At the close of business on 31 October 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, apart from intra-group liabilities, the Group did not have:–

- (a) any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans;
- (b) any borrowings or indebtedness in the nature of borrowing of the Group, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments;
- (c) any mortgages or charges; and
- (d) any guarantees and, save as disclosed below, any contingent liabilities.

3. CONTINGENT LIABILITIES

As disclosed in Note 17 on page 37 of the 2011 interim report of the Company published on 26 September 2011, as at 30 June 2011:

- (a) The Group has been assessed for tax by the Indian tax authority (“IR”) on revenues received in respect of income from provision of satellite transponder capacity to the Group’s customers for purposes of those customers carrying on business in India or earning income from any source in India.

As at 30 June 2011 and 31 December 2010, the total amount of tax assessed by the IR amounted to INR1,567 million or approximately HK\$274 million for the assessment years from 1997-98 to 2007-08. The High Court in New Delhi pronounced orders dated 31 January 2011 and 10 March 2011 in favour of the Group for the assessment years from 1997-98 to 2005-06 that revenues earned by the Company are not chargeable to tax in India under the provisions of the Indian Income Tax Act. In addition to tax, the Group has also been charged interest by the IR, primarily due to non-payment of advance tax. The Group is of the view that it is not liable to such interest and this view is supported by the order issued by the High Court on 14 January 2011 which held that interest for non-payment of advance tax for the assessment years from 1998-99 to 2005-06 cannot be levied on the Group.

For the payments of tax and interest totalling INR1,260 million or approximately HK\$221 million previously made by the Group to the IR for the nine assessment years from 1997-98 to 2005-06, the Group has successfully claimed and received the refund of these payments along with interest on the refund in June 2011 following the High Court orders mentioned above. However, the IR has withheld a total amount of INR715 million or HK\$122 million to cover the tax assessed for the assessment years 2006-07 and 2007-08 which are not covered by the said High Court orders. On the other hand, the Group has also obtained a favorable ruling from the Tax Tribunal with respect to the tax levied on the Group for the assessment years 2006-07 and 2007-08 in May 2011. In this regard, the Group has filed an application with the IR for the refund of INR715 million and has recorded this amount as an asset under “Amount paid to tax authority” on the assumption that it is recoverable as at 30 June 2011.

Management anticipates that the IR may continue assessing the Group for Indian tax for assessment years post 2007-08 until the issues are settled finally by the Supreme Court of India. In addition, management expects that the IR may file an appeal before the Supreme Court with respect to the orders of the High Court referred to above. The final decision of the potential appeal before the Supreme Court may not be known until 2013.

Based on the orders pronounced by the High Court, the Group is of the view that it has strong grounds to continue to successfully argue before the Indian Courts that it is not liable to tax in India. Accordingly, no provision has been recognised for Indian tax in the Group’s financial statements as in prior years.

- (b) A claim has been made by a customer for the recovery of fees paid in the amount of HK\$156 million plus damages. The Group is defending this claim and has been advised by its legal advisers that the claim is without merit.

The Directors are not aware of any material change in the contingent liabilities at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Group had no outstanding claims in respect of pending litigation.

4. WORKING CAPITAL

In the absence of unforeseen circumstances and taking into account the internal resources available to the Group, the Directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's principal business activity is the provision of transponder capacity and the broadband access services. As stated in the interim report of the Company for the six months ended 30 June 2011, the Company has reported an encouraging growth in results compared to the same period in 2010. The demand from customers in respect of high quality satellite capacity and value added services continued to be strong. A stronger satellite fleet can enable the Company to provide a complementary coverage and services to its existing customers and increase its competitiveness in securing more new customers. As a result, the Group's earnings will be enhanced. The Directors therefore consider that the Transactions are in the best interest of the Group.

As the Transactions will be fully funded by the Group's internal resources, there is little impact on the financial position of the Group. The only change to the financial position would be an increase in property, plant and equipment with a corresponding reduction in cash and cash equivalents.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

Long position in the shares of the Company

Name of Directors	Number of ordinary shares in the Company			Total	Approximate percentage of the issued share capital of the Company
	Personal interests	Family interests	Other interests		
William WADE	409,626	–	–	409,626	0.10%
James WATKINS	50,000	–	–	50,000	0.01%

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO.

At the Latest Practicable Date, there is no contract or arrangement subsisting in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

At the Latest Practicable Date, none of the Directors has had any direct or indirect interest in any assets which have, since 31 December 2010 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

At the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

Mr. William Wade, an Executive Director and President and Chief Executive Officer of the Company entered into a service contract with AsiaSat on 1 August 2010 for a term of three years which can be terminated by either party in writing by giving to the other not less than twelve calendar months' notice in writing.

Save as disclosed above, at the Latest Practicable Date, none of the Directors had entered into any service contract with the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

At the Latest Practicable Date, the Group was not engaged in any litigation or claim of material importance and there were no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Group.

5. COMPETING BUSINESS INTERESTS OF DIRECTORS

At the Latest Practicable Date, Sherwood P. DODGE, Mark CHEN and Nancy KU were senior executives and/or directors of certain subsidiaries of GE, a substantial shareholder of Bowenvale which in turn is the substantial shareholder of the Company. GE has substantial interests in GE International Holdings, Inc., operator of a satellite, GE-23, which could be viewed as competing to some extent with the business of the Company as GE-23 provided transponder capacity to certain Asia-Pacific locations that are also served by the Company.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group.

6. MATERIAL CONTRACTS

Save as disclosed below, within the two years immediately preceding the issue of this circular, there was no contract (not being contracts entered into in the ordinary course of business) entered into by the members of the Group which was or might be material:–

- (a) an agreement dated 5 October 2010 entered into between AsiaSat and ILS International Launch Services, Inc. (“ILS”) for the launch of a Space Systems/Loral satellite bus known as AsiaSat 7 at the cash consideration of US\$101 million (approximately HK\$787.8 million) (the “ILS” Agreement);
- (b) the AS6 Construction Agreement; and
- (c) the AS8 Construction Agreement.

Pursuant to Rule 14.66(10) of and paragraph 43 of Appendix 1B to the Listing Rules, the Company is required to disclose all material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the issue of this circular at a place in Hong Kong for public inspection purposes.

The Company has applied to the Stock Exchange for waivers from strict compliance with the above requirements in relation to the ILS Agreement, the AS6 Construction Agreement and the AS8 Construction Agreement mainly on the ground that these contracts contain confidential technical information, and the disclosure of such technical information to the general public may be subject to the prior approval from the relevant governmental authority.

The Stock Exchange has granted a partial waiver from strict compliance with the above requirements in respect of the ILS Agreement, the AS6 Construction Agreement and the AS8 Construction Agreement such that certain technical information contained in these agreements will be redacted from the version of the agreements which are made available for inspection.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, the date to which the latest published audited consolidated financial statements of the Company were made up.

8. GENERAL

- (a) The company secretary and the qualified accountant of the Company is Sue Yeung, who is a member of the Institute of Chartered Accounts in England and Wales.
- (b) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business of the Company in Hong Kong is at 19th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong.
- (c) The principal share registrar and the transfer office of the Company is Butterfield Fulcrum Group (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Hamilton HM08, Bermuda.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office of the Company at 19th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong from the date of this circular up to and including 3 January 2012:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the service contract referred to in the paragraph headed "Service Contracts" in this Appendix II;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix II;
- (d) the interim report of the Company for the six months ended 30 June 2011; and
- (e) the annual reports of the Company for the three financial years ended 31 December 2008, 2009 and 2011 respectively.