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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 2015 Transponder Master Agreement, which will expire on 17 October 2018.

On 24 August 2018, AsiaSat entered into a new Transponder Master Agreement with CITIC Digital Media and CITIC Digital Media Branch. Pursuant to the Transponder Master Agreement, AsiaSat will, subject to the approval from the Independent Shareholders for, among other things, the transactions contemplated under the Transponder Master Agreement, continue to provide transponder capacity of its Satellites to CITIC Digital Media and/or CITIC Digital Media Branch in the PRC on an exclusive basis and CITIC Digital Media Branch will continue to promote the provision of AsiaSat's Transponder Capacity in the PRC during the Agreement Term.

CITIC Digital Media Branch is the branch established and run by CITIC Digital Media for the development and operation of its satellite system related business. CITIC Digital Media 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 Digital Media and CITIC Digital Media Branch are connected persons of the Company under the Listing Rules. The transactions contemplated under the Transponder Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since some of the applicable percentage ratios 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 million, the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **SGM**

A SGM will be convened by the Company for the purposes of, among other matters, seeking approval for the Transponder Master Agreement and the transactions contemplated thereunder. At the SGM, votes will be taken by poll.

## **GENERAL INFORMATION**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps. Red Sun 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 Transponder Master Agreement, the Proposed Transactions and the Proposed Caps.

A circular containing, among other things, (i) details of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; (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 Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; and (iv) the notice of the SGM, will be despatched to the Shareholders in accordance with the Listing Rules on or before 14 September 2018.

Bowenvale, which is a controlling shareholder of the Company as at the date of this announcement, is interested in the proposed transactions contemplated under the Transponder Master Agreement, and is therefore required to abstain from voting at the SGM.

## **INTRODUCTION**

Reference is made to the Previous Disclosures in relation to the 2015 Transponder Master Agreement, which will expire on 17 October 2018.

On 24 August 2018, AsiaSat, an indirectly wholly-owned subsidiary of the Company, entered into a new Transponder Master Agreement with CITIC Digital Media and CITIC Digital Media Branch. Pursuant to the Transponder Master Agreement, AsiaSat will, subject to the fulfillment of the Condition Precedent, continue to provide transponder capacity of its Satellites to CITIC Digital Media and/or CITIC Digital Media Branch in the PRC on an exclusive basis and CITIC Digital Media Branch will continue to promote the provision of AsiaSat's Transponder Capacity in the PRC during the Agreement Term.

## **TRANSPONDER MASTER AGREEMENT**

### **Date**

24 August 2018

### **Agreement Term**

For the period of three years starting from the Effective Date, i.e. 18 October 2018, subject to the fulfilment of the Condition Precedent.

### **Parties**

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

## **Transaction Details and Pricing Policy**

CITIC Digital Media and CITIC Digital Media Branch 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 Transponder Master Agreement. During the Agreement Term, CITIC Digital Media or CITIC Digital Media Branch 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 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 CITIC Digital Media and/or CITIC Digital Media Branch for use by their customers for such utilisation period as ordered, at a utilisation fee in RMB to be agreed with CITIC Digital Media and CITIC Digital Media Branch 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 any discount that AsiaSat would have offered to other bulk customer(s) in the PRC for its transponder capacity.

During the Agreement Term, CITIC Digital Media Branch will promote the provision of AsiaSat's Transponder Capacity in the PRC and provide marketing consulting services to AsiaSat at a marketing consulting fee, being an annual fixed fee of RMB1 million plus a variable fee of 0.25% over any recognised sales by CITIC Digital Media Branch of AsiaSat's Transponder Capacity in excess of RMB200 million per year. 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**

CITIC Digital Media and CITIC Digital Media Branch shall pay to AsiaSat the utilisation fee less any applicable tax(es) with respect to the provision of the Transponder Capacity at the end of each even month of each calendar year.

AsiaSat shall pay the marketing consulting fee to CITIC Digital Media Branch 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 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 Digital Media or CITIC Digital Media Branch from conducting the provision of Transponder Capacity to end-user(s) during the Agreement Term, the Transponder Master Agreement will be terminated.

## **Proposed Caps**

There is no commitment from AsiaSat, CITIC Digital Media or CITIC Digital Media Branch on the amount of Transponder Capacity to be ordered or provided under the Transponder Master Agreement. However, the Directors believe that the total utilisation fee receivable from CITIC Digital Media and CITIC Digital Media Branch for the provision of AsiaSat's Transponder Capacity and the total marketing consulting fee payable to CITIC Digital Media Branch for the promotion of AsiaSat's Transponder Capacity and for CITIC Digital Media Branch'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 CITIC Digital Media and CITIC Digital Media Branch in relation to the provision of AsiaSat's Transponder Capacity, i.e. the Proposed Fee Caps, for each of the following financial reporting periods under the Agreement Term are stated as follows:

<b>Period commencing from the Effective Date and ending on 31 December 2018</b>	<b>Financial year ending 31 December 2019</b>	<b>Financial year ending 31 December 2020</b>	<b>Period commencing on 1 January 2021 and ending on 17 October 2021</b>
RMB74.5 million	RMB331.9 million	RMB345.4 million	RMB304.8 million
(approximately US\$11.0 million)	(approximately US\$49.0 million)	(approximately US\$51.0 million)	(approximately US\$45.0 million)
(approximately HK\$85.8 million)	(approximately HK\$382.3 million)	(approximately HK\$397.9 million)	(approximately HK\$351.1 million)

The determination of the Proposed Fee Caps has taken into consideration (i) the annual revenue generated from the provision of AsiaSat's Transponder Capacity to CITICSat and CITIC Digital Media Branch in the PRC in the previous three financial years ended 31 December 2017, in the amount of approximately HK\$270.5 million in 2015, approximately HK\$301.0 million in 2016 and approximately HK\$304.9 million in 2017; (ii) the potential growth of the PRC market due to strong demand for video broadcasting and various applications in telecommunications services; and (iii) potential for further growth as AsiaSat 9 became fully operational at 122 degrees East longitude in the fourth quarter of 2017.

**(b) Marketing Consulting Fee**

The aggregate annual marketing consulting fee payable by AsiaSat to CITIC Digital Media Branch in relation to the promotion of AsiaSat's Transponder Capacity in the PRC and for CITIC Digital Media Branch'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:

<b>Period commencing from the Effective Date and ending on 31 December 2018</b>	<b>Financial year ending 31 December 2019</b>	<b>Financial year ending 31 December 2020</b>	<b>Period commencing on 1 January 2021 and ending on 17 October 2021</b>
RMB0.44 million	RMB1.33 million	RMB1.37 million	RMB1.27 million
(approximately US\$0.064 million)	(approximately US\$0.196 million)	(approximately US\$0.201 million)	(approximately US\$0.186 million)
(approximately HK\$0.50 million)	(approximately HK\$1.53 million)	(approximately HK\$1.58 million)	(approximately HK\$1.47 million)

The determination of the Proposed Marketing Caps has taken into consideration the maximum sales of AsiaSat's Transponder Capacity to CITIC Digital Media Branch under the Proposed Fee Caps.

**Condition Precedent and Effective Date**

The Transponder Master Agreement will take effect from the Effective Date, i.e. from 18 October 2018, subject to the fulfillment of the Condition Precedent (namely, the approval by the Independent Shareholders of the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps).

In the event that the Independent Shareholders' approval is not obtained at the SGM, AsiaSat will not continue with the Transponder Master Agreement or the transactions contemplated thereunder.

## **INFORMATION ON CITIC DIGITAL MEDIA, CITIC DIGITAL MEDIA BRANCH AND CITIC GROUP**

The Company understands that CITIC Digital Media is a wholly-owned subsidiary of CITIC Group, with the principal business activities of CITIC Digital Media being to provide integrated territorial and international communications network and system services; while CITIC Digital Media Branch is the branch established by CITIC Digital Media 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**

The Permit was granted to CITIC Digital Media on 25 July 2016 with a term from 25 July 2016 to 13 August 2022, allowing 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. A new Transponder Master Agreement has enabled the Group to indirectly provide satellite transponder services to the extensive and established business network of CITIC Digital Media in the PRC. As the 2015 Transponder Master Agreement is due to expire on 17 October 2018, the Company considers it necessary to enter into a new Transponder Master Agreement to continue to facilitate such arrangement with CITIC Digital Media.

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 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 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**

CITIC Digital Media Branch is the branch established and run by CITIC Digital Media for the development and operation of its satellite system related business. CITIC Digital Media 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 Digital Media and CITIC Digital Media Branch are connected persons of the Company and the transactions contemplated under the Transponder Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since some of the applicable percentage ratios 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 million, the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under the Chapter 14A of Listing Rules.

## **SGM**

A SGM will be convened by the Company for the purposes of, among other matters, seeking approval for the Transponder Master Agreement and the transactions contemplated thereunder. At the SGM, votes will be taken by poll.

## **GENERAL INFORMATION**

The Independent Board Committee comprising all the independent non-executive Directors has been formed by the Company in accordance with the Listing Rules to consider the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps. Red Sun 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 Transponder Master Agreement, the Proposed Transactions and the Proposed Caps.

A circular containing, among other things, (i) details of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; (iii) a letter of advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps; and (iv) the notice of the SGM, will be despatched to the Shareholders in accordance with the Listing Rules on or before 14 September 2018.

Bowenvale, which is a controlling shareholder of the Company as at the date of this announcement, is interested in the Proposed Transactions contemplated under the 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:

**“2015 Transponder Master Agreement”** the transponder master agreement entered into amongst AsiaSat, CITIC Networks and CITICSat on 4 September 2015 whereby AsiaSat agreed to, among other things, provide satellite transponder capacity of some of AsiaSat's satellites to CITICSat and promotion of AsiaSat's satellite transponder capacity by CITICSat, (such agreement being amended and supplemented by a Novation Agreement);

<b>“Agreement Term”</b>	the three-year term of the Transponder Master Agreement commencing from the Effective Date;
<b>“AsiaSat”</b>	Asia Satellite Telecommunications Company Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company, the principal business of which is the provision of satellite services to the broadcasting and telecommunications markets;
<b>“Board”</b>	the board of Directors of the Company;
<b>“Bowenvale”</b>	Bowenvale Limited, a company incorporated under the laws of the British Virgin Islands, and a controlling shareholder who owns approximately 74.43% of the total issued share capital of the Company as at the date of this announcement;
<b>“CITIC Digital Media”</b>	中信數字媒體網絡有限公司(CITIC Digital Media Networks Co., Ltd), a company incorporated under the laws of the PRC, which is a wholly-owned subsidiary of the CITIC Group;
<b>“CITIC Digital Media Branch”</b>	中信數字媒體網絡有限公司衛星通信分公司(CITIC Digital Media Networks Co., Ltd. Satellite Telecommunications Branch), the branch established and run by CITIC Digital Media for the development and operation of its satellite system related business;
<b>“CITIC Group”</b>	中國中信集團有限公司(CITIC Group Corporation), the controlling shareholder of CITIC Limited as at the date of this announcement, and an enterprise established and existing under the laws of the PRC;
<b>“CITIC Limited”</b>	中國中信股份有限公司(CITIC Limited), a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (stock code: 00267), and an indirect shareholder controlling 50% of the voting rights of Bowenvale as at the date of this announcement;
<b>“CITIC Networks”</b>	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;
<b>“CITICSat”</b>	中信網絡有限公司北京衛星通信分公司(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;

<b>“Company”</b>	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 (stock code: 1135);
<b>“Condition Precedent”</b>	the condition precedent more particularly described under the section of this announcement, entitled “Condition Precedent and Effective Date”;
<b>“connected person(s)”</b>	has the same meaning ascribed to it under the Listing Rules;
<b>“controlling shareholder”</b>	has the same meaning ascribed to it under the Listing Rules;
<b>“Directors”</b>	the directors of the Company, including the independent non-executive directors and the alternate director;
<b>“Effective Date”</b>	18 October 2018, subject to the fulfillment of the Condition Precedent;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$” or “HK dollars”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Independent Board Committee”</b>	the independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders on the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps;
<b>“Independent Financial Adviser”</b>	Red Sun 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 Transponder Master Agreement, the Proposed Transactions and the Proposed Caps;
<b>“Independent Shareholders”</b>	Shareholders other than Bowenvale;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“MIIT”</b>	中華人民共和國工業和信息化部 (the Ministry of Industry and Information Technology of the PRC);



<b>“Novation Agreement”</b>	the novation agreement entered into amongst AsiaSat, CITIC Networks, CITICSat, CITIC Digital Media and CITIC Digital Media Branch on 31 October 2016 pursuant to which CITIC Digital Media and CITIC Digital Media Branch have replaced CITIC Networks and CITICSat respectively as parties to the 2015 Transponder Master Agreement and have assumed all obligations and liabilities on the part of CITIC Networks and CITICSat respectively under the 2015 Transponder Master Agreement;
<b>“Permit”</b>	基礎電信業務經營許可證 (the Basic Telecom Business Operating Permit) issued to CITIC Digital Media by MIIT on 25 July 2016 with a term from 25 July 2016 to 13 August 2022;
<b>“percentage ratios”</b>	has the same meaning ascribed to it under the Listing Rules;
<b>“PRC”</b>	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;
<b>“Previous Disclosures”</b>	the announcement and circular of the Company dated 4 September 2015 and 25 September 2015, respectively, in relation to the 2015 Transponder Master Agreement;
<b>“Proposed Caps”</b>	collectively the Proposed Fee Caps and the Proposed Marketing Caps;
<b>“Proposed Fee Caps”</b>	the maximum aggregate annual utilisation fee payable by CITIC Digital Media and CITIC Digital Media Branch for each of the three years of the Agreement Term;
<b>“Proposed Marketing Caps”</b>	the maximum aggregate annual marketing consulting fee payable by AsiaSat for each of the three year of the Agreement Term;
<b>“Proposed Transactions”</b>	collectively, the transactions(s) contemplated under the Transponder Master Agreement, namely, the provision of AsiaSat’s Transponder Capacity to CITIC Digital Media and/or CITIC Digital Media Branch and the promotion of AsiaSat’s Transponder Capacity by CITIC Digital Media Branch pursuant to the Transponder Master Agreement;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;

<b>“Satellites”</b>	the AsiaSat 5, AsiaSat 6, AsiaSat 7 and AsiaSat 9 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 <b>“Satellite”</b> shall mean any one of the Satellites;
<b>“SGM”</b>	the special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving, among other matters, the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps;
<b>“Shareholder(s)”</b>	the shareholder(s) of the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Transponder Capacity”</b>	the transponder capacity of the Satellites;
<b>“Transponder Master Agreement”</b>	the transponder master agreement dated 24 August 2018 entered into among AsiaSat, CITIC Digital Media and CITIC Digital Media Branch for, among other things, the provision of AsiaSat’s Transponder Capacity to CITIC Digital Media and/or CITIC Digital Media Branch and promotion of AsiaSat’s Transponder Capacity by CITIC Digital Media Branch, the major terms of which are set out in this announcement;
<b>“US\$” or “US dollars”</b>	United States dollars, the lawful currency of the United States of America; and
<b>“%”</b>	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 RMB6.773 and RMB1.00 to HK\$1.152, 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, 24 August 2018

*As at the date of this announcement, the Board comprises 11 directors. The executive Director is Dr. Roger Shun-hong TONG. The non-executive Directors are Mr. Gregory M. ZELUCK (Chairman), Mr. JU Wei Min (Deputy Chairman), Mr. LUO Ning, Dr. DING Yucheng, Mr. Herman CHANG Hsiuguo and Mr. Julius M. GENACHOWSKI. The independent non-executive Directors are Mr. Marcel R. FENEZ, Mr. Steven R. LEONARD, Ms. Philana Wai Yin POON and Ms. Maura WONG Hung Hung. The alternate Director is Mr. CHONG Chi Yeung (alternate to Mr. LUO Ning).*

*\* For identification purpose only*