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*(Incorporated in Bermuda with limited liability)*  
(Stock code: 1045)

## **CONNECTED TRANSACTION**

On 18 August 2014, APT (HK), a wholly-owned subsidiary of the Company, entered into the Consultancy Contract with China APMT in respect of the provision of advisory and consultancy services for the construction of LAOSAT-1 Satellite by APT (HK) to China APMT on terms and conditions stipulated in the Consultancy Contract.

CASC and its associates are interested in an aggregate of approximately 57.14% equity interest in APT International, which in turn is a substantial shareholder of the Company holding approximately 51.67% of the issued share capital of the Company as at the date of this announcement. In addition to the shareholding held by APT International, CASC and its associates are also interested in an aggregate of another approximately 2.90% of the issued share capital of the Company as at the date of this announcement. As China APMT is an indirect subsidiary of CASC, China APMT is therefore a connected person of the Company under the Listing Rules. Accordingly, the Consultancy Contract and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the percentage ratios in respect of the transactions contemplated under the Consultancy Contract are less than 5%, the Consultancy Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **THE CONSULTANCY CONTRACT**

On 18 August 2014, APT (HK), a wholly-owned subsidiary of the Company, entered into the Consultancy Contract with China APMT in respect of, inter alia, the provision of advisory and consultancy services for the construction of LAOSAT-1 Satellite by APT (HK) to China APMT on terms and conditions stipulated in the Consultancy Contract. The major terms and conditions of the Consultancy Contract are as follows:

**Date:** 18 August 2014

**Parties:** (1) APT (HK)  
(2) China APMT

**Term:** Commencing from 1 August 2014 and ending on the date of completion of the in-orbit acceptance of LAOSAT-1 Satellite, or ending on 31 March 2016 (whichever is earlier).

### **Subject matter:**

APT (HK) will, under the supervision of the China APMT's project team, formed a relevant project advisory team to provide advisory and consultation services on the technology, progress of construction and quality assurance in respect of LAOSAT-1 Satellite to the China APMT's project team. The services will cover the periods of AIT (Assembly, Integration and Testing) and follow-up construction period of LAOSAT-1 Satellite, including the stages of assembly, integration and testing of the satellite, the examination of the satellite at its completion, the operation of the satellite at the launching site, until the period of the in-orbit acceptance of LAOSAT-1 Satellite.

The project advisory team of APT (HK) will perform the following duties:

- (i) be responsible for the analysis, follow-up, coordination and related advisory and consultation services in relation to matters on the technology, progress of construction and quality assurance in respect of LAOSAT-1 Satellite;
- (ii) issue separately at different phases relevant documents in the form of plans, proposals, guidelines and reports and provide corresponding management support; and
- (iii) provide relevant training to supervisory staffs.

The project team of China APMT will be responsible for the following duties:

- (i) to coordinate with all business, legal and other professional matters in relation to the project of LAOSAT-1 Satellite;
- (ii) to provide data and information for the project of LAOSAT-1 Satellite and to obtain from the relevant satellite manufacturer the required data and information of the project, including the necessary technical documents for LAOSAT-1 Satellite, such as the technical annexures to the satellite contract and meeting minutes of each review committee for the project of LAOSAT-1 Satellite; and
- (iii) to provide the necessary information in relation to the launching service, satellite insurance, terrestrial-based system on the project of LAOSAT-1 Satellite, if necessary, for the project advisory team of APT (HK).

If required by the project advisory team of APT (HK), China APMT will arrange necessary arrangement for the project advisory team of APT (HK) to enter the construction site of LAOSAT-1 Satellite to obtain the required data and information for the project and to conduct reasonable necessary supervision. China APMT will obtain the relevant authorization or documentary proof to enable the project advisory team of APT (HK) to enter the construction site of LAOSAT-1 Satellite.

**Consideration:**

A sum of HK\$2,700,000, being the total service fees payable by China APMT to APT (HK) under the Consultancy Contract will be paid by China APMT to APT (HK) by way of telegraphic transfer to the account of APT (HK) in accordance with the following payment schedule:

<b>No. of Installments</b>	<b>Payment date</b>	<b>Payment amount (HK\$)</b>	<b>Milestone description</b>
1.	Within 30 days after the date of the Consultancy Contract	HK\$540,000	30 days after the date of the Consultancy Contract
2.	1 January 2015	HK\$540,000	Testing of the payload panel
3.	30 September 2015	HK\$810,000	Completion assessment
4.	31 March 2016	HK\$810,000	in-orbit acceptance review

The actual payment date for the service fees will be the proposed payment date of each installment or the occurrence of each milestone as described above (whichever is earlier).

The parties agree that subject to and after the in-orbit acceptance review is successfully completed, China APMT will pay an incentive payment of HK\$600,000 to APT (HK). Such incentive payment will not be paid if the project of LAOSAT-1 Satellite is not completed successfully.

If the project schedule for LAOSAT-1 Satellite is delayed and the in-orbit acceptance of LAOSAT-1 Satellite is not completed on or before 31 March 2016, upon the request by China APMT, APT (HK) will continue to provide its advisory and consultancy services under the terms of the Consultancy Contract until the in-orbit acceptance of LAOSAT-1 Satellite is completed. Additional service fees will be payable by China APMT to APT (HK) during the delayed period on the basis of HK\$200,000 per month which is payable on the last day of each month.

**Termination:**

APT (HK) or China APMT may by giving 7 days prior written notice to the other party terminate the Consultancy Contract if:

- (a) APT (HK) or China APMT is in material breach or fails to perform the terms or conditions in the Consultancy Contract (whether voluntarily or involuntarily) and has not cured such default within 7 days after receipt from the other party of a written notice of such default; or
- (b) occurrence of any event of force majeure with regard to either party which cannot be cured within 30 days after the occurrence of such event of force majeure.

Upon termination of the Consultancy Contract as a result of default on the part of China APMT or any event of force majeure, China APMT shall not be entitled to any refund of any amounts paid under the Consultancy Contract, and any amount then due to be paid to APT (HK) for APT (HK)'s services until the date of termination of the Consultancy Contract shall continue to be payable by China APMT.

If termination of the Consultancy Contract is due to the default on the part of APT (HK), the parties will further negotiate the portion of refund of any amount paid to APT (HK) under the Consultancy Contract.

**Basis of consideration:**

The consideration and the terms and conditions of the provision of advisory and consultancy services for the construction of LAOSAT-1 Satellite under the Consultancy Contract have been derived on arm-length basis by the negotiation between APT (HK) and China APMT with reference to APT (HK)'s cost for provisions of the advisory and consultancy services and prevailing market price for advisory and consultancy services of similar nature.

## **INFORMATION ON THE COMPANY AND THE PARTIES TO THE CONSULTANCY CONTRACT**

### *The Company*

The Company is an investment holding company. Its subsidiaries are principally engaged in the maintenance, operation, provision of satellite transponder capacity and related services; satellite-based broadcasting and telecommunications services; and other related services.

### *APT (HK)*

APT (HK) is principally engaged in the maintenance, operation, provision of satellite transponder capacity and related services; satellite-based broadcasting and telecommunications services; and other related services.

### *China APMT*

China APMT is a corporation established in the PRC and a subsidiary of CALT, which is in turn a wholly-owned subsidiary of CASC. China APMT is principally engaged in the provision of satellite related application and operation services and electronic engineering services.

## **REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTION**

The Group is engaged in the provision of satellite transponder capacity and related service. Its strategy is to become one of the leading regional providers of satellite transponder capacity and related services in the Asia Pacific Region.

By entering into this Consultancy Contract, APT (HK) will be able to establish a close linkage and network in the South East Asia which will help develop various satellite services, telecommunication services and broadcasting services in the Asia Pacific region in the long run.

The Directors (including the independent non-executive Directors) are of the view that (i) the Consultancy Contract is entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the Consultancy Contract and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

CASC and its associates are interested in an aggregate of approximately 57.14% equity interest in APT International, which in turn is a substantial shareholder of the Company holding approximately 51.67% of the issued share capital of the Company as at the date of this announcement. In addition to the shareholding held by APT International, CASC and its associates are also interested in an aggregate of another approximately 2.90% of the issued share capital of the Company as at the date of this announcement. As China APMT is an indirect subsidiary of CASC, China APMT is therefore a connected person of the Company under the Listing Rules. Accordingly, the Consultancy Contract and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the percentage ratios in respect of the transactions contemplated under the Consultancy Contract are less than 5%, the Consultancy Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

At the Board meeting held on 2 September 2014, the Board has approved the relevant resolution(s) approving the Consultancy Contract and the transactions contemplated thereunder. Since Mr. Lei Fanpei, being Chairman of CASC and Mr. Fu Zhiheng, being senior management team member of China Great Wall Industry Corporation, are considered to have material interest in the Consultancy Contract and the transactions contemplated thereunder, they had abstained from voting on the relevant resolution(s) approving the Consultancy Contract and the transactions contemplated thereunder at the Board meeting.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“APT (HK)”	APT Satellite Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“APT International”	APT Satellite International Company Limited, a substantial shareholder of the Company holding approximately 51.67% of the issued share capital of the Company as at the date of this announcement
“associate(s)”	the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CALT”	China Academy of Launch Vehicle Technology, a wholly-owned subsidiary of CASC
“CASC”	中國航天科技集團公司 (China Aerospace Science & Technology Corporation), a state-owned corporation established in the PRC
“China APMT”	中國亞太移動通信衛星有限責任公司, a corporation established in the PRC and a subsidiary of CALT
“Company”	APT Satellite Holdings Limited, a limited liability company incorporated in Bermuda, the shares of which are listed on the Stock Exchange

“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Consultancy Contract”	the consultancy contract dated 18 August 2014 entered into between APT (HK) and China APMT in respect of the provision of advisory and consultancy services for the construction of LAOSAT-1 Satellite
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“LAOSAT-1 Satellite”	a satellite based on the Dongfanghong series platforms supplied by China Great Wall Industry Corporation of PRC to Laos National Authority for Science and Technology
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	the meaning ascribed to it in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board  
**APT Satellite Holdings Limited**  
**Dr. Brian Lo**  
*Company Secretary*

Hong Kong, 2 September 2014

The Directors as at the date of this announcement are as follows:

*Executive Directors:*

Cheng Guangren (President) and Qi Liang (Vice President)

*Non-Executive Directors:*

Lei Fanpei (Chairman), Lim Toon, Yin Yen-liang, Zhuo Chao, Fu Zhiheng,  
Lim Kian Soon and Tseng Ta-mon (Alternate Director to Yin Yen-liang)

*Independent Non-executive Directors:*

Lui King Man, Lam Sek Kong, Cui Liguo and Meng Xingguo