

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 1135

DISCLOSEABLE TRANSACTION

CONSTRUCTION AGREEMENT FOR ASIASAT 9

On 16 December 2013, AsiaSat, an indirect wholly-owned subsidiary of the Company, entered into the Construction Agreement with the Construction Contractor for the construction of AsiaSat 9 and the provision of the associated equipment and services at a total cash consideration of approximately US\$163.6 million (approximately HK\$1,276.1 million), subject to adjustments.

Pursuant to the Construction Agreement, AsiaSat has the option to order one (1) Optional Satellite from the Construction Contractor. AsiaSat also has the option to request the Construction Contractor to integrate the Weather Sensor on AsiaSat 9.

As all applicable percentage ratios attributable to the Construction Agreement exceed 5% but are less than 25%, the Construction Agreement constitutes a discloseable transaction of the Company, and is subject to the announcement requirement but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Construction Agreement, when aggregated with the ILS Launch Contract (details of which are set out in the announcement of the Company dated 22 June 2012) pursuant to Rule 14.22 of the Listing Rules, would remain a discloseable transaction under Chapter 14 of the Listing Rules.

THE CONSTRUCTION AGREEMENT

Date

16 December 2013

Parties

1. AsiaSat, an indirect wholly-owned subsidiary of the Company
2. the Construction Contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Construction Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Construction of AsiaSat 9 and provision of associated equipment and services

The Construction Contractor has agreed to design, construct, assemble, test, produce for, and deliver to AsiaSat, AsiaSat 9 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 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 9.

Consideration and Payment

The total cash consideration for the construction of AsiaSat 9 and the provision of the associated equipment and services under the Construction Agreement is US\$163.6 million (approximately HK\$1,276.1 million) (the “**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.

Ten percent (10%) of the Contract Price represents a performance incentive payment. Such performance incentive payment is included in the 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 9 are able to meet certain applicable performance requirements over AsiaSat 9's projected operational lifetime.

The Contract Price may be adjusted depending on, inter alia, AsiaSat's selection of the launch vehicle for the launch of AsiaSat 9, but it is expected that the maximum total cash consideration payable by the Group for the construction of AsiaSat 9 and the provision of the associated equipment and services under the Construction Agreement after adjustments (if any) would not result in any of the applicable percentage ratios attributable to the Construction Agreement exceeding 25%. The Company will comply with the requisite requirements under the Listing Rules if and when adjustments are made to the Contract Price as required.

The 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 a period of 33 months from the date of the commencement of production, and AsiaSat is required to pay the Construction Contractor within thirty (30) days of its receipt of the relevant invoice from the Construction Contractor upon completion of each milestone event.

Title

The title to AsiaSat 9 shall pass to AsiaSat at the moment of launch. In the event AsiaSat 9 is not launched within three (3) years after AsiaSat 9 is available for shipment due to AsiaSat's default, AsiaSat shall pay all monies payable under the Construction Agreement and have the title to AsiaSat 9 subject to the obtaining of requisite U.S. Government approvals.

Completion of construction

The Construction Contractor shall make AsiaSat 9 available for shipment to the launch site within approximately 31 months from the date of commencement of production.

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 Construction Agreement and any proceeds and benefits thereof. The parent company of the Construction Contractor shall also guarantee all monetary obligations of the Construction Contractor under the Construction Agreement.

Assignability

Both AsiaSat and the Construction Contractor shall have the right to assign their rights or transfer their obligations under the Construction Agreement to any person or entity, without the prior written consent of the other party, in certain circumstances.

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 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.

Options

AsiaSat has the option exercisable at any time within a specified period to order an Optional Satellite. AsiaSat also has the option exercisable up to 120 days after the date of the Construction Agreement to request the Construction Contractor to integrate the Weather Sensor on AsiaSat 9.

The Company will comply with the requisite requirements under the Listing Rules if and when the above options are exercised as required.

LAUNCH OF ASIASAT 9

Reference is also made to the announcement of the Company dated 22 June 2012 relating to the ILS Launch Contract for the provision of launch services by ILS which may be used for the launch of AsiaSat 9.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION AGREEMENT

The Group has entered into the Construction Agreement in order to maintain the strength of the Group's satellite fleet and ensure sufficient capacity and service offerings of the Group to meet the growing demand of its customers.

The Directors are of the view that the transactions contemplated under the Construction Agreement were entered into on an arm's length basis, in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Construction Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

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

To the extent of the Company's knowledge, the principal business of the Construction Contractor is the designing, manufacturing and integration of communication satellites and satellite systems.

IMPLICATIONS UNDER THE LISTING RULES

As all applicable percentage ratios attributable to the Construction Agreement exceed 5% but are less than 25%, the Construction Agreement constitutes a discloseable transaction of the Company, and is subject to the announcement requirement but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. The Construction Agreement, when aggregated with the ILS Launch Contract (details of which are set out in the announcement of the Company dated 22 June 2012) pursuant to Rule 14.22 of the Listing Rules, would remain a discloseable transaction under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“AsiaSat”	Asia Satellite Telecommunications Company Limited, an indirect wholly-owned subsidiary of the Company, incorporated under the laws of Hong Kong;
“AsiaSat 9”	the new communications satellite known as “ AsiaSat 9 ” to be constructed by the Construction Contractor pursuant to the Construction Agreement;
“Board”	the board of Directors of the Company;
“Company”	Asia Satellite Telecommunications Holdings Limited, a company incorporated under the laws of Bermuda and 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 Contractor”	Space Systems/Loral, LLC, a limited liability company organised and existing under the laws of the State of Delaware, U.S.A. and headquartered in California;
“Contract Price”	the total consideration payable by AsiaSat to the Construction Contractor for the construction of AsiaSat 9 and the provision of the associated equipment and services under the Construction Agreement before adjustments;
“Construction Agreement”	the agreement dated 16 December 2013 entered into between AsiaSat and the Construction Contractor for the construction of AsiaSat 9;
“Director(s)”	the directors of the Company;
“Group”	the Company and its subsidiaries including but not limited to AsiaSat;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“ILS”	ILS International Launch Services, Inc., a corporation organised and existing under the laws of the State of Delaware, U.S.A. having its principal place of business in Virginia, U.S.A. To the extent of the Company's knowledge, its principal business is the provision of communications satellite launch services;
“ILS Launch Contract”	the agreement dated 22 June 2012 entered into between AsiaSat and ILS for the provision of the launch services by ILS, which may be used for the launch of AsiaSat 9;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Optional Satellite”	an additional satellite to be ordered by AsiaSat under the Construction Agreement, which shall be substantially similar to AsiaSat 9;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.A.” or “U.S.”	the United States of America;
“US\$”	United States dollars, the lawful currency of the U.S.A.;
“Weather Sensor”	a hyperspectral, weather-tracking sensor payload referred to as “STORM-1”; and
“%”	per cent.

By Order of the Board
Sue YEUNG
Company Secretary

Conversions of US\$ into HK\$ in this announcement are for reference only and have been made at a rate of US\$1.00 to HK\$7.80. Such conversions should not be construed as representations that the US\$ amounts could be converted into HK\$ at that or any other rate.

Hong Kong, 16 December 2013

As at the date of this announcement, the Board comprises 11 directors. The Executive Director is Mr. William WADE. The Non-executive Directors are Mr. JU Wei Min (Chairman), Mr. Sherwood P. DODGE (Deputy Chairman), Mr. LUO Ning, Mr. Peter JACKSON, Mr. John F. CONNELLY and Ms. Nancy KU. 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*