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## **ANNOUNCEMENT**

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS:**

#### **(1) PROVISION OF LOAN**

#### **(2) PROVISION OF PROJECT MANAGEMENT AND TECHNICAL CONSULTANCY SERVICES**

On 11 September 2017, APT (a wholly-owned subsidiary of the Company) entered into the Loan Agreement in respect of the provision of an unsecured loan in the principal amount of HK\$345,462,920.30 to the Borrower (a connected person of the Company).

On 11 September 2017, APT (a wholly-owned subsidiary of the Company) entered into the Master Agreement (which contemplated the entering into of the Consultancy Agreement) in respect of provision of project management and technical consultancy services to APMS (a connected person of the Company).

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Loan Agreement exceed 5% but are less than 25%, the provision of the Loan under the Loan Agreement constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements, but is exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

\* For identification purpose only

APMS is an associate of CASC (a corporation which holds effectively an aggregate 32.44% interests in the Company as at the date of this announcement) and the Borrower is a wholly-owned subsidiary of APMS. As such, the Borrower and APMS are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, entering into each of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder) constitute connected transactions for the Company.

One or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Loan Agreement exceed 5%. As such, the Loan Agreement and the provision of the Loan contemplated thereunder are subject to the Independent Shareholders' approval at a special general meeting of the Company.

One of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Master Agreement (and the Consultancy Agreement contemplated thereunder) exceed 5%. As such, the Master Agreement (and the Consultancy Agreement contemplated thereunder) and the transactions contemplated thereunder are subject to the Independent Shareholders' approval at a special general meeting of the Company.

A circular containing, among others, (i) details of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder); (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder); (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder); (iv) a notice of the SGM; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or before 3 October 2017.

(1) **Provision of Loan**

*The Loan Agreement*

**Date:**

11 September 2017

**Parties:**

- (1) APT Satellite Company Limited (a wholly-owned subsidiary of the Company) (as lender)
- (2) APT Mobile Satcom (HK) Limited (as borrower)
- (3) APT Mobile Satcom Limited (the holding company of the Borrower)
- (4) 亞太衛星通信(深圳)有限公司(APT Satellite (Shenzhen) Limited\*) (a wholly-owned subsidiary of the lender)

**Loan Principal:**

HK\$345,462,920.30

**Condition Precedent:**

The Loan Agreement is subject to the approval of the Independent Shareholders.

The Loan Agreement will become effective from the date on which the Independent Shareholders approve the Loan Agreement (the “**Effective Date**”).

**Interest:**

Interest is payable at the rate equivalent to the benchmark interest rate for one-year to five-year loans announced by the People’s Bank of China on the Effective Date accruing from the Effective Date based on the actual number of days elapsed. Interest will be paid annually except that the final instalment of the interest payable shall be paid within 60 days after the expiry of the term of the Loan. The interest rate was negotiated on an arm’s length basis between APT and the Borrower and was determined based on prevalent market rates.

**Purpose:**

The proceeds of the Loan will be applied towards APMS’s payment to government for land rental and other expenses relating to the construction and investment of satellite project.

**Term of loan:**

Three years from the Effective Date or from the Effective Date to the due date for final payment of the capital contribution by APT Shenzhen (whichever is shorter). The parties may agree to the extension of the term of the Loan by written agreement.

**Repayment:**

Repayment of the Loan will be made in cash or by way of set-off against the equivalent amount of the capital contribution payable by APT Shenzhen to APMS. Such repayment will be made by instalments and the date and amount of instalment will be determined with reference to the capital contribution notice issued by APMS to APT Shenzhen.

As disclosed in the announcement of the Company dated 14 August 2016, the board of directors of APMS shall determine from time to time the date on which the contributors pay their portion of capital contribution in RMB and will serve a written notice to the contributors regarding such due date (the “**Due Date for Contribution**”) and payable amount (the “**Contribution Payable**”).

The Due Date for Contribution and the Contribution Payable specified in the aforesaid written notice from APMS will be the due date and instalment sum for repayment of the Loan respectively. For calculating the instalment sum for repayment and for the purpose of repayment by way of set-off, the Contribution Payable will be converted to Hong Kong Dollars by the agreed conversion rate of RMB0.8684: HK\$1. Before the Due Date for Contribution, APT will notify the Borrower whether repayment of the Loan will be satisfied by way of set-off against the Contribution Payable.

**(2) Provision of project management and technical consultancy services*****The Master Agreement*****Date:**

11 September 2017

**Parties:**

(1) APMS

(2) APT

**Condition Precedent:**

The Master Agreement is subject to the approval of the Independent Shareholders.

The Master Agreement will become effective from the date on which the Independent Shareholders approve the Master Agreement (and the Consultancy Agreement contemplated under the Master Agreement) (the “**Approval Date**”).

**Subject matter:**

On 1 November 2016, APMS entered into a contract (the “**Satellite Project**”) for the manufacturing, delivery and launching of the Apstar 6D Satellite (the “**Satellite**”).

APT will provide to APMS project management and technical consultancy services for advising, coordinating, supervising and monitoring the design, manufacture, assemble, test, launch, commission and In-Orbit Delivery of the Satellite during the construction and development of the Satellite until the In-Orbit Delivery of the Satellite subject to the terms and conditions of the Consultancy Agreement.

APMS (or its designated wholly-owned subsidiary) and APT (or its designated wholly-owned subsidiary) will sign the Consultancy Agreement on the Approval Date.

In the event that APT or APMS shall designate its wholly-owned subsidiary to enter into the Consultancy Agreement, APT or APMS (as the case may be) shall within 30 days from the Approval Date issue an undertaking letter to pledge the due performance of its wholly-owned subsidiary under the Consultancy Agreement.

**Material terms of the Consultancy Agreement:***Scope of services*

## (a) Technical Support Services:

APT will provide technical support services in relation to the Satellite Project which include demand analysis, application and adaptation analysis, critical technology analysis, analysis in respect of frequency and regulation, design and optimization of the satellite platform requirements and loading design, design of gateway station at the beginning stage of the Satellite Project and design and negotiation of technical indicators relevant to the Satellite Project.

(b) Project Management Services:

APT will, under the supervision of APMS, form a specialised project advisory team to provide technical support and advisory and consultation services for the purpose of assisting APMS's performance of contract in respect of the Satellite Project and ensuring the progress of construction and quality guarantee in respect of the Satellite Project.

The services will cover the periods of Assembly, Integration and Testing ("AIT") and follow-up construction period of the 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 Delivery of the Satellite.

APT will also perform project management and consultancy service in relation to the construction of radio frequency system of gateway station including designing of the radio frequency system, assisting APMS to complete the bidding process for the system, gateway station construction, and delivery, tests of satellite and ground control coordination.

*Consideration*

A total sum of USD11,855,000 (equivalent to approximately HK\$92,469,000), being the total service fees payable by APMS to APT under the Consultancy Agreement, will be paid by APMS to APT by way of telegraphic transfer to the account of APT in accordance with the following payment schedule:

Stage of Instalment	Expected due date	Percentage	Amount payable USD	Milestone
1	Within 30 days after the signing of the Consultancy Agreement	10%	1,185,500.00	30 days after the Consultancy Agreement becoming effective
2	On or before 31 December 2017	30%	3,556,500.00	Completion of preliminary design review
3	On or before 31 December 2018	40%	4,742,000.00	Platform and equipment ready for AIT
4	On or before 1 December 2019	10%	1,185,500.00	Completion of AIT, tests regarding environment, heat and vacuum, factory review meeting for the Satellite
5	Second half of 2019 to Beginning of 2020	10%	1,185,500.00	In-Orbit Delivery review of the Satellite
	Total	100%	11,855,000.00	

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

The consideration and the terms and conditions of the provision of technical support and project management services under the Consultancy Agreement have been derived on arm-length basis by the negotiation between APT and APMS with reference to market rates.

#### *Term*

The term of the Consultancy Agreement will commence from the date of the signing of the Consultancy Agreement and expire on the date of completion of In-Orbit Delivery and acceptance of the Satellite or 1 October 2020 (whichever is earlier).

If the progress of Satellite Project is delayed and In-Orbit Delivery and acceptance of the Satellite cannot be completed on or before 1 October 2020; during the delayed period, APT will continue to provide services at the request of APMS until completion of In-Orbit Delivery and acceptance of the Satellite.

#### *Termination*

APT or APMS may by giving 7 days prior written notice to the other party terminate the Consultancy Agreement if APT or APMS is in material breach or fails to perform the terms or conditions in the Consultancy Agreement (whether voluntarily or involuntarily) and such default is not remedied within 7 days after receipt from the other party of a written notice of such default; or if any event of force majeure with regard to either party occur and such event cannot be resolved or overcome within 30 days after the occurrence thereof.

Upon termination of the Consultancy Agreement as a result of default on the part of APMS or any event of force majeure, APT do not have to refund to APMS any amount of service fees or monies paid under the Consultancy Agreement, and any amount then due to be paid to APT for its services until the date of termination of the Consultancy Agreement shall remain payable by APMS. If termination of the Consultancy Agreement is due to the default on the part of APT, the parties will further negotiate the portion of refund of any amount paid to APT under the Consultancy Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

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.

### *Reasons for and Benefits for Entering into the Loan Agreement*

APMS is a joint venture formed by APT Shenzhen in Shenzhen, PRC in July 2016 for the development and launch of mobile satellite services based on APSTAR-6D Satellite Project in Mainland China and Asia Pacific Region. The total registered capital of APMS will be RMB2,000 million, in which APT Shenzhen is committed to contributing RMB600 million, representing 30% of the equity interest in APMS. As of 11 September 2017, all the shareholders including APT Shenzhen have contributed in aggregate 50% of the registered capital in APMS. APT Shenzhen has in aggregated contributed RMB300 million, representing 50% of the registered capital in APMS at the moment. APT Shenzhen is obligated to contribute the remaining RMB300 million (remaining 50% of its committed contribution) when the outstanding registered capital is called up by APMS which will likely take place in the coming 12 months to 24 months. APT has reserved this fund for the forthcoming calling up of the contribution in the registered capital in APMS. By entering into the Loan Agreement, the Group can make use of this opportunity to better utilize the fund resources and achieve better interests return by securing a relatively high interest rate arrangement during this waiting period. The repayment of the Loan is hedged by way of set-off against the equivalent amount of the capital contribution payable by APT Shenzhen to APMS.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after reviewing the advice of the independent financial adviser) are of the view that (i) the Loan Agreement 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 Loan Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### *Reasons for and Benefits for Entering into the Master Agreement and the Consultancy Agreement*

On 1 November 2016, APMS entered into a contract in respect of the Satellite Project. Having been operated in satellite industry for almost 25 years, APT is a market leader in the development, launching and operating satellite projects in the Asia Pacific Region, Europe and Africa. APT has successful and outstanding proven record in the development and launching of advanced satellite systems. By entering into the Master Agreement (and the Consultancy Agreement contemplated thereunder). APT or its designated subsidiary can provide professional consultancy services in respect of development, launching and operation of the Satellite to APMS. The consultancy services of APT can facilitate the smooth and successful development and launch of the Satellite into designated orbit until the completion of In-Orbit Delivery. The success of the Satellite will be very important for the business development and investment for both the Group and APMS. The provision of the consultancy services will also enable the

Group to broaden its satellite related services and enhance its market outreach by establishing a close linkage and network in China, which will help develop various satellite services, telecommunication services and broadcasting services in the Asia Pacific Region in the long run. Meanwhile, APT can achieve reasonable reward from the provision of the consultancy services which has become a possible way of business growth for the Group.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after reviewing the advice from the independent financial adviser) are of the view that (i) the Master Agreement (and the Consultancy Agreement to be entered into after obtaining of the approval from the Independent Shareholders) are entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the Master Agreement and the Consultancy Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### ***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***

APT 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.

### ***APT Shenzhen***

APT Shenzhen is a corporation established in Shenzhen under PRC law and is an indirectly wholly-owned subsidiary of the Company.

### ***The Borrower***

The Borrower is a corporation established in Hong Kong under the laws of Hong Kong and is a direct wholly-owned subsidiary of the APMS. The Borrower is principally engaged in the mobile satellite service business.

### ***APMS***

APMS is a joint venture formed by APT Shenzhen in Shenzhen, PRC in July 2016 for the development and launch of mobile satellite services by the development of APSTAR-6D Satellite Project in Mainland China and Asia Pacific Region. The total registered capital of the APMS is RMB2,000 million, in which APT Shenzhen shall contribute RMB600 million, representing 30% of the equity interest in APMS.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Loan Agreement exceed 5% but are less than 25%, the provision of the Loan under the Loan Agreement constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements, but is exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

CASC and its associates are interested in an aggregate of approximately 57.04% equity interest in APT International, which in turn is a substantial shareholder of the Company holding approximately 51.78% 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.

China Aerospace Investment is a substantial shareholder of APMS (holder of 10% of its equity interest) and 35% of the equity interest in China Aerospace Investment is owned by CASC. CASC is also indirectly interested in 30% equity interest in APMS through APT Shenzhen. Therefore, APMS is an associate of CASC. The Borrower is a wholly-owned subsidiary of APMS. As such, the Borrower and APMS are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, entering into of each of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder) constitute connected transactions for the Company.

One or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Loan Agreement exceed 5%. As such, the Loan Agreement and the provision of the Loan contemplated thereunder are subject to the Independent Shareholders' approval at a special general meeting of the Company.

One of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Master Agreement (and the Consultancy Agreement contemplated thereunder) exceed 5%. As such, the Master Agreement (and the Consultancy Agreement contemplated thereunder) and the transactions contemplated thereunder are subject to the Independent Shareholders' approval at a special general meeting of the Company.

APT International, CASC and their associates will be required to abstain from voting in respect of the resolutions approving the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder) and the transactions contemplated thereunder.

## GENERAL

An Independent Board Committee will be formed to consider the terms of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder) and advise the Independent Shareholders as to whether the transactions contemplated under the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder) have been entered into in the ordinary and usual course of business and the terms were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed in due course to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) details of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder); (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder); (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder); (iv) a notice of the SGM; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or before 3 October 2017.

## DEFINITION

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

“APMS”	APT Mobile Satcom Limited, a corporation established in the PRC
“APT”	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 51.78% of the issued share capital of the Company as at the date of this announcement
“APT Shenzhen”	亞太衛星通信(深圳)有限公司 (APT Satellite (Shenzhen) Limited*), a corporation established in the PRC and a wholly-owned subsidiary of the Company
“associate(s)”	the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors

“Borrower”	APT Mobile Satcom (HK) Limited, a company incorporated in Hong Kong
“CASC”	中國航天科技集團公司 (China Aerospace Science & Technology Corporation), a state-owned corporation established in the PRC which holds effectively an aggregate 32.44% interests in the Company, including 29.54% indirect interest of the Company by virtue of holding 57.04% interests in APT International and 2.90% direct interest in the Company as at the date of this announcement
“China Aerospace Investment”	航天投資控股有限公司 (China Aerospace Investment Holdings Ltd.), a company established in the PRC with limited liability
“Company”	APT Satellite Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meanings ascribed thereto under the Listing Rules
“Consultancy Agreement”	the consultancy agreement to be entered into between APMS (or its designated wholly-owned subsidiary) and APT (or its designated wholly-owned subsidiary) pursuant to the terms of the Master Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder) and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than CASC, APT International and their associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	an unsecured loan in the principal amount of HK\$345,462,920.30 to be provided by APT to the Borrower in accordance with the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 11 September 2017 entered into between APT, the Borrower, APT Shenzhen and APMS in respect of the provision of the Loan by APT to the Borrower
“Master Agreement”	the master service agreement dated 11 September 2017 entered into between APT and APMS in respect of the provision of the certain project management and technical consultancy services by APT to APMS
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened for the purpose of, among other things, approving the Loan Agreement and the Master Agreement (and the Consultancy Agreement contemplated thereunder) and the transactions contemplated thereunder by the Independent Shareholders
“Shareholders”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of HK\$0.10 each in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent
“*”	for identification purposes only

By Order of the Board  
**APT Satellite Holdings Limited**  
**Tsang Chi Tat**  
*Company Secretary*

Hong Kong, 11 September 2017

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:*

Yuan Jie (*Chairman*), Lim Toon, Yin Yen-liang, Li Zhongbao, 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 Ligu and Meng Xingguo