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APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1045)

Very Substantial Acquisition Satellite procurement contract in respect of APSTAR 7 Satellite and Resumption of trading

The board of directors announced that on 29 September 2009, APT (HK), a wholly owned subsidiary of the Company, entered into a Satellite Procurement Contract with the Contractor, an Independent Third Party, for the manufacturing and delivering of APSTAR 7 Satellite, a Spacebus 4000 C2 Platform with 28 C-band and 28 Ku-band high power geostationary communications satellite. The signing of the Satellite Procurement Contract is the first step in the implementation of the Company's plan for the commissioning of APSTAR 7 Satellite for the replacement of APSTAR 2R.

The transaction contemplated under the Satellite Procurement Contract constitutes a very substantial acquisition of the Company under the Listing Rules. A circular together with the notice of the special general meeting to approve the transaction will be despatched in due course.

Resumption of trading

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 30 September 2009 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 2 October 2009 has been made by the Company.

The board of directors announced that on 29 September 2009, APT (HK), a wholly owned subsidiary of the Company, entered into a Satellite Procurement Contract with the Contractor, an Independent Third Party, for the manufacturing and delivering of APSTAR 7 Satellite, a Spacebus 4000 C2 Platform with 28 C-band and 28 Ku-band high power geostationary communications satellite. The signing of the Satellite Procurement Contract is the first step in the implementation of the Company's plan for the commissioning of APSTAR 7 Satellite for the replacement of APSTAR 2R.

SATELLITE PROCUREMENT CONTRACT

Date : 29 September 2009

Parties : (1) APT (HK), a wholly-owned subsidiary of the Company
(2) the Contractor

To the best of the directors' knowledge, information and belief, having made all reasonable enquiry, the Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Subject matter : The Contractor will (a) manufacture and deliver the APSTAR 7 Satellite to APT (HK) in accordance with the delivery schedule as defined in the Satellite Procurement Contract, including, inter alia, (i) the design, development, manufacture, assembly, integration, test and shipment of the APSTAR 7 Satellite; (ii) the performance of the launch campaign, launch and early operational phase, in-orbit test and on site support; (iii) the delivery of other Deliverable Items (other than items set forth in (b)) and the provision of all necessary technical data and information, facilities and documentation, and (iv) training of the personnel of APT (HK) as necessary and (b) the delivery of Satellite Control Centre and Base Band Subsystem for the telemetry, tracking and control of the APSTAR 7 Satellite; and (c) on-line support for in-orbit operation through the lifetime of the APSTAR 7 Satellite. It is expected that the APSTAR 7 Satellite shall have a nominal operational lifetime of 15 years.

The Contractor undertakes to perform the technical interface between the APSTAR 7 Satellite and the designated launch vehicle ensuring full compatibility between the APSTAR 7 Satellite and the designated launch vehicle according to its interface manual.

Contract price : The total contract price under the Satellite Procurement Contract comprises:

(a) the APSTAR 7 Satellite, and related services and Deliverable Items: a sum of Euro 124,800,000 (approximately HK\$1,411,000,000);

(b) Satellite Control Centre and Base Band Subsystem: a sum of Euro 1,500,000 (approximately HK\$17,000,000); and

(c) On-line support for in-orbit operations: a sum of Euro 2,200,000 (approximately HK\$25,000,000).

APT (HK) shall pay the down payment equivalent to Euro 5,080,000 (approximately HK\$57,000,000) within 3 Business Days after the date of signing of the Satellite Procurement Contract.

The contract price shall be paid by APT (HK) to the Contractor in accordance with the payment plan in the Satellite Procurement Contract upon completion of each applicable milestone, within 30 days from the date of receipt of such invoice.

All payments under the Satellite Procurement Contract shall be made in Euros. In case of delayed payment after the invoice has been approved, costs and charges, including interest calculated at average 1 month Euro Interbank Offer Rate for the calendar month (when the delay first occurs) +1.5% per annum shall be charged until actual payment.

Major Conditions : The Satellite Procurement Contract is subject to the approval of the Company. If APT (HK) does not obtain the said approval from the Company within 45 days after the Effective Date, the Satellite Procurement Contract shall be deemed terminated, unless otherwise agreed by the parties. In case of such termination, the Contractor shall be entitled to keep the amount of the down payment received from APT (HK) and APT (HK) shall pay to the Contractor an amount of Euro 2 million (approximately HK\$22,610,000) within 10 days after the date of termination.

Delivery : The Contractor shall deliver the APSTAR 7 Satellite to the nearest airport of the designated launch site no later than 27.5 months after the Effective Date.

If the APSTAR 7 Satellite is not delivered by the delivery date as stated above, the Contractor agrees to pay to APT (HK), as liquidated damages of Euro 48,187.50 (approximately HK\$544,760), Euro 96,375 (approximately HK\$1,089,519) and Euro 64,250 (approximately HK\$726,346) for each day of delay in the first, second and third 40 days of delay periods respectively, except for the first 30 days of delay where the liquidated damages payment for the first 30 days will not be paid until the occurrence of the 31st day of delay. The maximum payment to APT (HK) for the late delivery of the APSTAR 7 Satellite is 6.5% of the contract price. The liquidated damages is subject to a 30% reduction in case the launch service is also delayed not due to the reason attributable to the delay of delivery of the APSTAR 7 Satellite.

If the APSTAR 7 Satellite is not available for the completion of the launch readiness review within 35 days after the date of its delivery to the designated launch site for reasons attributable to the Contractor, then the Contractor shall pay to APT (HK) an amount of Euro 20,000 (approximately HK\$226,100) for each day of delay, up to a maximum of Euro 900,000 (approximately HK\$10,174,500).

The liquidated damages provided above shall be in lieu of all other rights by law, in equity or contract and shall be the sole remedy to which APT (HK) shall be entitled for late delivery of the APSTAR 7 Satellite, other than the right to terminate for default by the Contractor.

Title and risk : The transfer of title and risk to the APSTAR 7 Satellite shall pass to APT (HK) upon lift-off of the launch vehicle from the ground support equipment.

Transfer of risk and the transfer of title to the Deliverable Items (other than the APSTAR 7 Satellite and the documentation to be delivered by the Contractor to APT (HK) under the Satellite Procurement Contract) shall pass to APT (HK) at the time of physical delivery and final acceptance of the APSTAR 7 Satellite.

- Termination :
- (1) APT (HK), may by written notice to the Contractor, terminate the Satellite Procurement Contract in whole or in part, prior to completion. In such event, it is agreed that the termination charges applicable to any portion of the work under the Satellite Procurement Contract shall be negotiated but shall in no event exceed the total costs, direct and indirect, incurred by the Contractor in the performance of the work prior to the termination of the Satellite Procurement Contract, including reasonable costs properly incurred with respect to termination and settlement with vendors and subcontractors as a result of such termination, plus a 6% profit on such costs.
 - (2) APT (HK) may terminate the Satellite Procurement Contract in whole or in part by written notice of default if:
 - (a) the Contractor fails to deliver the APSTAR 7 Satellite to the place of delivery on or before 120 days after the scheduled delivery date;
 - (b) the Contractor fails to perform any of its material obligations and has not cured such failure within 45 days after receipt from APT (HK) of a written notice of such default;
 - (c) the Contractor becomes subject of voluntary or involuntary liquidation, insolvency, bankruptcy or other corporate reorganisation proceedings, or arrangement, if such proceeding or arrangement is not dismissed within 45 days after the filing thereof; or
 - (d) the Contractor is unable (i) to confirm to APT (HK) in writing by the Effective Date plus 120 days any Export Licence (except for satellite propellant) have been or will be obtained by the Effective Date plus 180 days; or (ii) to obtain by the Effective Date plus 180 days any Export Licence (except for satellite propellant) or a letter issued by the concerned governmental authorities exempting the Contractor from such export licences.

Upon such partial or complete termination, the Contractor shall, within 2 months reimburse to APT (HK) any amount paid to the Contractor under the Satellite Procurement Contract up to the date of termination plus an additional sum ranging from 4% to 8% of such reimbursement (depending on the circumstances of termination).

- (3) The Contractor shall be entitled to, after providing written notice to APT (HK), to stop all or part of the work if:
 - (a) APT (HK) fails to make any undisputed payment to the Contractor within 30 days after such payment has become due and payable; or
 - (b) APT (HK) fails to perform any of its material obligations under the Satellite Procurement Contract, and has not cured such failure within 30 days after receipt from the Contractor of a written notice of such default.

Upon such work stoppage, APT (HK) shall indemnify the Contractor against all reasonable costs and expenses properly incurred by the Contractor in respect of such stoppage and any subsequent resumption of the work, provided that the Contractor shall take all reasonable steps to minimise the occurrence of such costs and expenses.

- Indemnity : (1) Each party shall indemnify and hold harmless the other party, its officers, employees, agents, assignees or successors or any of them (“Indemnitees”) from any loss, damage, liability or expense, resulting from any loss or damage to property or injury, or death to persons, arising from any occurrence in the performance of the Satellite Procurement Contract until the transfer of title to the APSTAR 7 Satellite to APT (HK), except to the extent caused by the gross negligence or wilful misconduct of the Indemnitees and subject to the aggregate liability of Euro 20 million (approximately HK\$226,000,000).

- (2) After the engine start command is sent to the launch vehicle for the purpose of launch and subject to the limitation of liability, APT (HK) shall indemnify and hold harmless the Contractor and its subcontractors, their employees and/or representatives from any and all liabilities which may arise from losses or damages of any kind suffered by third parties including but not limited to those suffered by employees, and representatives of such third parties and the customers of APT (HK) arising out of the operation of the APSTAR 7 Satellite, provided that such losses or damages are not caused by gross negligence or wilful misconduct of the Contractor. The launch and in-orbit insurance taken by APT (HK) to cover its exposure shall include a waiver of subrogation against the Contractor, its subcontractors and their employees and/or representatives and insurance companies.
- (3) The Contractor shall indemnify and hold harmless APT (HK), its directors, officers, shareholders, employees, agents, and consultants from and against any liability, expense or legal and similar costs as a result of any threatened or actual claim or action alleging the infringement of any patent, copyright, or industrial design, mask work, trademark, or any other intellectual property right, or alleging unauthorised use or disclosure of any proprietary technical data and information in respect of the APSTAR 7 Satellite or any other item delivered or used under the Satellite Procurement Contract or in respect of all activities and services to be performed by the Contractor under the Satellite Procurement Contract.

Guarantees : (1) The Contractor shall arrange the issuance of a parent company guarantee equivalent to the total contract price by TAS in favour of APT (HK) within 2 months after the Effective Date, which shall be valid from the Effective Date up to the date of completion of in-orbit acceptance review of the APSTAR 7 Satellite or the Effective Date plus 34 months or the date on which APT (HK) notifies the Contractor of the termination of the Satellite Procurement Contract or the date on which the Contractor is entitled to terminate the Satellite Procurement Contract, whichever is earlier.

- (2) The Contractor shall arrange the issuance of a parent company guarantee equivalent to the 10% of the APSTAR 7 Satellite contract price by TAS in favour of APT (HK) within 1 month after the in-orbit acceptance review for orbital performance incentive warranty payback, which shall be valid during the warranty payback period.
- (3) APT (HK) shall arrange the issuance of a parent company guarantee by the Company equivalent to the total contract price in favour of the Contractor within 3 months after the Effective Date, which shall be valid from the Effective Date up to the date of completion of in-orbit acceptance review of the APSTAR 7 Satellite or the Effective Date plus 34 months, whichever is earlier.

TOTAL COST FOR THE COMMISSIONING OF APSTAR 7 SATELLITE

The contract price and the terms of the Satellite Procurement Contract have been negotiated on an arm's length basis having regard to the value of similar assets and services in the market. The contract price will be funded by bank loan and internal resources of the Company.

In addition to the Satellite Procurement Contract, the Company has to enter into contracts in respect of launch service, launch and in-orbit insurance, additional ground facilities for telemetry, tracking and command. It is expected that these agreements may constitute notifiable transactions or connected transaction of the Company under the Listing Rules. In the event that the launch service agreement is entered into between APT (HK) and a connected person of the Company, the relevant reporting, announcement and independent shareholders' approval requirement under the Listing Rules will be complied with.

REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTION

The group of the Company is engaged in the provision of satellite transponder capacity and related services. Its strategy is to become one of the leading regional providers of satellite transponder capacity and related services focusing the Asia Pacific region. After the completion of the termination of the 1999 lease agreement and ancillary agreement in respect of APSTAR 2R in July 2009, APT (HK) has began the commissioning of APSTAR 7 Satellite which is in line with the Company's plan for the replacement of APSTAR 2R, which will expire at the end of 2012.

The directors of the Company believe that the Company will benefit from expanding the satellite services and customer base, further increasing the revenue of the Company and strengthening competitive advantage and growth potential for long-term development of the Company. The Company will also secure the opportunity of future satellite continuity as a result of the entering into the Satellite Procurement Contract.

The directors of the Company (including the independent non-executive directors) believe that the terms of the transaction (including the forfeiture provision in the event shareholders approval is not obtained, having regard to the agreement by the Contractor to commence preparation of manufacturing of APSTAR 7 after the Effective Date to meet the delivery schedule and the minimal risk that shareholders approval is not obtained) are fair and reasonable and in the interests of the shareholders as a whole.

It is expected that approval by the Company of the Satellite Procurement Contract will be given to APT (HK) after the approval by shareholders at the special general meeting of the transactions contemplated under the Satellite Procurement Contract. In the absence of any unforeseeable circumstances, the Company considers that the risk associated with the forfeiture of the down payment and the payment of the compensation in the event that APT (HK) fails to proceed with the transaction is minimal.

INFORMATION ON THE PARTIES TO THE SATELLITE PROCUREMENT CONTRACT AND THEIR RESPECTIVE HOLDING COMPANIES

The Contractor

The Contractor, is a company organised under the laws of France and a wholly owned subsidiary of TAS. The Contractor is the counterparty to the Satellite Procurement Contract, pursuant to which it shall manufacture and deliver to APT (HK) the APSTAR 7 Satellite in accordance with the Satellite Procurement Contract.

TAS

TAS, a company organised under the laws of France, is a European leader in satellite systems and major player in orbital infrastructures. TAS is a joint venture between Thales (67%) and Finmeccanica (33%). TAS sets the global standard in solutions for space telecoms, radar and optical earth observation, defence and security, navigation and science. The company, which achieved revenues of Euro 2 billion in 2008, with 11 industrial sites in France, Italy, Spain and Belgium. Further information of TAS can be obtained from its website: www.thalesaleniaspace.com.

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.

LISTING RULES REQUIREMENTS

The transaction contemplated under the Satellite Procurement Contract constitutes a very substantial acquisition of the Company as the contract price exceeds 100% of the market capitalisation of the Company.

A circular setting out details of the transactions contemplated under the Satellite Procurement Contract, together with notice of the special general meeting of the Company, will be despatched to shareholders of the Company in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 30 September 2009 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 2 October 2009 has been made by the Company.

DEFINED TERMS USED IN THIS ANNOUNCEMENT

Capitalised terms used in this announcement shall have the following meanings:

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| “APSTAR 7 Satellite” | the APSTAR 7 Satellite Spacebus 4000 C2, which is a 28 C-band and 28 Ku-band high power geostationary communications satellite |
| “APT (HK)” | APT Satellite Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company |
| “Business Day” | a day other than Saturday and Sunday on which banks are open for business in Hong Kong and Paris |
| “Company” | APT Satellite Holdings Limited |
| “Contractor” | Thales Alenia Space France, a company incorporated under the laws of France and a wholly owned subsidiary of TAS |
| “Deliverable Items” | the APSTAR 7 Satellite and other deliverable items, including but not limited to the dynamic satellite simulator, satellite control centre, base band subsystem to be delivered by the Contractor under the Satellite Procurement Contract |

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| “Effective Date” | the date when (i) the both the Contractor and APT (HK) sign the Satellite Procurement Contract; and (ii) the amount of the down payment has been credited to the Contractor’s bank account. If APT (HK) has made the down payment within 3 Business Days after the date of signing of the Satellite Procurement Contract, the Effective Date shall be the date of signing of the Satellite Procurement Contract |
| “Euro” | the official currency of member states of the European Union |
| “Export Licence” | any governmental (except the People’s Republic of China) export licences, permits, consents, approvals, authorizations or the like required |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “HK\$” | Hong Kong dollar, the legal currency of Hong Kong |
| “Independent Third Party(ies)” | person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with the Company and its subsidiaries and its connected persons or in the case of a corporation (the ultimate beneficial owner) their respective associates (“connected persons” and “associates” as defined in the Listing Rules) |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Satellite Control Centre and Base Band Subsystem” | the ground equipment and facilities for the telemetry, tracking and control of APSTAR 7 Satellite |
| “Satellite Procurement Contract” | a contract for the procurement of APSTAR 7 Satellite dated 29 September 2009 between APT (HK) and the Contractor, in respect of the manufacturing and delivering on ground the APSTAR 7 Satellite by the Contractor to APT (HK) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “TAS” | Thales Alenia Space, a company incorporated under the laws of France |

An exchange rate of Euro 1 to HK\$11.305 has been adopted as the conversion rate of Euro into HK Dollars for the purpose of this announcement. Such exchange rate does not constitute a representation that any amounts have been, could have been, or may be exchanged at such or any other rates.

By Order of the Board
Dr. Brian Lo
Company Secretary

Hong Kong, 30 September 2009

The directors of the Company as at the date of this announcement are as follows:

Executive Directors:

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

Non-Executive Directors:

Rui Xiaowu (Chairman), Lim Toon, Yin Yen-liang, Wu Zhen Mu, Yong Foo Chong, Wu Jinfeng and Tseng Ta-mon (Alternate Director to Yin Yen-liang)

Independent Non-Executive Directors:

Huan Guocang, Lui King Man, Lam Sek Kong and Cui Ligu