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

## **CONNECTED TRANSACTION**

On 25 September 2012, APT (HK) entered into the Contract with CSCC in respect of the provision of project management services for the project for APSTAR 7B (ChinaSat 12) by APT (HK) to CSCC on terms and conditions stipulated in the Contract.

CASC and its associates (including CSCC) 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 (including a subsidiary of CSCC) are also interested in an aggregate of another approximately 10.42% of the issued share capital of the Company as at the date of this announcement. CSCC, being a subsidiary of CASC, is therefore a connected person of the Company. Accordingly, the Contract and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transactions contemplated under the Contract are less than 25% and the total consideration is less than HK\$10,000,000, the transactions contemplated under the Contract are subject to the reporting and announcement requirements but are exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE CONTRACT**

On 23 April 2010, APT (HK) and CSCC entered into a co-operation agreement in relation to, inter alia, the assignment of APSTAR 7B (ChinaSat 12) by APT (HK) to CSCC. On 29 June 2012, pursuant to the said co-operation agreement, APT (HK), CSCC and Thales Alenia Space France entered into an assignment, whereby APT (HK) agreed to transfer and assign its interests in APSTAR 7B (ChinaSat 12) to CSCC and completion of the assignment is expected to take place in the fourth quarter of 2012. Before the execution of the said assignment, APT (HK) had been providing

project management services for the project for APSTAR 7B (ChinaSat 12). It has been agreed between APT (HK) and CSCC that APT (HK) will continue to provide project management services for the project for APSTAR 7B (ChinaSat 12) until 30 days after the launch of the satellite or 31 December 2012 (whichever is earlier). On 25 September 2012, APT (HK) entered into the Contract with CSCC in respect of the provision of project management services for the project for APSTAR 7B (ChinaSat 12) by APT (HK) to CSCC both before and after the said assignment on terms and conditions stipulated in the Contract. The major terms and conditions of the Contract are as follows:-

**Date:** 25 September 2012

**Parties:** APT (HK)  
CSCC

**Term:** Commencing from the date of the Contract ending on the 30th day after the launch of APSTAR 7B (ChinaSat 12) or 31 December 2012 (whichever is earlier) unless otherwise terminated in accordance with the terms of the Contract

**Subject matter:**

APT (HK) has been taking charge of the project management services for the project for APSTAR 7B (ChinaSat 12) before the assignment of APSTAR 7B (ChinaSat 12) by APT (HK) to CSCC and it will, subject to the terms and conditions of the Contract, continue to provide such project management services after the assignment. Details of the project management services are set out below:

1. Project management services before the assignment of APSTAR 7B (ChinaSat 12)
  - (a) For the signing of the procurement contract for APSTAR 7B (ChinaSat 12), APT (HK) formed a special team and engaged professional consultants to perform the following duties leading to signing of the procurement contract for APSTAR 7B (ChinaSat 12):
    - (i) to devise and assess the project's feasibility, its business plan and technical design;
    - (ii) to negotiate contractual terms from commercial and technical perspectives and choose the suppliers; and
    - (iii) to determine the configuration and implementation for the tracking and command and monitoring system on ground for the satellite.

- (b) After the signing of the procurement contract for APSTAR 7B (ChinaSat 12) and the commencement of the project, APT (HK) has formed a special team for project management to perform the following duties:
  - (i) to execute the implementation of the commercial terms of the procurement contract and monitor progress of the project;
  - (ii) to monitor the quality assurance during the manufacturing of APSTAR 7B (ChinaSat 12);
  - (iii) to monitor and conduct review for the development of critical component/subsystem during its design, test, and acceptance phases;
  - (iv) to conduct technical reviews at various stages, coordinate with the suppliers and consult with the experts;
  - (v) to support and coordinate the interface analysis between satellite and launcher's interface and the interface between satellite and ground control system;
  - (vi) to review, analyze any non-conformance and anomaly during the satellite's assembly, integration and test phase and approve the adjustment or correction measure; and
  - (vii) to be responsible for the filing and compilation of the relevant documents for the project.

The parties to the Contract acknowledge that the above project management services had already been performed by APT (HK) to the satisfaction of CSCC.

- 2. Project management services after the assignment of APSTAR 7B (ChinaSat 12):
  - (a) APT (HK) will retain the project management team for the management of the APSTAR 7B (ChinaSat 12) project, allocate reasonable resources, provide sufficient support to ensure its participation in the project management of the APSTAR 7B (ChinaSat 12) project. APT (HK) will also provide such support and consultation as CSCC reasonably required for the project.
  - (b) The project management team of APT (HK) will perform the following duties:
    - (i) to continue to provide comments and/or summaries on details of the technical problems and their solutions in the process of the manufacture, testing and final assembly of the satellite and the implementation of the technical plans and advise CSCC on the handling method for such issues (if applicable); and

- (ii) to submit its proposal for CSCC's consideration when CSCC makes decisions on key issues.
- (c) Regarding the follow-up tests for the satellite, interface control of the satellite and the launch services, interface control of the satellite and the ground station, preparation and testing of the launch and early operation phase of the satellite, APT (HK) will conduct analysis on the relevant technical information and provide its professional analysis and recommendation to CSCC.
- (d) APT (HK) will advise CSCC on strategy for in-orbit test, selection of orbital position and coordination of in-orbit test of the satellite.
- (e) For the equipment of APSTAR 7B (ChinaSat 12) that are inherits of or related to APT (HK)'s project for APSTAR 7, APT (HK) will conduct an analysis on their analysis and development, technical interfaces, solutions for anomaly and assessment, etc. and compare with the situation of the project for APSTAR 7 and summarize its experience to provide its recommendation and professional opinion to CSCC for the project for APSTAR 7B (ChinaSat 12).
- (f) APT (HK) will, as requested by CSCC, participate in the assessments or meetings relevant to the project for APSTAR 7B (ChinaSat 12) held in France or other places outside the PRC as designated by CSCC.

**Consideration:**

A sum of US\$1,275,000 (equivalent to approximately HK\$9,945,000), being the total service fees payable by CSCC to APT (HK) under the Contract will be paid by CSCC to APT (HK) in an one-off payment by way of telegraphic transfer to the account of APT (HK) on or before 31 October 2012, among which US\$1,125,000 (equivalent to approximately HK\$8,775,000) is the service fee payable for project management services before the assignment of APSTAR 7B (ChinaSat 12) and US\$150,000 (equivalent to approximately HK\$1,170,000) is the service fee payable for project management services after the assignment of APSTAR 7B (ChinaSat 12).

**BASIS OF CONSIDERATION**

The consideration and the terms and conditions of the provision of project management services under the Contract have been derived on arm-length basis by the negotiation between APT (HK) and CSCC with reference to APT (HK)'s cost for provision of the project management services and the prevailing market price for consultancy services of similar nature.

## **INFORMATION OF THE GROUP AND CSCC**

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) 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.

CSCC is a company which is owned as to 99.75% by CASC. CASC is a state-owned corporation and is principally a holding group company whose members are respectively engaged in the research, design, manufacture and launch of aerospace products. CSCC is a renowned satellite operator in the PRC providing satellite communication services.

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

APSTAR 7B (ChinaSat 12) was originally planned as the back-up satellite of APSTAR 7. Since APSTAR 7 was successfully launched on 31 March 2012, pursuant to the co-operation agreement, APT (HK) and CSCC entered into an assignment in respect of APSTAR 7B (ChinaSat 12). The entering into of the Contract will allow APT (HK) not only completely recoup the investment in APSTAR 7B (ChinaSat 12) by the assignment, but also plough back the project management cost which APT (HK) has already incurred before the assignment of APSTAR 7B (ChinaSat 12) to CSCC.

The successful implementation and launch of APSTAR 7B (ChinaSat 12) will provide additional transponder capacities for APT (HK) under the transponder and communication services master agreement entered into between APT (HK) and CSCC on 3 November 2011 for the three year period from 1 January 2012 to 31 December 2014, which constitutes continuing connected transactions and was approved by the shareholders in a special general meeting on 12 December 2011. Such additional transponder capacities will be important to fuel the business growth of the Company. It is therefore in the benefit of the Company to continue to provide such project management services to CSCC even after the assignment so as to ensure APSTAR 7B (ChinaSat 12) to be implemented and launched successfully as planned.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Contract have been entered into in the ordinary and usual course of business of the Group and are on normal commercial terms and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

CASC and its associates (including CSCC) 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 (including a subsidiary of CSCC) are also interested in an aggregate of another approximately 10.42% of the issued share capital of the Company as at the date of this announcement. CSCC, being a subsidiary of CASC, is therefore a connected person of the Company. Accordingly, the Contract and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

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Mr. Cheng Guangren, an executive Director and the President of the Company, is also concurrently a non-Executive Director of CSCC. Mr. Qi Liang, an executive Director and the Vice-president of the Company, is also concurrently the deputy chief accountant of CSCC. Mr. Zhuo Chao, a non-executive Director, is also concurrently a director and the president of CSCC. Mr. Fu Zhiheng, a non-executive Director, is also concurrently the Vice-president of China Great Wall Industry Corporation, which is a wholly-owned subsidiary of CASC. Mr. Lei Fanpei, a non-executive Director and the Chairman of the Company, is also concurrently the deputy general manager of CASC. As such, Mr. Cheng, Mr. Qi, Mr. Zhuo, Mr. Fu and Mr. Lei have abstained from voting on the relevant board resolution(s) for approving the Contract and the transactions contemplated thereunder to avoid any conflict of interest. Save for the above, none of the Directors has material interest or conflict of interest in the Contract and the transactions contemplated and none of them is required to abstain from voting on the relevant board resolutions.

## **DEFINITIONS**

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

“Contract”	the APSTAR 7B (ChinaSat 12) Project Management Services Contract dated 25 September 2012 entered into between APT (HK) and CSCC in respect of the provision of project management services for APSTAR 7B (ChinaSat 12) by APT (HK) to CSCC
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“APSTAR 7”	a Spacebus 4000 C2 Platform having 28 C-band transponders and 28 Ku-band transponders high power geostationary communications satellite, which was successfully launched on 31 March 2012
“APSTAR 7B (ChinaSat 12)”	a Spacebus 4000 C2 Platform having 28 C-band transponders and 23 Ku-band transponders 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
“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” or “Director(s)”	the board of directors of the Company
“CASC”	中國航天科技集團公司 (China Aerospace Science & Technology Corporation), a state-owned corporation established in the PRC
“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
“CSCC”	中國衛星通信集團有限公司 (China Satellite Communications Company Limited) (formerly known as 中國衛星通信集團公司 (China Satellite Communications Corporation)), a subsidiary of CASC
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“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
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this announcement, the exchange rate of US\$1 to HK\$7.8 is used for reference only.

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

Hong Kong, 25 September 2012

List of all directors of the Company as of the time issuing this announcement:

*Executive Directors:*

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

*Non-executive Directors:*

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

*Independent Non-executive Directors:*

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