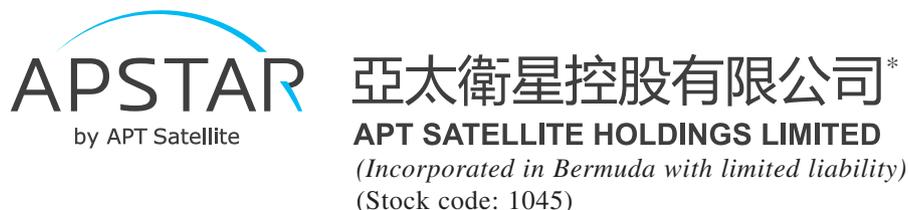


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



## **DISCLOSEABLE AND CONNECTED TRANSACTION SUPPLEMENTAL AGREEMENT TO THE INVESTORS' AGREEMENT**

Reference is made to the announcement of the Company dated 23 July 2016 (the “**Previous Announcement**”). The Board is pleased to announce that APT (Shenzhen), a wholly-owned subsidiary of the Company, entered into the Supplemental Agreement with Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang, Mr. Pang Lixin, China Aerospace Investment, Guohua Junmin, HNA EcoTech and Shenzhen Capital on 12 August 2016 to amend the Investors’ Agreement in respect of certain matters regarding the establishment of the Joint Venture.

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 51.67% 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 35% of the equity interest in China Aerospace Investment is owned by CASC, China Aerospace Investment is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, entering into the Supplemental Agreement to amend the Investors’ Agreement and establishment of the Joint Venture contemplated thereunder with China Aerospace Investment as one of the Contributories constitute a connected transaction for the Company.

As disclosed in the Previous Announcement, since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the establishment of the Joint Venture exceed 5% but are less than 25%, entering into the Supplemental Agreement to amend the Investors’ Agreement and establishment of the Joint Venture contemplated thereunder with China Aerospace Investment as one of the Contributories constitute a discloseable transaction and a non-exempt connected transaction for the Company.

\* For identification purpose only

As such, the Investors' Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder with China Aerospace Investment as one of the Contributories are subject to the requirements of reporting, announcement and approval by the Independent Shareholders at the SGM. In view of the interests of CASC in the Investors' Agreement (as amended by the Supplemental Agreement), CASC, APT International and their associates will abstain from voting on the resolution approving the Investors' Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder with China Aerospace Investment being one of the Contributories at the SGM. If such approval is not granted by the Independent Shareholders, APT (Shenzhen) will proceed with the transactions contemplated under the Investors' Agreement (as amended by the Supplemental Agreement) on the basis that China Aerospace Investment will not be one of the Contributories and the registered capital to be contributed by China Aerospace Investment will be contributed by other parties (not being a connected person of the Company) designated by China Aerospace Investment or Guohua Junmin.

An Independent Board Committee will be formed to consider the terms of the Investors' Agreement (as amended by the Supplemental Agreement) with China Aerospace Investment being one of the Contributories and advise the Independent Shareholders as to whether the transactions contemplated under the Investors' Agreement (as amended by the Supplemental Agreement) 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 (i) details of the Investors' Agreement (as amended by the Supplemental Agreement); (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Investors' Agreement (as amended by the Supplemental Agreement) with China Aerospace Investment being one of the Contributories; (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Investors' Agreement (as amended by the Supplemental Agreement) with China Aerospace Investment being one of the Contributories; (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 2 September 2016.

## **INTRODUCTION**

The Board is pleased to announce that APT (Shenzhen), a wholly-owned subsidiary of the Company, entered into the Supplemental Agreement with Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang, Mr. Pang Lixin, China Aerospace Investment, Guohua Junmin, HNA EcoTech and Shenzhen Capital on 12 August 2016 to amend the Investors' Agreement in respect of certain matters regarding the establishment of the Joint Venture. The principal terms of the Supplemental Agreement are set out below. Apart from the amendment disclosed in this announcement and the change of investors of the Joint Venture from the Parties to the Contributories, no change has been made to the terms of the Investors' Agreement disclosed under the paragraphs headed "Scope of business", "Sharing of profits", "Responsibilities of the Company" and "Early termination of the Investors' Agreement" in the Previous Announcement.

## **SUPPLEMENTAL AGREEMENT**

### **Date**

12 August 2016

### **Parties**

- (1) APT (Shenzhen);
- (2) Beijing Shipping;
- (3) Guo Xin (Shenzhen);
- (4) Shenzhen Hao Chuang;
- (5) Mr. Pang Lixin;
- (6) China Aerospace Investment;
- (7) Guohua Junmin;
- (8) HNA EcoTech; and
- (9) Shenzhen Capital

As disclosed in the Previous Announcement and acknowledged by the parties in the Supplemental Agreement, after the signing of the Investors' Agreement, the Company has assigned and transferred and APT (Shenzhen) has assumed all the equity, rights and obligations of the Company under the Investors' Agreement by a separate assignment and assumption agreement entered into between the Company and APT (Shenzhen) on 23 July 2016. As at the date of this announcement, APT (Shenzhen) is a wholly-owned subsidiary of the Company. APT (Shenzhen) will be the company within the Group to be responsible specifically for the investment and development of the Joint Venture.

Pursuant to the Supplemental Agreement, Mr. Pang Lixin has withdrawn from being an investor of the Joint Venture while China Aerospace Investment, Guohua Junmin, HNA EcoTech and Shenzhen Capital have become the four new investors of the Joint Venture.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, apart from the fact that China Aerospace Investment is a connected person of the Company being a 30%-controlled company held directly and indirectly by CASC, each of Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang, Mr. Pang Lixin, Guohua Junmin, HNA EcoTech and Shenzhen Capital (as well as their respective ultimate beneficial owners) are third parties independent of the Company and its connected person. China Aerospace Investment holds 49% interests in Guohua Junmin.

### **Capital contribution**

The total registered capital of the Joint Venture will be RMB2,000 million, which will be contributed by the Contributories in cash as follows:

- (i) RMB600 million by APT (Shenzhen) (representing 30% of the equity interest in the Joint Venture);
- (ii) RMB400 million by Beijing Shipping (representing 20% of the equity interest in the Joint Venture);
- (iii) RMB200 million by Guo Xin (Shenzhen) (representing 10% of the equity interest in the Joint Venture);
- (iv) RMB250 million by Shenzhen Hao Chuang (representing 12.5% of the equity interest in the Joint Venture);
- (v) RMB200 million by China Aerospace Investment (representing 10% of the equity interest in the Joint Venture);
- (vi) RMB100 million by Guohua Junmin (representing 5% of the equity interest in the Joint Venture);
- (vii) RMB200 million by HNA EcoTech (representing 10% of the equity interest in the Joint Venture); and
- (viii) RMB50 million by Shenzhen Capital (representing 2.5% of the equity interest in the Joint Venture).

As China Aerospace Investment is a connected person of the Company under Chapter 14A of the Listing Rules, the contribution of the registered capital by China Aerospace Investment is subject to the approval of the Independent Shareholders at the SGM. If such approval cannot be obtained, the registered capital to be contributed by China Aerospace Investment will be contributed by other parties (not being a connected person of the Company) designated by China Aerospace Investment or Guohua Junmin.

Except with the approval of the board of directors of the Joint Venture, the Contributors shall pay by instalments their respective capital contribution in the following manner:

- (i) upon the establishment of the Joint Venture, 5% of the capital contribution from each Contributor; and
- (ii) the remaining 95% of capital contribution shall be made by the Contributors within the initial two years after the formation of the Joint Venture and at such date(s) (the “**Contribution Date(s)**”) and such amount as the board of directors of the Joint Venture shall determine from time to time with reference to the establishment and actual operating conditions of the Joint Venture provided that 20 working days’ notice will be given to the Contributors in advance.

The amount of capital contribution to be made by the Contributors was arrived at after arm’s length negotiations between the Contributors with reference to the expected capital requirements of the Joint Venture. The total capital contribution of RMB2,000 million will be used to satisfy the working capital and capital expenditures of the Joint Venture.

Upon establishment of the Joint Venture, the Company will be indirectly interested in 30% of the equity interest in the Joint Venture.

#### **Restriction on equity transfer**

Unless with the prior written consent of all other shareholders of the Joint Venture, (i) APT (Shenzhen) shall not within 10 years after the establishment of the Joint Venture; and (ii) each of Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang, China Aerospace Investment, Guohua Junmin, HNA EcoTech and Shenzhen Capital shall not within 5 years after the establishment of the Joint Venture (such 10-year or 5-year period hereinafter referred to as the “**Prohibition Period**”) transfer or sell its equity in the Joint Venture to the other shareholder of the Joint Venture or any other third party. The said restriction on equity transfer will not be applicable in case of substantial merger and acquisition in relation to the Joint Venture.

After the Prohibition Period, if the sale or transfer of equity in the Joint Venture will or may cause APT (Shenzhen) to have a lower shareholding than the other shareholders of the Joint Venture, the shareholder who intends to sell or transfer all or part of its equity (the “**Transferring Shareholder**”) shall notify APT (Shenzhen) and Beijing Shipping in writing at least 30 days before the intended transfer. APT (Shenzhen) and Beijing Shipping shall have equal pre-emptive right to purchase the transferring equity on proportional basis according to percentage of their respective equity interest in the Joint Venture and on the same conditions as in the intended sale or transfer by the Transferring Shareholder, provided that if APT (Shenzhen) and Beijing Shipping

expressly renounce the said pre-emptive right, or are deemed to have renounced the said pre-emptive right by failing to reply to the Transferring Shareholder as to whether they will exercise the said pre-emptive right within 30 days from the date of the said written notice, the Transferring Shareholder may transfer or sell its equity in accordance with the Company Law of the PRC, the Articles of Association of the Joint Venture and other relevant laws and regulations.

In the event that any one of APT (Shenzhen) or Beijing Shipping expressly renounces the said pre-emptive right, or is deemed to have renounced the said pre-emptive right to purchase the transferring equity, the remaining party will have the sole right to purchase the equity of the Transferring Shareholder.

After the Prohibition Period, if the relevant sale or transfer of equity will not or may not cause APT (Shenzhen) to have a lower shareholding than any other shareholder of the Joint Venture, the Transferring Shareholder may transfer or sell its equity in the Joint Venture in accordance with the Company Law of the PRC, the Articles of Association of the Joint Venture and other relevant laws and regulations.

Within the Prohibition Period, each Contributory shall have the right to transfer its equity in the Joint Venture to (a) its associated company with actual control or shareholding or (b) the limited partnership entity owning such Contributory or its associated company with actual control or shareholding. Other shareholders of the Joint Venture shall not have pre-emptive right in respect of the abovementioned transfers.

### **Possible transfer of equity to management team of the Joint Venture**

The management team or company held by the management team may acquire from Shenzhen Hao Chuang at cost its equity interest in the Joint Venture equivalent to the capital contribution of RMB50 million in the registered capital of the Joint Venture in accordance with the policy and plan in relation to the holding of equity interest by the management team as determined by the shareholders and board of directors of the Joint Venture. All shareholders of the Joint Venture shall renounce their pre-emptive right in respect of the abovementioned transfer of equity interest. If any part of the capital contribution in respect of such equity interest has not been paid after such transfer, the management team of the Joint Venture is permitted to pay the outstanding amount by instalments within initial 3 years after completion of the registration of such transfer of equity interest.

If the policy and plan in relation to the holding of equity interest by the management team is not confirmed and implemented within 3 months after the establishment of the Joint Venture, Guo Xin (Shenzhen), HNA EcoTech and Shenzhen Capital (collectively as the “**Withdrawing Shareholders**”) shall have the right to withdraw from the Joint Venture. With the consent of other Contributories, APT (Shenzhen) may acquire or shall use its best efforts to find other appropriate investors (including but not limited to other Contributories) to acquire the equity interest held by the Withdrawing

Shareholders. If the acquisition of equity interest by APT (Shenzhen) is not agreed by other Contributories or APT (Shenzhen) is unable to find other appropriate investors, the equity interest of the Withdrawing Shareholders in the Joint Venture may be reduced as determined by the shareholders of the Joint Venture.

### **Board composition of the Joint Venture**

Shareholders of the Joint Venture will be entitled to appoint directors to the board of directors based on the principle that every 10% equity interest in the Joint Venture shall be entitled to appoint one director.

The employee representative of the Joint Venture will be appointed as one of the directors of the Joint Venture.

After the management team of the Joint Venture has acquired equity interest in the Joint Venture from Shenzhen Hao Chuang as mentioned above, the management team may also appoint one director to the board of directors of the Joint Venture.

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

The reasons for the Group to enter into the Investors' Agreement have been disclosed in the Previous Announcement. Amending the Investors' Agreement by entering into the Supplemental Agreement will enable the Group to include additional investors to join the Joint Venture and increase the total capital contribution for the satellite project.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after reviewing the advice of the independent financial adviser) consider that the Investors' Agreement (as amended by the Supplemental Agreement) have been entered into in the ordinary and usual course of business and the terms of the Investors' Agreement and its amendments under the Supplemental Agreement with China Aerospace Investment as one of the Contributories were agreed on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

### **INFORMATION ON THE GROUP AND THE PARTIES TO THE SUPPLEMENTAL AGREEMENT**

#### **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 (Shenzhen)**

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

### **Beijing Shipping**

A subsidiary owned by China Transport Telecommunication Information Center (CTTIC), is responsible for all system in maritime satellite services in China and global all-weather Sea, Land, and Aero applications and solutions.

### **Guo Xin (Shenzhen)**

A company incorporated in Shenzhen under PRC law and is a wholly-owned subsidiary of中國國新控股有限責任公司, mainly for investment and development in industry, equity investment and investment consultancy.

### **Shenzhen Hao Chuang**

A conglomerate group in Shenzhen with various investments including real estate development, financial investment, internet technology, engineering and construction, hotel and catering, cultural and sport.

### **Mr. Pang Lixin**

A citizen of PRC who has withdrawn from being an investor representing the management teams who involve in development and operation of the Joint Venture.

### **China Aerospace Investment**

A company incorporated in PRC mainly for investment and asset management, corporate management, commercialization and development of aerospace products, consultancy services, technological services, satellite and electronic system equipment, software and system integration.

### **Guohua Junmin**

A company incorporated in PRC mainly for investment management and consultancy for non-security business, security investments and management.

### **HNA EcoTech**

A company incorporated in PRC mainly for research and development of scientific and technical products, data centre, cloud services, system integration and software development and operation, web services and maintenance, and information technology related services.

### **Shenzhen Capital**

A company incorporated in PRC mainly for venture capital business and consultancy, management services, and property development and operation.

## LISTING RULES IMPLICATIONS

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 51.67% 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 35% of the equity interest in China Aerospace Investment is owned by CASC, China Aerospace Investment is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, entering into the Supplemental Agreement to amend the Investors' Agreement and establishment of the Joint Venture contemplated thereunder with China Aerospace Investment as one of the Contributories constitute a connected transaction for the Company.

As disclosed in the Previous Announcement, since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the establishment of the Joint Venture exceed 5% but are less than 25%, entering into the Supplemental Agreement to amend the Investors' Agreement and establishment of the Joint Venture contemplated thereunder with China Aerospace Investment as one of the Contributories constitute a discloseable transaction and a non-exempt connected transaction for the Company.

As such, the Investors' Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder with China Aerospace Investment as one of the Contributories are subject to the requirements of reporting, announcement and approval by the Independent Shareholders at the SGM. In view of the interests of CASC in the Investors' Agreement (as amended by the Supplemental Agreement), CASC, APT International and their associates will abstain from voting on the resolution approving the Investors' Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder with China Aerospace Investment being one of the Contributories at the SGM. If such approval is not granted by the Independent Shareholders, APT (Shenzhen) will proceed with the transactions contemplated under the Investors' Agreement (as amended by the Supplemental Agreement) on the basis that China Aerospace Investment will not be one of the Contributories and, as disclosed above, the registered capital to be contributed by China Aerospace Investment will be contributed by other parties (not being a connected person of the Company) designated by China Aerospace Investment or Guohua Junmin.

In the event that APT (Shenzhen) receives notice from the Transferring Shareholder of its intention to sell or transfer all or part of its equity in the Joint Venture, the Company will calculate the percentage ratios pursuant to Rule 14.75 of the Listing Rules in respect of any exercise of the pre-emptive right and will comply with any applicable reporting, announcement, circular and/or shareholders' approval requirements under Chapter 14 and/or any other relevant provisions of the Listing Rules with reference to the relevant percentage ratios before APT (Shenzhen) exercises the pre-emptive right.

## GENERAL

An Independent Board Committee will be formed to consider the terms of the Investors' Agreement (as amended by the Supplemental Agreement) with China Aerospace Investment being one of the Contributories and advise the Independent Shareholders as to whether the transactions contemplated under the Investors' Agreement (as amended by the Supplemental Agreement) 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 (i) details of the Investors' Agreement (as amended by the Supplemental Agreement); (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Investors' Agreement (as amended by the Supplemental Agreement) with China Aerospace Investment being one of the Contributories; (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Investors' Agreement (as amended by the Supplemental Agreement) with China Aerospace Investment being one of the Contributories; (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 2 September 2016.

## DEFINITIONS

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

“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
“APT (Shenzhen)”	亞太衛星通信(深圳)有限公司, 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
“Beijing Shipping”	Beijing Marine Communication Navigation Company 北京船舶通信導航有限公司, a company established in the PRC with limited liability
“Board”	the board of Directors

“CASC”	China Aerospace Science & Technology Corporation 中國航天科技集團公司, a state-owned corporation established in the PRC which holds effectively an aggregate 32.37% interests in the Company, including 29.47% 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”	China Aerospace Investment Holdings Ltd. 航天投資控股有限公司, 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
“Contributors”	proposed shareholders of the Joint Venture, being APT (Shenzhen), Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang, China Aerospace Investment, Guohua Junmin, HNA EcoTech and Shenzhen Capital
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guo Xin (Shenzhen)”	國新（深圳）投資有限公司, a company established in the PRC with limited liability
“Guohua Junmin”	國華軍民融合產業發展基金管理有限公司, a company established in the PRC with limited liability
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HNA EcoTech”	海航生態科技集團有限公司, a company established in the PRC with limited liability

“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 Investors’ Agreement (as amended by the Supplemental Agreement)
“Independent Shareholders”	Shareholders other than CASC, APT International and their associates
“Investors’ Agreement”	the investors’ agreement dated 23 July 2016 entered into among the Company, Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang and Mr. Pang Lixin in respect of the formation of the Joint Venture
“Joint Venture”	a joint venture company (tentatively to be named APT Mobile SatCom Limited 亞太衛星寬帶通信 (深圳) 有限公司 to be established in Shenzhen, Guangdong Province of the PRC pursuant to the Investors’ Agreement (as amended by the Supplemental Agreement)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	parties to the Investors’ Agreement, being the Company, Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang and Mr. Pang Lixin
“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 Investors’ Agreement (as amended by the Supplemental Agreement) 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

“Shenzhen Capital”	深圳市創新投資集團有限公司, a company established in the PRC with limited liability
“Shenzhen Hao Chuang”	深圳市昊創投資集團有限公司, a company established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 12 August 2016 entered into between APT (Shenzhen), Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang, Mr. Pang Lixin, China Aerospace Investment, Guohua Junmin, HNA EcoTech and Shenzhen Capital to amend the Investors’ Agreement
“%”	per cent

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

Hong Kong, 14 August 2016

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, 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 Liguang and Meng Xingguo