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INSIDE INFORMATION

LETTER OF INTENT IN RELATION TO THE DEVELOPMENT OF HTS GLOBAL BROADBAND SATELLITE SYSTEM

This announcement is made by APT Satellite Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571).

On 1 November 2016, the Company’s wholly-owned subsidiary, APT Satellite Company Limited (“**APT (HK)**”), APT Mobile SatCom Limited (“**APT Mobile**”) and China Great Wall Industry Corporation (“**CGWIC**”) entered into a Letter of Intent (the “**Letter of Intent**”) in relation to the construction and development of global high-throughput satellite communication system (the “**HTS System**”). The HTS System is planned to consist of a total of four high-throughput broadband geostationary satellites (the “**HTS Broadband Satellite(s)**”) together with their respective terrestrial communication networks. The total investment amount of the HTS System is approximately RMB 10 billion. The HTS System, after its completion, will provide satellite broadband communication services for both fixed and mobile application over the world.

The Letter of Intent is not binding. APT Mobile and CGWIC will negotiate, discuss and enter into a legally binding contract for each satellite project in the HTS System.

* For identification purpose only

The first HTS Broadband Satellite will be named as APSTAR-6D Satellite. APT Mobile and CGWIC have already come to consensus on the principles of procurement of APSTAR-6D Satellite Project. APT Mobile will agree to procure from CGWIC, and CGWIC will agree to design, manufacture, deliver, launch APSTAR-6D Satellite for APT Mobile. Meanwhile, APT (HK) is contemplated to provide certain technical management and project consultancy services to APT Mobile for APSTAR-6D Satellite Project. The procurement contract for APSTAR-6D Satellite Project between APT Mobile and CGWIC is pending the respective approvals of the board of directors' meeting and shareholders' meeting of APT Mobile and the management committee of CGWIC. Both APT (HK) and APT Mobile will further discuss and negotiate so as to enter into a consultancy agreement.

Reasons and Benefit for Entering into the Letter of Intent

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.

The development of HTS System will enable the Group to enhance its competitive edge for market competition in the global communication network.

Information of the Company and the Counterparty of the Letter of Intent

The Company

The Company is an investment holding company. Its subsidiaries are principally engaged in the maintenance, operation and provision of satellite transponder capacity and related services, satellite broadcasting and telecommunications services and other related services.

CGWIC

CGWIC (中國長城工業集團有限公司) is specialized in providing design, manufacturing, launch and delivery of satellite system. CGWIC is a company registered under the laws of PRC and a wholly-owned subsidiary of China Aerospace Science & Technology Corporation (中國航天科技集團公司).

APT Mobile

APT Mobile (亞太衛星寬帶通信(深圳)有限公司) is a joint venture company established in Shenzhen, Guangdong Province of the PRC for the purpose of developing the HTS System under new allocated orbital spectrums.

APT (HK)

APT (HK) is principally engaged in the maintenance, operation and provision of satellite transponder capacity and related services; satellite broadcasting and telecommunications services; and other related services. APT (HK) is indirectly interested in 30% of the equity interest in APT Mobile.

The Board of Directors hereby declares that, as of the date of the announcement, APT (HK) and APT Mobile have not yet entered into any consultancy agreement for APSTAR-6D Satellite Project. In the event that such consultancy agreement for APSTAR-6D Satellite Project has been concluded and entered into between APT (HK) and APT Mobile, the Company will make further appropriate announcement and implement compliance approval procedure in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 1 November 2016

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:

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 Ligu and Meng Xingguo