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INSIDE INFORMATION

LEGAL PROCEEDINGS INVOLVING SUBSIDIARY OF THE COMPANY

This announcement is made by APT Satellite Holdings Limited (the “**Company**”, and 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 (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong.

On 26 June 2017, APT Satellite Company Limited (“**APT HK**”), a direct wholly-owned subsidiary of the Company, received a summons (the “**Summons**”) and complaint (the “**Complaint**”), both dated 20 June 2017, filed by Fashion Television LLC as plaintiff (the “**Plaintiff**”) against APT HK as defendant in the Supreme Court of the State of New York, County of New York in respect of an action for contributory trademark infringement and vicarious trademark infringement.

In the Complaint, the Plaintiff claimed that it operates the “Fashion Television” channel and has procured trademark registrations for terms such as, *inter alia*, “Fashion Television” and “Fashion TV” in over one-hundred jurisdictions. The Plaintiff alleged that APT HK was engaged in the provision of transponder service to its customer for disseminating a television channel entitled “Fashion TV” distributed by Fashion TV Programmgesellschaft mbH (“**Fashion Austria**”), an Austrian entity, and thereby infringed its trademark right.

The Plaintiff sought for, among others, (i) an order enjoining and restraining, among others, APT HK, its parents, subsidiaries, divisions, branches and affiliates from engaging in any further acts of contributory trademark infringement and/or vicarious trademark infringement and (ii) an order requiring APT HK to account for and pay over to the Plaintiff damages in the amount of US\$12,200,000.

* For identification purpose only

The customer of APT HK (“**the Customer**”) related to the legal proceedings is a famous telecommunication operator in the industry with solid economic strength. APT HK has been assured by the Customer that the alleged trademark infringement is groundless and the Customer has provided a letter issued by Austrian attorneys representing Fashion Austria as support. After considering the allegations of the Plaintiff, the response and the assurance of the Customer and the internal assessment of the matter, the management of the Company is confident that APT HK can successfully defend the legal proceedings.

On the other hand, in the service agreement between APT HK and the Customer for the provision of transponder service, the Customer agreed to indemnify the Group against all claims, losses or damages if such claims, losses or damages result from the use of services furnished pursuant to the agreement and involve any claim based on the content of any transmission arising from any communication. In the unlikely event that the Group suffers any loss or damage due to the legal proceedings, the Group will seek indemnification from the Customer for such loss or damage.

APT HK is currently seeking legal advice on the claims in the Summons and the Complaint, and intends to vigorously defend such claims. The Company is of the view that the above legal proceedings will not affect the normal business and operations of the Group. The Company will keep its shareholders and potential investors informed of any further significant development when appropriate.

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

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

Hong Kong, 29 June 2017

As at the date of this announcement, the directors of the Company are:

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