
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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亞太衛星控股有限公司*
APT SATELLITE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1045)

DISCLOSEABLE AND CONNECTED TRANSACTION

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



VMS Securities Limited

A letter from the Independent Board Committee is set out on page 16 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 34 of this circular.

A notice convening the SGM to be held at 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Monday, 30 November 2015 at 11:00 a.m. is set out on pages 39 to 40 of this circular. Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Letter from the Independent Board Committee	16
Letter from the Independent Financial Adviser	17
Appendix – General Information	35
Notice of the SGM	39

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 17 October 2015;
“APSTAR 6C Satellite”	a DFH-4 series platform having 26 C-band transponders, 19 Ku-band and Ka-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 Latest Practicable Date;
“associate(s)”	the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“CASC”	中國航天科技集團公司(China Aerospace Science & Technology Corporation), 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;
“CGWIC”	China Great Wall Industry Corporation, a company registered under the laws of the PRC and a subsidiary of CASC;
“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;
“Contractor”	China Great Wall Industry (Hong Kong) Corp. Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CGWIC;
“CSCC”	中國衛通集團有限公司(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;

DEFINITIONS

“Deliverable Items”	the APSTAR 6C Satellite and other deliverable items, including but not limited to, the dynamic satellite simulator, satellite control centre and base band subsystem to be delivered by the Contractor under the Satellite Contract;
“Director(s)”	directors of the Company;
“Effective Date”	the date when the approval of the Independent Shareholders of the Satellite Contract and the transactions contemplated thereunder is obtained at the SGM;
“Ground Delivery”	the delivery of APSTAR 6C Satellite on the launch site after pre shipment review for the purpose of Launch;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent board committee of the Company comprising Dr. Lui King Man, Dr. Lam Sek Kong, Mr. Cui Liguu and Dr. Meng Xingguo to advise the Independent Shareholders in respect of the Satellite Contract;
“Independent Financial Adviser”	VMS Securities Limited, being a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities as set out in Schedule 5 to the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Satellite Contract and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than APT International, CASC and their respective associates;
“In-Orbit Delivery”	the handover or transfer by the Contractor to APT (HK) of (i) the title and ownership of the APSTAR 6C Satellite and (ii) the right of control and possession of the APSTAR 6C Satellite which shall take place at the same time of final acceptance of the APSTAR 6C Satellite on the Transfer Date;
“Latest Practicable Date”	5 November 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular;

DEFINITIONS

“Launch”	the point in time during the launch countdown when the engine start command is sent to the Launch Vehicle for the purpose of Launch followed by either (i) physical separation of the Launch Vehicle from the launch pad and the ground support equipment; or (ii) total loss or destruction of the spacecraft and/or the Launch Vehicle;
“Launch Vehicle”	a Long March 3B enhanced version (LM-3BE) launch vehicle by which the APSTAR 6C Satellite is to be launched into space;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Optional Services or Items”	certain optional services or items to be provided at the launch site during launch campaign or in relation to the ground support system or training and logistics as set out in the Satellite Contract;
“PRC”	the People’s Republic of China;
“Satellite Contract”	a contract for the procurement and launch of the APSTAR 6C Satellite dated 17 October 2015 and entered into between APT (HK) and the Contractor in respect of the manufacturing, delivery and launching of the APSTAR 6C Satellite;
“Service Life”	the period of 15 years or 5,475 days from the date of final acceptance of the APSTAR 6C Satellite;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held at 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Monday, 30 November 2015 at 11:00 a.m. to approve the Satellite Contract and the transactions contemplated thereunder, notice of which is set out on pages 39 to 40 of this circular;
“Share(s)”	the share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	the meaning ascribed to it in the Listing Rules;
“Transfer Date”	the date on which the In-Orbit Delivery of the APSTAR 6C Satellite takes place;

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

LETTER FROM THE BOARD



亞太衛星控股有限公司*
APT SATELLITE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1045)

Executive Directors:

Mr. Cheng Guangren (*President*)
Mr. Qi Liang (*Vice President*)

Non-executive Directors:

Mr. Yuan Jie (*Chairman*)
Mr. Lim Toon
Dr. Yin Yen-liang
Mr. Zhuo Chao
Mr. Fu Zhiheng
Mr. Lim Kian Soon
Mr. Tseng Ta-mon (*Alternative Director to Dr. Yin Yen-liang*)

Independent Non-executive Directors:

Dr. Lui King Man
Dr. Lam Sek Kong
Mr. Cui Liguao
Dr. Meng Xingguo

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and

Principal Place of Business:

22 Dai Kwai Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong

9 November 2015

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

BACKGROUND

Reference is made to the Announcement in relation to the Satellite Contract entered into between APT (HK) and the Contractor.

The purpose of this circular is (i) to provide you with details of the Satellite Contract; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Satellite Contract; (iii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Satellite Contract; and (iv) to give the Shareholders the notice of the SGM and other information as required by the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

THE SATELLITE CONTRACT

On 17 October 2015, APT (HK), a wholly-owned subsidiary of the Company, entered into the Satellite Contract with the Contractor in respect of, inter alia, the manufacturing, delivery and launching of the APSTAR 6C Satellite, a DFH-4 series platform having 26 C-band transponders, 19 Ku-band and Ka-band transponders high power geostationary communications satellite. The major terms and conditions of the Satellite Contract are as follows:

Date: 17 October 2015

Parties: (1) APT (HK)
(2) the Contractor

Subject matter:

The Contractor will (a) manufacture, deliver, and launch the APSTAR 6C Satellite to APT (HK) in accordance with the delivery schedule as set out in the Satellite Contract, including, inter alia, (i) the design, manufacture, assembly and testing of the APSTAR 6C Satellite; (ii) the launch of the APSTAR 6C Satellite using the Launch Vehicle at the launch site; (iii) launch and early orbit phase operations and positioning of the APSTAR 6C Satellite at the designated orbital position; (iv) performing in-orbit tests of the APSTAR 6C Satellite at the in-orbit test orbital position and/or designated orbital position; and (v) the delivery, installation and commissioning of the Deliverable Items necessary for the proper operations of the APSTAR 6C Satellite, including the dynamic satellite simulator, base band subsystem and satellite control centre software; (b) online support for in-orbit operations throughout the Service Life of the APSTAR 6C Satellite; (c) on site support; and (d) the procurement of launch and on-orbit insurance for the APSTAR 6C Satellite which commences at the point in time during the launch countdown when the engine start command is sent to the Launch Vehicle for the purpose of Launch until the end of the first year period after the Launch.

The Contractor undertakes to perform the technical interface between the APSTAR 6C Satellite and the designated launch vehicle ensuring full compatibility between the APSTAR 6C Satellite and the designated launch vehicle according to its interface manual.

APT (HK) may also order the Optional Services or Items from the Contractor.

Contract price:

The total contract price (the “**Contract Price**”) for the in-orbit delivery of the APSTAR 6C Satellite and the performance of the services by the Contractor under the Satellite Contract is US\$180,000,000, which shall be payable by APT (HK) to the Contractor in the following schedule:

- (a) the first payment of US\$5,400,000 (being 3% of the Contract Price) to be paid within 7 days from the Effective Date;

LETTER FROM THE BOARD

- (b) US\$158,400,000 to be paid during the satellite construction period upon completion of each applicable milestone up to and including the Launch of the APSTAR 6C Satellite; and
- (c) the remaining amount of US\$16,200,000 within 30 days after the occurrence of the In-Orbit Delivery.

Payment plan for each applicable milestone:

No.	Due Date	Milestones	Payment Amount (US\$)	Cumulative Percentage (%)
1.	Effective Date of the Satellite Contract	Down Payment at the Effective Date	5,400,000	3.0%
2.	5 December 2015	Equipment Qualification Status Review	8,100,000	7.5%
3.	1 March 2016	Preliminary Design Review	8,100,000	12.0%
4.	1 June 2016	4th Payment	8,100,000	16.5%
5.	1 September 2016	Critical Design Review	18,000,000	26.5%
6.	1 December 2016	6th Payment	11,700,000	33.0%
7.	1 March 2017	Start Satellite Assembly Integration & Test	17,100,000	42.5%
8.	1 May 2017	8th Payment	6,300,000	46.0%
9.	1 July 2017	9th Payment	11,700,000	52.5%
10.	1 August 2017	MATING	10,800,000	58.5%
11.	1 November 2017	DYNAMIC TEST	13,500,000	66.0%
12.	1 December 2017	Thermal Vacuum Test	6,300,000	69.5%
13.	1 February 2018	Satellite Pre-Shipment Review	16,200,000	78.5%
14.	15 March 2018	Satellite Launch	22,500,000	91.0%
15.	1 May 2018	In-orbit Acceptance Review	16,200,000	100.0%
		Total:	180,000,000	100.0%

LETTER FROM THE BOARD

In the event that APT (HK) orders any Optional Services or Items under the Satellite Contract, APT (HK) shall pay to the Contractor for the Optional Services or Items in accordance with the price list in the Satellite Contract within 15 days after the delivery of such Optional Services or Items. Any order of the Optional Services or Items will be aggregated to the total contract price under Rules 14.22 and 14A.81 of the Listing Rules, APT (HK) will comply with the Listing Rules requirements, i.e. the publication and shareholders' approval requirements, where necessary.

APT (HK) may make early payment, at its sole discretion, for part or all of the Contract Price. Such early payment shall be derived by discounting at the then prevailing market interest rate to be mutually agreed by the Parties.

The Contractor shall put at risk a total sum of US\$8,000,000 out of the Contract Price as certain performance incentive of the APSTAR 6C Satellite. In the event that the Contractor fails to earn any part of such incentive as determined by reference to the criteria and formulae set out in the Satellite Contract, the Contract Price will be reduced by the amount of the performance incentive not so earned.

Major conditions:

The Satellite Contract is subject to the Independent Shareholders having approved the Satellite Contract and the transactions contemplated thereunder at a special general meeting of the Company. If the approval of the Independent Shareholders is not obtained within 55 days after the signing date of the Satellite Contract, the Satellite Contract shall be deemed terminated, unless otherwise agreed by the parties.

The Contractor shall apply for and seek the approval or ratification of the Launch of the APSTAR 6C Satellite under the Satellite Contract by the relevant PRC governmental authority, 中國國家國防科技工業局 (the State Administration of Science, Technology and Industry for National Defence, PRC), as soon as possible and within 1 year from the date on which the Satellite Contract is entered into between the parties (or such extension as mutually agreed by the parties). The application of launch permit is usually applied by the Contractor several months before the Launch. The Contractor and the Company do not foresee any obstacle or difficulties in obtaining such approval as at the Latest Practicable Date. If the Contractor shall fail to obtain such approval or ratification of the Launch of the APSTAR 6C Satellite under the Satellite Contract within the said period of time, the Contractor shall, within 2 months after such failure, refund to APT (HK) all amounts of the Contract Price received by the Contractor and thereafter the Satellite Contract shall be deemed to be terminated by the parties and without prejudice to other rights and claims accrued to the parties including but not limited to interests prior to the termination of the Satellite Contract.

Delivery:

According to the delivery schedule, the Contractor shall deliver the satellite control centre and base band system on or before 15 January 2018 and the dynamic satellite simulator on or before 15 January 2018. The Contractor shall procure the Ground Delivery and the Launch of the APSTAR 6C Satellite on or before 10 February 2018 and 15 March 2018 respectively and the In-Orbit Delivery of the APSTAR 6C Satellite on or before 1 May 2018.

LETTER FROM THE BOARD

If the APSTAR 6C Satellite is not delivered for Ground Delivery upon the delivery date in accordance with the delivery schedule or such other date as may be adjusted under the Satellite Contract, the Contractor agrees to pay to APT (HK), subject to the following condition, as liquidated damages in the range from US\$50,000 to US\$90,000 for each day of delay progressively within the first 90 days, and US\$120,000 for each day of delay commencing from the 91st day of delay. No liquidated damages payment shall be made by the Contractor to APT (HK) for a delay for the first thirty (30) days or less, but a delay of thirty-one (31) days or more shall result in an aggregate liquidated damages payment based on the total length of the delay.

If the In-Orbit Delivery of the APSTAR 6C Satellite is delayed in excess of the total cumulative days delayed for the Ground Delivery, the Contractor agrees to pay to APT (HK) US\$135,000 as liquidated damages for each excess day of delay.

The maximum liquidated damages for late delivery of the APSTAR 6C Satellite payable by the Contractor to APT (HK) is US\$8,000,000.

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 6C Satellite due to the reason of the Contractor, other than the right to terminate by the Contractor under the Satellite Contract.

Title and risk:

Title and ownership of all Deliverable Items including the APSTAR 6C Satellite together with their respective control and possession shall be transferred from the Contractor to APT (HK) upon the In-Orbit Delivery of the APSTAR 6C Satellite which shall take place at the same time of final acceptance of the APSTAR 6C Satellite on the Transfer Date.

All risks of loss, defect, malfunctioning, failure or damage to all the Deliverable Items including the APSTAR 6C Satellite shall pass from the Contractor to APT (HK) upon the transfer of the title and ownership of the APSTAR 6C Satellite.

Termination:

Termination for convenience

APT (HK) may, before the Launch, by written notice to the Contractor, terminate the Satellite Contract in whole or in part, for its convenience. Upon receipt of a notice of such partial or complete termination before Launch by APT (HK), the Contractor shall take such action as may be necessary, or as APT (HK) may direct, for the protection and preservation of the APSTAR 6C Satellite or other Deliverable Items or any part thereof which is in possession of the Contractor or any subcontractor and in which APT (HK) has or may acquire an interest. In such event, APT (HK) shall pay the termination charges applicable to any portion of the work under the Satellite Contract, being the total direct costs incurred by the Contractor in the performance of the work prior to the termination of the Satellite Contract, including the reasonable costs properly incurred with respect to termination and settlement with vendors and subcontractors as a result of such termination, plus a 6% charges on such costs. The

LETTER FROM THE BOARD

obligations of APT (HK) to pay the above termination charges shall replace APT (HK)'s obligations to pay the Contract Price (or in case of termination in part, the Contract Price for the terminated portion of the Satellite Contract) and any payment of the Contract Price previously paid by APT (HK) shall be treated as payment of the termination charges and the Contractor shall refund any surplus to APT (HK) within 30 days after termination.

APT (HK) shall not have any right to terminate for convenience of the Satellite Contract in whole or in part after Launch.

Termination for default

APT (HK) may, before the Launch, terminate the Satellite Contract in whole or in part by written notice of default if:

- (a) the Contractor fails to deliver the APSTAR 6C Satellite into the designated orbital position on or before 180 days after 1 May 2018 or such other date as may be adjusted under the Satellite Contract;
- (b) the Contractor fails to perform any of its material obligations (including the refusal to deliver the APSTAR 6C Satellite after Launch to APT (HK) other than the total loss or constructive total loss within the meanings as set out in the Satellite Contract, the default of payment of liquidated damages in due time by the Contractor, if any) under the Satellite Contract, and has not rectified 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 approved governmental authorization applied by the Contractor was withheld or cancelled due to the default of the Contractor.

Upon such partial or complete termination before Launch by APT (HK), the Contractor shall, within 2 months reimburse to APT (HK) any amount paid to the Contractor by APT (HK) under the Satellite Contract up to the date of termination less the liquidated damages already paid by the Contractor plus 6% of such amount.

APT (HK) is not entitled to exercise its contract termination rights after the Launch of the APSTAR 6C Satellite except in the event that the Contractor fails to deliver the Satellite to APT (HK) after Launch for any reason other than the total loss or constructive total loss within the meanings as set out in the Satellite Contract, APT (HK) may subject to its sole discretion either to (a) terminate the Satellite Contract due to the default of the Contractor, and the Contractor shall within 2 months reimburse to APT (HK) any amount paid to the Contractor by APT (HK) under the Satellite Contract up to the date of termination less the liquidated damages already paid by the Contractor plus 6% of such amount; or (b) apply to the court for specific performance enforcing the Contractor to deliver the APSTAR 6C Satellite and such other Deliverable Items which have not been delivered by the Contractor to APT (HK).

LETTER FROM THE BOARD

The Contractor will be entitled, 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 45 days after such payment has become due and payable;
- (b) if APT (HK) fails to perform any of its material obligations under the Satellite Contract, and has not rectified such failure within 45 days after receipt from the Contractor of a written notice of such default; or
- (c) APT (HK) 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.

Upon such work stoppage, APT (HK) shall not be entitled to any refund of any amounts paid and any amounts then due to be paid to the Contractor shall continue to be payable by APT (HK), and APT (HK) shall indemnify the Contractor against all reasonable costs and expenses, including such interests, reasonably and 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:

Each party shall indemnify and hold harmless the other party, its officers, employees, agents, assignees or successors or any of them (the “**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 Contract until the transfer of title of the APSTAR 6C Satellite to APT (HK) in accordance with the provisions of the Satellite Contract, except to the extent caused by the gross negligence or wilful misconduct of the Indemnitees who suffered the damage.

After Launch, the Contractor shall indemnify and hold harmless APT (HK) and its 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 Launch and the operation of the APSTAR 6C Satellite, provided that such losses or damages are not caused by gross negligence or wilful misconduct of APT (HK). The third party insurance taken by the Contractor to cover its exposure shall include a waiver of subrogation against APT (HK), its employees and/or representatives and insurance companies.

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 6C Satellite or any other item delivered or used under or in respect of all activities and services to be performed by the Contractor under the Satellite Contract.

LETTER FROM THE BOARD

Guarantee:

The Contractor shall arrange the issuance of a parent company guarantee of up to 100% of the Contract Price by CGWIC, which is the holding company of the Contractor, the supplier and the designated launch agency of the APSTAR 6C Satellite, in favour of APT (HK) within 2 months after the Effective Date, in respect of the due performance by the Contractor of the Satellite Contract including but not limited to the refund of any amount paid by APT (HK) under the Satellite Contract or payment of any indemnity payment or liquidated damage payment under certain circumstances. The obligation of the parent company guarantee shall be valid from the Effective Date up to the expiration of the Service Life of the APSTAR 6C Satellite, or the date on which the Satellite Contract is terminated under the provisions of the Satellite Contract, whichever comes earlier.

Basis of consideration and funding of APSTAR 6C Satellite

The Contract Price and the terms of the Satellite 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 internal resources of the Company and/or bank loan, if necessary.

REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTION

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 APSTAR 6C Satellite is developed and launched by the Group as the replacement Satellite of APSTAR 6, the existing satellite at the designated orbital position. It is an important part of the satellite replacement programme for the Group to develop and launch a new satellite built with the latest advanced technology and versatile footprint coverage to replace the existing satellite in an appropriate and timely manner in order to maintain business continuity of the Group's customers and to enhance its competitive edge in market competition over the region with both conventional and high throughput transponder capacities.

The Directors (including the independent non-executive Directors) believe that the terms of the Satellite Contract are fair and reasonable and in the interests of the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Satellite Contract and the transactions contemplated thereunder.

INFORMATION ON THE COMPANY AND THE PARTIES TO THE SATELLITE CONTRACT

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.

LETTER FROM THE BOARD

The Contractor

The Contractor is a company incorporated in Hong Kong and a wholly-owned subsidiary of CGWIC. The Contractor is specialised in providing design, manufacturing, launch and delivery of satellite system in orbit. CGWIC is a company registered under the laws of PRC and a subsidiary of CASC. CGWIC provides launch and associated services utilizing launch vehicles of the Long March series at the Xichang Satellite Launch Center in PRC to government and private entities.

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 IMPLICATIONS

As the applicable percentage ratios in respect of the transactions contemplated under the Satellite Contract exceed 5% but are less than 25%, the Satellite Contract and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Furthermore, 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 Latest Practicable Date. In addition to the shareholding held by APT International, CASC and its associates (including the Contractor) are also interested in an aggregate of another approximately 2.90% of the issued share capital of the Company as at the Latest Practicable Date. The Contractor, being an indirectly-owned subsidiary of CASC, is therefore a connected person of the Company. Accordingly, the Satellite Contract and the transactions contemplated thereunder also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The applicable percentage ratios in respect of the transactions contemplated under the Satellite Contract are less than 25% but the consideration is more than HK\$10,000,000. As such, the Satellite Contract and the transactions contemplated thereunder are subject to Independent Shareholders' approval at the SGM. APT International, CASC and their associates will be required to abstain from voting at the SGM in respect of the resolution approving the Satellite Contract and the transactions contemplated thereunder. As at the Latest Practicable Date, APT International, CASC and their respective associates were interested in, controlled and were entitled to exercise control over 508,950,000 Shares, representing approximately 54.57% of the issued share capital of the Company.

LETTER FROM THE BOARD

As (i) Mr. Fu Zhiheng, a non-executive Director, is also concurrently the vice-president of CGWIC; (ii) Mr. Yuan Jie, a non-executive Director and the Chairman of the Company, is also concurrently a Vice President of CASC; (iii) Mr. Cheng Guangren, an executive Director and the President of the Company, is also concurrently the non-executive director of CSCC; (iv) Mr. Qi Liang, an executive Director, is also concurrently the deputy chief accountant for CSCC; and (v) Mr. Zhuo Chao, a non-executive Director, is also concurrently a director and general manager of CSCC; they have abstained from voting on the relevant board resolution(s) for approving the Satellite 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 Satellite Contract and the transactions contemplated and none of them is required to abstain from voting on the relevant board resolutions.

SGM

There is set out on pages 39 to 40 of this circular a notice convening the SGM to be held at 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Monday, 30 November 2015 at 11:00 a.m. at which an ordinary resolution will be proposed for the approval by the Independent Shareholders by poll the Satellite Contract and the transactions contemplated thereunder.

Whether or not you are able to attend the SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than forty-eight (48) hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

In compliance with the Listing Rules, the votes to be taken at the SGM in respect of Satellite Contract and the transactions contemplated thereunder will be taken by poll, the results of which will be announced after the SGM.

Under the bye-laws of the Company, a poll can be demanded at the SGM by:–

- (a) the chairman of the SGM; or
- (b) at least three members present in person (or in the case of a member being a corporation, by its duly authorized corporate representative) or by proxy for the time being entitled to vote at the SGM; or
- (c) a member or members present in person (or in the case of a member being a corporation, by its duly authorized corporate representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the SGM; or
- (d) a member or members present in person (or in the case of a member being a corporation, by its duly authorized corporate representative) or by proxy and holding shares in the Company conferring a right to vote at the SGM being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

LETTER FROM THE BOARD

The Company will procure the chairman of the SGM to demand for voting on poll and Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that (i) the Satellite Contract and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned and; (ii) the Satellite Contract has been made on normal commercial terms and in the ordinary and usual course of business of the Company. The Independent Board Committee therefore recommends the Independent Shareholders to vote in favour of the resolution to be proposed in the SGM to approve the Satellite Contract and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser which are respectively set out on pages 16 and 17 to 34 of this circular. Additional information is also set out in the appendices of this circular for your information.

By Order of the Board
APT Satellite Holdings Limited
Yuan Jie
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



亞太衛星控股有限公司*
APT SATELLITE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1045)

9 November 2015

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular dated 9 November 2015 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Satellite Contract and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the same. The Independent Financial Adviser, VMS Securities Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 15 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of Satellite Contract and the transactions contemplated thereunder as set out on pages 17 to 34 of the Circular.

Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in its letter of advice, we concur with the views of the Independent Financial Adviser and consider that (i) the Satellite Contract and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Satellite Contract has been made on normal commercial terms and in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed in the SGM to approve the Satellite Contract and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of
APT Satellite Holdings Limited
Independent Board Committee

Lui King Man <i>Independent</i> <i>Non-Executive Director</i>	Lam Sek Kong <i>Independent</i> <i>Non-Executive Director</i>	Cui Ligu <i>Independent</i> <i>Non-Executive Director</i>	Meng Xingguo <i>Independent</i> <i>Non-Executive Director</i>
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* For identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from VMS to the Independent Board Committee and the Independent Shareholders prepared for the purpose of incorporation in this circular.



VMS Securities Limited
49/F, One Exchange Square
8 Connaught Place, Central, HK
香港中環康樂廣場8號交易廣場1期49樓
Tel/電話: (852) 2996 2161
Fax/傳真: (852) 2996 2102

9 November 2015

*To: the Independent Board Committee and
the Independent Shareholders of APT Satellite Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE SATELLITE CONTRACT

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Satellite Contract, details of which are set out in the letter from the Board of Directors (the “**Letter from the Board**”) contained in the circular dated 9 November 2015 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meaning in this letter.

On 17 October 2015, the Company announced that APT (HK), a wholly-owned subsidiary of the Company, entered into the Satellite Contract with the Contractor pursuant to which the Contractor shall provide APT (HK) the services of manufacturing, delivery, testing and launching of the APSTAR 6C Satellite, a DFH-4 series platform having 26 C-band (28.4 x 36 MHz equivalent), 18 Ku-band (21.4 x 36 MHz equivalent) and 1 Ka-band (6.9 x 36 MHz equivalent) transponders high power geostationary communications satellite, in accordance with the delivery schedule as set out in the Satellite Contract at an agreed Contract Price of US\$180,000,000. The Company may, before the Launch, terminate the Satellite Contract in whole or in part at its convenience or for default by written notice to the Contractor.

As the applicable percentage ratios in respect of the transactions contemplated under the Satellite Contract exceed 5% but are less than 25%, the Satellite Contract and the transactions contemplated thereunder constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, 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 Latest Practicable Date. In addition to the shareholding held by APT International, CASC and its associates (including the Contractor) are also interested in an aggregate of another approximately 2.90% of the issued share capital of the Company as at the Latest Practicable Date. The Contractor, being an indirectly-owned subsidiary of CASC, is therefore a connected person of the Company. Accordingly, the Satellite Contract and the transactions contemplated thereunder also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

The applicable percentage ratios in respect of the transactions contemplated under the Satellite Contract are less than 25% but the consideration is more than HK\$10,000,000. As such, the Satellite Contract and the transactions contemplated thereunder are subject to shareholders' approval at a special general meeting of the Company. Any shareholders who has a material interest in the Satellite Contract and the transactions contemplated thereunder must abstain from voting on the relevant resolution. In this regard, APT International, CASC and their associates will be required to abstain from voting in respect of the resolution approving the Satellite Contract and the transactions contemplated thereunder.

We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the transactions contemplated under the Satellite Contract 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; and (ii) how the Independent Shareholders should vote in respect of the resolution to approve the Satellite Contract.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of thirteen Directors, with Mr. Cheng Guangren (President) and Mr. Qi Liang (Vice President) as executive Directors; Mr. Yuan Jie (Chairman), Mr. Lim Toon, Dr. Yin Yen-liang, Mr. Zhuo Chao, Mr. Fu Zhiheng, Mr. Lim Kian Soon and Mr. Tseng Ta-mon (Alternate Director to Dr. Yin Yen-liang) as non-executive Directors; and Dr. Lui King Man, Dr. Lam Sek Kong, Mr. Cui Ligu and Dr. Meng Xingguo as independent non-executive Directors.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Dr. Lui King Man, Dr. Lam Sek Kong, Mr. Cui Ligu and Dr. Meng Xingguo, has been established to advise the Independent Shareholders, and VMS has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether, the Satellite Contract was entered into on normal commercial terms, and the terms and conditions thereof are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

III. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our opinion, we have relied solely upon the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff (the “Management”) and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the Latest Practicable Date. We have assumed that all the opinions and representations made or provided by the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or the Management and/or the Directors or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

1. Background information on the Group

The Group is principally engaged in the maintenance, operation, provision of satellite transponder capacity and related services; satellite-based broadcasting and telecommunications services; and other services. Set out below is a summary of the published financial results of the Group for each of the three years ended 31 December 2012, 2013 and 2014 which are extracted from the Company’s annual reports for 2012, 2013 and 2014, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Consolidated Income Statements

(Amount in HK\$'000)	For the year ended 31 December		
	2012	2013	2014
	(Audited)	(Audited)	(Audited)
Turnover	900,611	1,138,055	1,247,518
Cost of services	(372,363)	(408,075)	(467,690)
	528,248	729,980	779,828
Gross profit	528,248	729,980	779,828
Other net income	25,515	43,119	27,681
Administrative expenses	(114,779)	(133,578)	(118,377)
Valuation gains on investment property	896	1,568	391
	439,880	641,089	689,523
Profit from operations	439,880	641,089	689,523
Fair value changes on financial instrument designated at fair value through profit or loss	(34,211)	34,470	(45,595)
Finance costs	(21,250)	(27,928)	(25,139)
	384,419	647,631	618,789
Profit before taxation	384,419	647,631	618,789
Income tax	(29,984)	(102,160)	(110,744)
	354,435	545,471	508,045
Profit for the year	354,435	545,471	508,045

Consolidated Balance Sheets

(Amount in HK\$'000)	As at 31 December		
	2012	2013	2014
	(Audited)	(Audited)	(Audited)
Non-current assets	4,125,925	3,788,385	4,246,538
Current assets	902,023	1,757,926	2,317,719
	5,027,948	5,546,311	6,564,257
Total assets	5,027,948	5,546,311	6,564,257
Current liabilities	(175,578)	(332,886)	(1,084,999)
Non-current liabilities	(1,765,795)	(1,637,042)	(1,469,756)
	3,086,575	3,576,383	4,009,502
Net assets	3,086,575	3,576,383	4,009,502

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As noted in the table above, the Group recorded revenue, primarily derived from the provision of satellite transponder capacity and related services, of approximately HK\$1,247.5 million for the year ended 31 December 2014, which represents an increase of approximately 9.6% from approximately HK\$1,138.1 million for the year ended 31 December 2013. Furthermore, profit for the year ended 31 December 2014 decreased by approximately 6.9% from approximately HK\$545.5 million in 2013 to approximately HK\$508.0 million for the year ended 31 December 2014. As mentioned in the annual report of the Company for the year ended 31 December 2014, the increases in revenue was mainly due to the income generating from the new utilisation contracts on APSTAR 9A, which entered commercial service in 2014 while the decrease in the profit for the year was mainly due to losses on changes in fair value of financial instruments. If the fair value loss is excluded, the net profit generating from core business increased by 8.3% as comparing to year of 2013.

In addition, the consolidated net assets of the Group increased by approximately 12.1% from approximately HK\$3,576.4 million as at 31 December 2013 to approximately HK\$4,009.5 million as at 31 December 2014. The gearing ratio (total liabilities over total assets) remained fairly stable in the last three years where it increased to 38.9% as at 31 December 2014 from 35.5% as at 31 December 2013. It was 38.6% as at 31 December 2012.

2. *Principal terms of the Satellite Contract*

Set out below is a summary of the principal terms of the Satellite Contract:

Date	:	17 October 2015
Parties	:	(1) APT (HK); and (2) the Contractor
Subject matter	:	The Contractor will (a) manufacture, deliver, and launch the APSTAR 6C Satellite to APT (HK) in accordance with the delivery schedule as set out in the Satellite Contract, including, inter alia, (i) the design, manufacture, assembly and testing of the APSTAR 6C Satellite; (ii) the launch of the APSTAR 6C Satellite using the Launch Vehicle at the launch site; (iii) launch and early orbit phase operations and positioning of the APSTAR 6C Satellite at the designated orbital position; (iv) performing in-orbit tests of the APSTAR 6C Satellite at the in-orbit test orbital position and/or designated orbital position; and (v) the delivery, installation and commissioning of the Deliverable Items necessary for the proper operations of the APSTAR 6C Satellite, including the dynamic satellite simulator, base band subsystem and satellite control centre software; (b) online support for in-orbit operations throughout the Service Life of the APSTAR 6C Satellite; (c) on site support; and (d) the procurement of launch and on-orbit insurance for the APSTAR 6C Satellite which commences at the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

point in time during the launch countdown when the engine start command is sent to the Launch Vehicle for the purpose of Launch until the end of the first year period after the Launch.

The Contractor undertakes to perform the technical interface between the APSTAR 6C Satellite and the designated launch vehicle ensuring full compatibility between the APSTAR 6C Satellite and the designated launch vehicle according to its interface manual.

APT (HK) may also order the Optional Services or Items from the Contractor.

Contract price : The Contract Price for the in-orbit delivery of the APSTAR 6C Satellite and the performance of the services by the Contractor (the “**In-Orbit Delivery Services**”) is US\$180,000,000.

Payment terms : *For Contract Price*

The Contract Price of US\$180,000,000 shall be payable in the following schedule:

- (a) the first payment of US\$5,400,000 (being 3% of the Contract Price) to be paid within 7 days from the Effective Date;
- (b) US\$158,400,000 to be paid during the satellite construction period upon completion of each application milestone up to and including the Launch of the APSTAR 6C Satellite; and
- (c) The remaining amount of US\$16,200,000 within 30 days after the occurrence of the In-Orbit Delivery.

APT (HK) may make early payment, at its sole discretion, for part or all of the Contract Price. Such early payment shall be derived by discounting at the then prevailing market interest rate to be mutually agreed by the parties.

The Contractor shall put at risk a total sum of US\$8,000,000 (the “**Performance Incentive**”) out of the Contract Price as certain performance incentive of the APSTAR 6C Satellite. In the event that the Contractor fails to earn any part of such incentive as determined by reference to the criteria and formulae set out in the Satellite Contract, the Contract Price will be reduced by the amount of the performance incentive not so earned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For Optional Services or Items

In the event that APT (HK) orders any Optional Services or Items under the Satellite Contract, APT (HK) shall pay to the Contractor for the Optional Services or Items in accordance with the price list in the Satellite Contract within 15 days after the delivery of such Optional Services or Items. Any order of the Optional Services or Items will be aggregated to the total contract price under Rules 14.22 and 14A.81 of the Listing Rules, APT (HK) will comply with the Listing Rules requirements, i.e. the publication and shareholders' approval requirements, where necessary.

Major conditions : The approval of the Satellite Contract and the transactions contemplated thereunder by Independent Shareholders in a special general meeting of the Company but within 55 days after the signing date of the Satellite Contract, or the Satellite Contract shall be deemed terminated.

The Contractor shall apply for and seek the approval or ratification of the Launch of the APSTAR 6C Satellite under the Satellite Contract by the relevant PRC governmental authority, 中國國家國防科技工業局 (the State Administration of Science, Technology and Industry for National Defence, PRC), as soon as possible and within 1 year from the date on which the Satellite Contract is entered into between the parties (or such extension as mutually agreed by the parties). The application of launch permit is usually applied by the Contractor several months before the Launch. The Contractor and the Company do not foresee any obstacle or difficulties in obtaining such approval as at the Latest Practicable Date. If the Contractor shall fail to obtain such approval or ratification of the Launch of the APSTAR 6C Satellite under the Satellite Contract within the said period of time, the Contractor shall, within 2 months after such failure, refund to APT (HK) all amounts of the Contract Price received by the Contractor and thereafter the Satellite Contract shall be deemed to be terminated by the parties and without prejudice to other rights and claims accrued to the parties including but not limited to interests prior to the termination of the Satellite Contract.

Delivery : According to the delivery schedule, the Contractor shall deliver the satellite control centre and base band system on or before 15 January 2018 and the dynamic satellite simulator on or before 15 January 2018. The Contractor shall procure the Ground Delivery and the Launch of the APSTAR 6C Satellite on or before 10 February 2018 and 15 March 2018 respectively and the In-Orbit Delivery of the APSTAR 6C Satellite on or before 1 May 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Liquidation Damages

If the APSTAR 6C Satellite is not delivered for Ground Delivery upon the delivery date in accordance with the delivery schedule or such other date as may be adjusted under the Satellite Contract, the Contractor agrees to pay to APT (HK) as liquidated damages in the range from US\$50,000 to US\$90,000 for each day of delay progressively within the first 90 days, and US\$120,000 for each day of delay commencing from the 91st day of delay. No liquidated damages payments shall be made by the Contractor to APT (HK) for a delay for the first thirty (30) days or less, but a delay of thirty-one (31) days or more shall result in an aggregate liquidated damages payment based on the total length of the delay.

If the In-Orbit Delivery of the APSTAR 6C Satellite is delayed in excess of the total cumulative days delayed for the Ground Delivery, the Contractor agrees to pay to APT (HK) US\$135,000 as liquidated damages for each excess day of delay.

The maximum liquidated damages for late delivery of the APSTAR 6C Satellite payable by the Contractor to APT (HK) is US\$8,000,000.

Guarantee : The Contractor shall arrange the issuance of a parent company guarantee of up to 100% of the Contract Price (the “Guarantee”) by CGWIC, which is the holding company of the Contractor, the supplier and the designated launch agency of the APSTAR 6C Satellite, in favour of APT (HK) within 2 months after the Effective Date, in respect of the due performance by the Contractor of the Satellite Contract including but not limited to the refund of any amount paid by APT (HK) under the Satellite Contract or payment of any indemnity payment or liquidated damage payment under certain circumstances. The Guarantee shall be valid from the Effective Date up to the expiration of the Service Life of the APSTAR 6C Satellite, or the date on which the Satellite Contract is terminated under the provisions of the Satellite Contract, whichever earlier.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Other principal terms : *Title and risk*
and conditions

Title and ownership of all Deliverable Items including the APSTAR 6C Satellite together with their respective control and possession, among others, shall be transferred from the Contractor to APT (HK) upon the In-Orbit Delivery of the APSTAR 6C Satellite which shall take place at the same time of final acceptance of the APSTAR 6C Satellite on the Transfer Date.

All risks of loss, defect, malfunctioning, failure or damage to all the Deliverable Items including the APSTAR 6C Satellite shall pass from the Contractor to APT (HK) upon the transfer of the title and ownership of the APSTAR 6C Satellite.

Termination

i) Termination for convenience

APT (HK) may, before the Launch (but not after the Launch), by written notice to the Contractor, terminate the Satellite Contract in whole or in part, for its convenience. The Contractor shall take such action as may be necessary or as APT (HK) may direct for the protection and preservation of the APSTAR 6C Satellite or other Deliverable Items or any part thereof which is in possession of the Contractor or any subcontractor and in which APT (HK) has or may acquire an interest, in which APT (HK) shall pay the termination charges applicable to any portion of the work under the Satellite Contract plus a 6% charges on such. The obligations of APT (HK) to pay the above termination charges shall replace APT (HK)'s obligations to pay the Contract Price (or in case of termination in part, the Contract Price for the terminated portion of the Satellite Contract) and any payment of the Contract Price previously paid by APT (HK) shall be treated as payment of the termination charges and the Contractor shall refund any surplus to APT (HK) within 30 days after termination.

ii) Termination for default

APT (HK) may, before the Launch, terminate the Satellite Contract in whole or in part by written notice of default in the events that the Contractor defaults as described under the section "Termination for default" in the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Upon such partial or complete termination before Launch by APT (HK), the Contractor shall, within 2 months, reimburse to APT (HK) any amount paid to the Contractor by APT (HK) under the Satellite Contract up to the date of termination less the liquidated damages already paid by the Contractor plus 6% of such amount.

After the Launch of the APSTAR 6C Satellite, APT (HK) is not entitled to exercise its contract termination rights except in the event that the Contractor fails to deliver the Satellite to APT (HK) for any reason other than the total loss or constructive total loss within the meanings as set out in the Satellite Contract. In this event, APT (HK) may subject to its sole discretion either to a) terminate the Satellite Contract, to which the Contractor shall make an reimbursement to APT (HK) in a manner as abovementioned; or b) apply to the court for specific performance enforcing the Contractor to deliver the APSTAR 6C Satellite and such other Deliverable Items which have not been delivered by the Contractor to APT (HK).

In the events that APT (HK) defaults as described in the section "Termination for default" in the Letter from the Board, the Contractor will be entitled, after providing written notice to APT (HK), to stop all or part of the work, upon which APT (HK) shall not be entitled to any refund of any amounts paid and any amounts then due to be paid to the Contractor shall continue to be payable by APT (HK) and APT (HK) shall indemnify the Contractor against all reasonable costs and expenses.

For further details of the terms and conditions of the Satellite Contract, please refer to the section headed "The Satellite Contract" in the Letter from the Board.

3. *Analysis of the principal terms of the Satellite Contract*

We have reviewed the terms under the Satellite Contract and set out hereafter, our analysis of the principal terms of the Satellite Contract.

Contract Price:

Pursuant to the Satellite Contract, the total contract price is US\$180,000,000 for the In-Orbit Delivery Services.

We note that the Performance Incentive of US\$8,000,000 is part of the Contract Price and deductible from the Contract Price in case the Contractor fails to earn any part of such incentive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, we note from the Management that the Contract Price for the In-Orbit Delivery Services includes the standard costs, namely i) the satellite costs, ii) launch services and iii) other associated costs including insurance premiums associated with the In-Orbit Delivery Services (the “**Insurance Premiums**”).

We also note from the Management that the Insurance Premiums for APSTAR 6C, being integral parts of the Contract Price, cannot be individually identified but can be made reference to the market price which is approximately 8% of the contract price.

Taking 8% of the contract price as the market insurance premiums, we derive the implied Contract Price net of Insurance Premiums (the “**Standard Cost**”) of US\$165,600,000. The Standard Cost which approximates the sum of satellite costs and launch service cost will be used as the basis for the following comparison purpose.

We have sought for similar recent transactions from other listed companies on the main board of the Stock Exchange that are engaged in the similar principal activities in the similar geography as the Company or similar recent transactions that are publicly available. In this connection, we have found an exhaustive list of three similar satellite transactions between 2010 and the Latest Practicable Date, namely, Asiasat 6, 7 and 8 satellites (the “**Market Comparables**”), announced by Asia Satellite Telecommunications Holdings Limited (the “**AST**”). AST is listed on the main board of the Stock Exchange with the stock code of 1135 and principally engaged in the operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunications, provision of broadband access services, provision of direct-to-home satellite television service primarily in Asia Pacific Region.

We summarise the comparison of the Market Comparables with the APSTAR 6C Satellite in the following:

Satellites	Date of Launch Service Announcement	C-band	Ku-band	Ka-band	Aggregate no. of transponders	Satellite Costs <i>(US\$ million, approximately)</i>	Launch Service <i>(US\$ million, approximately)</i>	Satellite	Satellite
								costs+ Launch Service <i>(US\$ million, approximately)</i>	costs+ Launch Service per transponders <i>(US\$ million, approximately)</i>
Asiasat 6 (120°E)	8 February 2012	28 @ 36 MHz <i>Note (1)</i>	- <i>Note (2)</i>	- <i>Note (3)</i>	28 <i>Note (4)</i>	114.5 <i>Note (5)</i>	52.2 <i>Note (5)</i>	166.7 <i>Note (5)</i>	6.0
Asiasat 7 (105.5°E)	5 October 2010	28 @ 36 MHz	17 @ 54 MHz	1 regional beam	55	98.4	101.0	199.4	3.6
Asiasat 8 (105.5°E)	8 February 2012	-	24 @ 54 MHz	1 regional beam	34	118.5	52.2	170.7	5.0
APSTAR 6C Satellite (134.0°E)	17 October 2015	28.4 @ 36 MHz	14.25 @ 54 MHz	1 regional beam <i>Note (6)</i>	49.6			165.6	3.3

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) C-band: in satellite communications (fixed satellite services), is used to refer to downlink frequencies between 3.4 GHz and 4.2 GHz and uplink frequencies between 5.85 GHz and 7.075 GHz. Often referred to as 4/6 GHz.
- (2) Ku-band: in satellite communications (fixed satellite services), is used to refer to downlink frequencies between 10.7 GHz and 12.75 GHz and uplink frequencies between 13.75 GHz and 14.8 GHz. Often referred to as 11/14 or 12/14 GHz.
- (3) Ka-band: in satellite communication (fixed satellite services), is used to refer to downlink frequencies between 18.6 GHz and 21.2 GHz and uplink frequencies between 27 GHz and 31 GHz. Often referred to as 20/30 GHz. A Ka regional beam for Asiasat 6 and Asiasat 7 stand for 10 transponders whereas for APSTAR 6C Satellite, it stands for 6.9 transponders.
- (4) Aggregate number of transponders is calculated as the sum of C-band, Ku-band and Ka-band transponders.
- (5) The satellite costs and the launch service for the Market Comparables included the other costs associated with the contracts but without Issuance Premium, i.e. comparable with the Standard Cost of APSTAR 6C Satellite.
- (6) APSTAR 6C contains 28.4 C-band 36 MHz transponder, 14.3 Ku-band 54 MHz transponder and one regional beam of Ka-band transponders which include 250 MHz bandwidth for revenue generating purpose (equivalent to 6.9 units of 36 MHz equivalent transponders), which are estimated at the end of life capacities.

We note that the Standard Cost per transponder for the APSTAR 6C Satellite of US\$3.3 million is lower than the lowest cost for the Market Comparables of approximately US\$3.6 million. Therefore, it is favorable to the Company.

We understand from the Management that it is the industry practice to calculate the performance incentive as a percentage of the respective satellite costs and related service costs (i.e. low earth orbit operation, training and etc.), rather than a percentage of the respective full project prices (including the satellite costs, launch services, insurance and other relevant costs). In this regards, we understand from the Management that Performance Incentive of US\$8,000,000 is approximately 8% of the satellite and related costs of the APSTAR 6C Satellite. As such, we compare and summarise the findings of the Performance Incentive with that of the Market Comparables and the other four DFH-4 series projects (the “**Other DFH-4 Projects**”) involving in-orbit delivery supplied by CGWIC (the parent company of the Contractor) to independent third parties with launch dates between 2008 and 2013 provided by the Management in the table below:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Satellite	Configurates (no. of transponders)	In-Orbit Delivery <i>Note (1)</i>	Performance Incentive as % of the respective satellite and related service costs (approximately)
Asiasat 6 (120°E)	28	No	10%
Asiasat 7 (105.5°E)	55	No	10%
Asiasat 8 (105.5°E)	34	No	10%
The Other DFH-4 Projects <i>Note (2)</i>	28 – 30	Yes	5 % – 8%
APSTAR 6C Satellite (134.0°E)	49.6	Yes	8%

Notes:

- (1) In-orbit delivery is one of the two common types of satellite contracts in the market (the other one being on-ground delivery), and is referred to the projects that the satellite operator procures a satellite from the satellite vendor (or satellite manufacturer) who will act as the main contractor to design, manufacture, deliver and launch the satellite which will be transferred to the satellite operator after the completion of the in-orbit test or upon the occurrence of in-orbit acceptance review in the designated orbital slot instead of the intentional ignition. As such, the satellite vendor will take care of the launch and the launch insurance and assume the responsibility or liability for the mating between satellite and launch vehicle and, most importantly, the risk of the launch process because the satellite risk will not be transferred to the customer until in-orbit delivery.
- In contrast, on-ground delivery is referred to the projects that the satellite operator procures a satellite directly from a satellite manufacturer on a contract and separately signs a satellite launch service contract with a satellite launch provider who provides the launch service for the satellite at the launch site. As such, the satellite operator will need to take care about the mating between the satellite and the launch vehicle inside the fairing and assume the responsibility to take out the launch insurance and liability to cover the risk of the loss and damage of the satellite due to the launch process which will be transferred to the satellite operator upon the point of the intentional ignition during the launch.
- (2) For the Other DFH-4 Projects, the number of transponders and the performance incentive as percentage of the respective satellite costs are referred to the range of transponders of the projects and percentages given by CGWIC to the customers, respectively.

We note from the above that the Performance Incentive as a percentage of the satellite and other service costs of the APSTAR 6C Satellite received by APT (HK) is in line with that entitled by the Market Comparables satellite which are not on in-orbit delivery contracts and within the range of the percentage for the Other DFH-4 Projects which are on in-orbit delivery contracts.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In terms of the payment terms, we understand from the Management that APT (HK) shall pay 91% of the Contract Price prior to the In-Orbit Delivery which is comparable with the relevant arrangements of the Other DFH-14 Projects which 90% of the contract price were collected prior to the respective in-orbit delivery. In addition, the full payment to be collected upon the In-Orbit Delivery is consistent with the relevant arrangement of the Other DFH-4 Projects.

In light of the above, we concur with the Management's view that the payment terms are comparable with the relevant arrangement of the Other DFH-4 Projects and in favour to the Company.

Optional Services or Items

In addition, the Contractor has also agreed to provide the Optional Services or Items subject to the sole discretion of the Company whereby the amount shall be known to and confirmed by the Company before the incurrence. We understand from the Management that the Optional Services or Items, mainly related to the campaign, ground support system, logistics and training, are standard arrangement and practices with the Contractor in relation to the launch of satellite and consistent with the market practice as set out in the exhibit of the Satellite Contract.

Based on the above, we are of the view that the Contract Price for the Satellite Contract is fair and reasonable so far as the Independent Shareholders are concerned and of the interest of the Company and the Shareholders as a whole.

Delivery

Pursuant to the Satellite Contract, APT (HK) is entitled to the liquidation damages compensated by the Contractor for the delay of the Ground Delivery and In-Orbit Delivery at the agreed rates on a daily basis with maximum amount of US\$8,000,000.

Based on our discussion with the Management, we understand and concur with the Management's view that the terms are designed to ensure the timely delivery of the APSTAR 6C Satellite and sufficient to cover the expected financial losses of APT (HK), hence, on normal commercial term, fair and reasonable so far as the Independent Shareholders are concerned.

Guarantee

Pursuant to the Satellite Contract, the Contractor shall arrange the Guarantee by CGWIC in favour of APT (HK) in respect of the due performance by the Contractor of the Satellite Contract, including relevant refund, indemnity or liquidated damage payments with a validity from the Effective Date up to the expiration of the Service Life of the APSTAR 6C Satellite or the date on which the Satellite Contract is terminated under the provisions of the Satellite Contract, whichever earlier.

We note from the Management that the Guarantee from CGWIC is an additional security to the Company and the duration of the Guarantee covers the foreseeable financial exposure of APT (HK) to the Contractor. Hence, it is considered in favour of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Other principal terms and conditions:

Pursuant to the Satellite Contract, the title and ownership of all Deliverable Items including the APSTAR 6C Satellite together with their respective control and possession, among others, shall be transferred from the Contractor to APT (HK) upon the In-Orbit Delivery of the APSTAR 6C Satellite at the same time of final acceptance of the APSTAR 6C Satellite.

Furthermore, APT (HK) could terminate the Satellite Contract in whole or in part at its discretion i) for its convenience before but not after the Launch, retaining the equitable right to acquire the APSTAR 6C Satellite or other Deliverable Items or any part thereof in possession of the Contractor or any subcontractor for the relevant protection and preservation while incurring the termination charges applicable to any portion of the work under the Satellite Contract, being the total direct costs incurred by the Contractor in the performance of the work prior to the termination of the Satellite Contract plus a 6% charges on such costs; and ii) for defaults caused by the Contractor before the Launch or after the Launch in the event that the Contractor fails to deliver the Satellite to APT (HK) for any reason other than the total loss or constructive total loss within the meanings as set out in the Satellite Contract, entitling to the reimbursement for any amount paid to the Contractor by APT (HK) under the Satellite Contract up to the date of termination less the liquidated damages already paid by the Contractor plus 6% of such amount. The above provisions would help the Company to secure its entitlement and control to the APSTAR 6C Satellite and limit the risk and financial exposure in exchange for the payment made.

We note that the abovementioned provisions are similar to those relevant terms under the relevant contracts in connection to APSTAR 7 satellite as published in the circular of the Company dated 19 October 2009 and APSTAR 7B satellite as published in the circular of the Company dated 17 May 2010. As advised by the Management, both of them are the latest purchases of the satellites from independent third parties comparable to APSTAR 6C Satellite. The Management has also advised the event that the Company would terminate the Satellite Contract for convenience immediately prior to the Launch is highly unlikely as the satellite would only be able to generate revenues upon the In-Orbit Delivery. Hence, to the extent that these termination options provide the Company with flexibility and assured entitlement to the APSTAR 6C Satellite in the events of termination set out in the Satellite Contract for whatever reason, we concur with the Directors' view that the abovementioned provisions are in the interest of the Company and the Shareholder as a whole.

Having considered the principal terms under the Satellite Contract, we concur with the Director's view that the terms of the Satellite Contract are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Reasons and benefits for entering into the Satellite Contract

As stated in the Letter from the Board, the APSTAR 6C Satellite is developed and launched by the Group as the replacement Satellite of APSTAR 6, the existing satellite operated by the Group at the designated orbital position. It is an important part of the satellite replacement program for the Group to develop and launch a new satellite built with the latest advanced technology and versatile footprint coverage to replace the existing satellite in an appropriate and timely manner in order to maintain business continuity of the Group's customers and to enhance its competitive edge in market competition over the region with both conventional and high throughput transponder capacities.

As at the Latest Practicable Date, the Company operates in-orbit satellites, namely, APSTAR 5, APSTAR 6, APSTAR 7 and APSTAR 9A (to be replaced by APSTAR 9) which contains C-band transponders and Ku-band transponders. As advised by the Management, APSTAR 6C not only contains C-band and Ku-band transponders but also Ka-band transponders which covers a higher frequency band and allows higher bandwidth communication. In recent years, owing to the explosion in video distribution, direct-to-home and Internet based applications, the lower Ku-band and C-band frequency capacity has filled up in most of the geosynchronous orbital slots. As a result, the demands for higher throughput satellite capacity has substantially increased. Utilizing Ka-band in satellite communications is a relatively new concept and has become the band of choice for many satellite operator due to its increasing capacity availability and its applicability for broadband services. APSTAR 6C will provide additional Ku-band transponders capacity compared with APSTAR 6 which its existing Ku-band capacity is fully utilized. Also, APSTAR 6C is the first satellite of the Group to contain Ka-band transponders to start up its Ka-band coverage which help to prepare the Group's new service in Ka-band for future high throughput satellite services so as to maintain the Group's competitive edge in the market and expands its customer base.

APSTAR 6 is positioned at 134 degrees East geostationary orbital slot, with footprints covering Asia, Australia, New Zealand, Pacific Islands and Hawaii, as well as PRC, India, Taiwan and Hong Kong. As at 31 December 2014 and 30 June 2015, the utilisation rate was 85.6% and 80.8% respectively. The revenue generated by APSTAR 6 was approximately HK\$420,858,000 (or accounted for about 34% of the Group's total revenue) for the year ended 31 December 2014 and HK\$195,885,000 (or accounted for about 33% of the Group's total revenue) for the 6-month ended 30 June 2015. As advised by the Management, it is expected that the In-Orbit Delivery of APSTAR 6C will be on or before 1 May 2018 which will have sufficient time to replace the APSTAR 6 retiring in 2021. As such, in order to maintain the geographical coverage and take up the customer base of APSTAR 6, the Company entered the Satellite Contract and launched Satellite 6C to replace the APSTAR 6.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have also taken into account the credential of the Contractor. The Contractor, specializes in providing design, manufacturing, launch and delivery of satellite system in orbit, is the sole organization authorized by the PRC government to provide satellite in-orbit delivery services, commercial launch services and aerospace technology applications. According to the Directors' information, the worldwide fleet of expendable launch vehicles which are available for commercial launch of medium and heavy payloads into space is limited to a small number of providers. The Contractor has long term successful co-operation experience with the Company and an excellent track record in in-orbit delivery services, having successfully delivered ten other DFH-4 satellite projects (including the Other DFH-4 Projects which are on commercial contracts and the other five projects which are on non-commercial contracts) prior to the APSTAR 6C Satellite. As such, given the reliability of the in-orbit delivery services provided by the Contractor and its experience in co-operation with the Company and satellite contractors, particularly in all relevant technical aspects in relation to the launch of the Group's satellites, the Board considers that it is in the interests of the Company to utilize the services of the Contractor for the in-orbit delivery of the Company's future satellite.

In light of the above, we concur with the Directors' view that, given the limited number of reliable in-orbit delivery service providers, the track record of the Contractor and the successful previous cooperation between the Company and the Contractor, the selection of the Contractor for the launch of the Company's future satellite pursuant to the Launch Services Contract is acceptable and in the interests of the Company and the Shareholders as a whole.

Having considered the above factors, we concur with the Directors' view that the Satellite Contract has been entered in the ordinary course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

5. Funding of the Satellite Contract

As stated in the Letter from the Board, the contract price of US\$180,000,000 (approximately HK\$1,404.0 million, before the Optional Services and Items) under the Satellite Contract will be funded by internal resources of the Company and/or bank loans, if necessary. As noted in the section "The Satellite Contract" set out in the Letter from the Board, the Company shall pay US\$5,400,000 (approximately HK\$42,120,000) within 7 days after the Effective Date of the Satellite Contract. In other words, the relevant cash obligations in the coming three months by the Company are US\$5,400,000.

As discussed with the Directors, we understand that the Group has sufficient internal resources. This was evidenced by the recorded unrestricted cash and bank balance of HK\$1,626.4 million for the Group as at 30 June 2015 based on the latest published interim financial information. The Management also provided the latest management account which showed no material adverse deterioration for the unrestricted cash and bank balance as at 30 September 2015. Furthermore, in view of the Group's sound gearing ratio in the past three years as set out under the paragraph headed "Background information on the Group", we concur with the Directors' view that the Company has sufficient internal resources and does not expect any difficulty in securing adequate bank loan, when necessary, to satisfy the contract price in full, especially the near future obligations.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

V. RECOMMENDATION

Having considered the factors outlined in this letter, we are of the opinion that the terms of the Satellite Contract are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Furthermore, given the factors mentioned above, we are of the view that the Satellite Contract has been made on normal commercial terms and in the ordinary and usual course of business of the Company. Accordingly, we advise the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to approve the Satellite Contract at the SGM.

Yours faithfully
For and on behalf of
VMS Securities Limited

Nick Man
Managing Director
Corporate Finance

Note:

Mr. Nick Man is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of VMS Securities Limited to carry on Type 6 (advising on corporate finance) regulated activity under the SFO. Mr. Nick Man has over 10 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for connected transactions involving companies listed in Hong Kong.

1. RESPONSIBILITY

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interest of Directors

As at the Latest Practicable Date, interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executive of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director/ chief executive of the Company	Nature of Interest	<i>Note</i>	Total number of Shares interested as at the Latest Practicable Date	Approximate percentage of total issued share capital of the Company as at the Latest Practicable Date
Dr. Meng Xingguo	Interest of spouse	1	438,000	0.05%

Note:

1. Dr. Meng’s wife held 438,000 Shares. Pursuant to the SFO, Dr. Meng was deemed to be interests in the same parcel of shares held by his spouse.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short position in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed herein, as at the Latest Practicable Date:

- (i) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group taken as a whole;
- (ii) none of the Directors had any direct or indirect interest in any assets acquired or disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, the Company or any of its subsidiaries since 31 December 2014, the date up to which the latest published audited consolidated financial statements of the Group were made; and
- (iii) (aa) Mr. Cheng Guangren, an executive Director and the President of the Company, was also concurrently a non-executive director of CSCC and a director of APT International; (bb) Mr. Yuan Jie, a non-executive Director and the Chairman of the Company, was also concurrently Vice President of CASC and the chairman of the board of director of APT International; (cc) Mr. Zhuo Chao, a non-executive Director, was also concurrently a director and general manager of CSCC and a director of APT International; (dd) Mr. Fu Zhiheng, a non-executive Director, was also concurrently the vice president of CGWIC and a director of APT International; (ee) Mr. Qi Liang, an executive Director, was also concurrently the deputy chief accountant for CSCC and the director of APT International; and (ff) Mr. Lim Toon, Mr. Lim Kian Soon and Dr. Yin Yen-liang, non-executive Directors and Mr. Tseng Ta-mon (alternate Director to Dr. Yin Yen-liang), were also concurrently directors of APT International.

3. DIRECTORS' SERVICE CONTRACTS

None of the Directors had a service contract or a proposed service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective associates had any interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. EXPERT'S QUALIFICATIONS AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
VMS Securities Limited	a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities as set out in Schedule 5 to the SFO

As at the Latest Practicable Date, the Independent Financial Adviser:

- (a) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date up to which the latest published audited consolidated financial statements of the Group were made up; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which they respectively appear.

The letter of advice given by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders was made on 9 November 2015 for incorporation in this circular.

7. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the following documents are available for inspection at the head office of the Company at 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong, during normal business hours from the date of this circular up to and including the date of SGM:

- (i) the Satellite Contract;
- (ii) letter from the Independent Board Committee to the Independent Shareholders dated 9 November 2015, the text of which is set out on page 16 of this circular;
- (iii) letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 9 November 2015, the text of which is set out on pages 17 to 34 of this circular;
- (iv) the consent letter issued by the Independent Financial Adviser referred to in the paragraph headed “Expert’s qualifications and consent” in this appendix;
- (v) this circular.

NOTICE OF THE SGM



亞太衛星控股有限公司*

APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1045)

NOTICE IS HEREBY GIVEN that a special general meeting of APT Satellite Holdings Limited (the “**Company**”) will be held at its principal place of business, 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Monday, 30 November 2015, at 11:00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the satellite contract (the “**Satellite Contract**”) entered into on 17 October 2015 between APT Satellite Company Limited, a wholly-owned subsidiary of the Company, and China Great Wall Industry (Hong Kong) Corp. Limited in respect of the manufacturing, delivery and launching of a DFH-4 series platform having 26 C-band transponders, 19 Ku-band and Ka-band transponders high power geostationary communications satellite, as defined and described in the circular of the Company dated 9 November 2015 (the “**Circular**”), a copy of the Circular marked “**A**” together with a copy of the Satellite Contract marked “**B**” being tabled before the meeting and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder and in connection therewith be and are hereby approved, confirmed and ratified and the directors of the Company be and are hereby authorised to do all such acts and things and sign, seal, execute, perfect and deliver all such documents on behalf of the Company as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of and in connection with the implementation and/or give full effect to any matters relating to the Satellite Contract and the transactions contemplated thereunder.”

By order of the board
APT Satellite Holdings Limited
Dr. Brian Lo
Company Secretary

Hong Kong, 9 November 2015

Registered office:
Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Head office and principal place of business:
22 Dai Kwai Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong

* For identification purpose only

NOTICE OF THE SGM

Notes:

1. The ordinary resolution to be considered at the special general meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. On voting by poll, each member shall have one vote for each share held in the Company. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.apstar.com) respectively.
2. A member of the Company who is entitled to attend and vote at the special general meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy. A proxy need not be a member of the Company. If more than one proxy is appointed, the number of shares in respect of which each proxy so appointed must be specified in the relevant form of proxy.
3. A form of proxy for use at the special general meeting is enclosed herewith and such form is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.apstar.com) respectively.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the special general meeting or any adjourned meeting thereof (as the case maybe) and in default thereof the form of proxy shall not be treated as valid.
5. Completion and return of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the special general meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. As at the date of this notice, the Board of the Company comprises thirteen directors with Mr. Cheng Guangren (President) and Mr. Qi Liang (Vice President) as Executive Directors; Mr. Yuan Jie (Chairman), Mr. Lim Toon, Dr. Yin Yen-liang, Mr. Zhuo Chao, Mr. Fu Zhiheng, Mr. Lim Kian Soon and Mr. Tseng Ta-mon (Alternate Director to Dr. Yin Yen-liang) as Non-executive Directors and Dr. Lui King Man, Dr. Lam Sek Kong, Mr. Cui Ligu and Dr. Meng Xingguo as Independent Non-executive Directors.