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LETTER FROM THE BOARD

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# ASIASAT

## ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

亞洲衛星控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1135)

*Chairman:*

Mr. Gregory Michael ZELUCK

*Deputy Chairman:*

Mr. LIU Zhengjun

*Executive Director:*

Dr. Roger Shun-hong TONG

*Non-executive Directors:*

Mr. LUO Ning

Dr. DING Yucheng

Mr. Herman CHANG Hsiunguo

Mr. FAN Jui-Ying

*Independent Non-executive Directors:*

Mr. Marcel Robert FENEZ

Mr. Steven Robert LEONARD

Ms. Philana Wai Yin POON

*Alternate Director:*

Mr. CHONG Chi Yeung (*alternate to Mr. LUO Ning*)

*Company Secretary:*

Ms. Sue YEUNG

*Registered Office:*

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

*Principal Office in Hong Kong:*

12/F, Harbour Centre

25 Harbour Road

Wanchai

Hong Kong

31 July 2019

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED PRIVATIZATION OF  
ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 99 OF THE COMPANIES ACT OF BERMUDA  
AND  
RULE 25 TRANSACTION UNDER THE TAKEOVERS CODE  
AND  
PROPOSED WITHDRAWAL OF LISTING OF  
ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**

\* for identification purpose only

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## LETTER FROM THE BOARD

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### INTRODUCTION

Reference is made to the Announcement, and the joint announcement issued by the Company and the Offeror dated 3 July 2019.

On 24 June 2019, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the Offeror requested that the Board put forward to the Scheme Shareholders the Scheme which, if approved and implemented, will result in the Company being privatized by the Offeror and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Scheme becomes effective:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled in exchange for the payment of the Scheme Consideration;
- (b) the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares;
- (c) the Company will become wholly owned by the Offeror; and
- (d) the Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15 of the Listing Rules, with effect immediately following the Effective Date.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and in particular the Scheme, and to give you notices of the Court Meeting and the SGM, together with the forms of proxy in relation thereto. Your attention is also drawn to:

- (i) the letter from the Independent Board Committee to the Scheme Shareholders, set out on pages 34 to 35 of this Scheme Document;
- (ii) the letter from Anglo Chinese, the independent financial adviser to the Independent Board Committee and the Scheme Shareholders, set out on pages 36 to 74 of this Scheme Document;
- (iii) the Explanatory Statement set out on pages 75 to 96 of this Scheme Document; and
- (iv) the terms of the Scheme set out on pages S-1 to S-7 of this Scheme Document.

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### TERMS OF THE PROPOSAL

#### The Scheme

Under the Proposal, if the Scheme becomes effective, all the Scheme Shares will be cancelled and the Scheme Shareholders whose names appear on the Register on the Scheme Record Date will receive the Scheme Consideration Price for every Scheme Share cancelled.

For every Scheme Share. . . . . HK\$10.22 in cash

Settlement of the Scheme Consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

#### Interim Dividends

In the event that an interim dividend is declared by the Company prior to the Effective Date, Scheme Shareholders whose names are on the Register on the record date for determining entitlement to the interim dividends will be entitled to such interim dividends. For the avoidance of doubt, no deduction will be made to the Scheme Consideration should any interim dividend be declared by the Company.

#### The Share Award Offer

The ESAS were adopted by the Company as an incentive to attract and retain the best senior staff for the development of the Company's business. Pursuant to the ESAS, the Share Awards shall not vest in the grantees in circumstances other than under the following circumstances:

- (a) in the event of the death of the grantee;
- (b) if the grantee retires from employment of the Group;
- (c) the entity by which the grantee is employed ceases to be a subsidiary of the Company;
- (d) the winding-up of the Company; and
- (e) the grantee being made redundant by the Company or its subsidiary.

The Trustee shall not exercise the voting rights in respect of any Shares held by it.

Under the 2007 ESAS, the Share Awards may be constituted by:

- (a) utilizing the Trustee Held Shares; or
- (b) existing Shares purchased by the Trustee from the market.

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Where the Share Awards are to be constituted by existing Shares purchased by the Trustee from the market, the Board shall either direct the Trustee to apply the monies held as part of the trust fund or cause to be paid the relevant amount to the Trustee, in each case, for the purchase of Shares. Under the 2017 ESAS, the Share Awards are constituted by new Shares allotted and issued by the Company at par for the relevant selected participant under the 2017 ESAS.

Under the ESAS, in the event of a privatization of the Company by way of a scheme of arrangement, the vesting of the Unvested Awards is accelerated to a date on which such privatization becomes unconditional and the Trustee shall, at the direction of the Board, pay the cash consideration attributable to all Unvested Awards pursuant to the terms of the privatization to the grantees of the Unvested Awards, without the need to transfer the underlying Shares to such grantees.

As at the Latest Practicable Date, there were 2,735,250 Unvested Awards granted under the ESAS. Such Share Awards shall, upon vesting, be satisfied either by:

- (a) utilizing the Trustee Held Shares;
- (b) the purchase by the Trustee of existing Shares from the market; or
- (c) the subscription of new Shares by, and the allotment and issue of new Shares to, the Trustee.

On 3 July 2018, an aggregate of 642,578 Share Awards, being the 2018 Awards, were granted to the ESAS participants. Subject to vesting of the 2018 Awards, the 2018 Awards will be satisfied by the allotment and issuance of new Shares under the 2018 General Mandate. The 2018 General Mandate entitled the Directors to allot, issue and otherwise deal with additional Shares not exceeding 10% of the total number of issued Shares as at the date of the annual general meeting of the Company held on 15 June 2018. Under the 2018 General Mandate, the Company was authorized to issue up to 39,119,550 new Shares. Save for the 2018 Awards, no part of the 2018 General Mandate had been used. Subject to vesting of the 2018 Awards and if the Scheme does not become effective, the Shares constituting the 2018 Awards will be allotted and issued by the Company to the Trustee to be used by the Trustee to satisfy the 2018 Awards once vested. The Company has made an application to the Stock Exchange for, and the Stock Exchange has granted the listing of, and permission to deal in, the relevant Shares.

The 2019 Vesting Awards (being 398,406 Unvested Awards granted under the 2007 ESAS) were due to vest on 2 July 2019. As there were only 341,362 Trustee Held Shares as at 2 July 2019, had the 2019 Vesting Awards vested on the original vesting date of 2 July 2019, the Trustee would have been required to purchase existing Shares from the market to satisfy the vested 2019 Vesting Awards.

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The Company had effected an amendment of the 2007 ESAS rules on 27 June 2019 to defer vesting of all of the 2019 Vesting Awards to the date immediately following the Effective Date or the date when the Scheme lapses or is otherwise terminated, whichever is the earlier. If the Scheme becomes effective, the Trustee will not be required to, and will not, utilize the Trustee Held Shares or purchase existing Shares from the market to satisfy the 2019 Vesting Awards. If the Scheme lapses or is otherwise terminated, the Trustee will utilize the Trustee Held Shares and/or purchase existing Shares from the market to satisfy the 2019 Vesting Awards.

On 2 July 2019, an aggregate of 733,840 Share Awards, being the 2019 Awards, were granted to ESAS participants, including 181,186 Share Awards granted to Ms. Sue YEUNG. Dr. Roger Shun-hong TONG had, on 8 July 2019, waived his right to be granted certain 2019 Awards and therefore no 2019 Awards were or will be granted to Dr. Roger Shun-hong TONG. Subject to vesting of the 2019 Awards and if the Scheme does not become effective, the 2019 Awards will be satisfied by the allotment and issuance of new Shares under the 2019 General Mandate. The 2019 General Mandate entitles the Directors to allot, issue and otherwise deal with additional Shares not exceeding 10% of the total number of issued Shares as at the date of the annual general meeting of the Company held on 14 June 2019. Under the 2019 General Mandate, the Company is authorized to issue up to 39,119,550 new Shares. Save for the 2019 Awards, no part of the 2019 General Mandate has been used. Subject to vesting of the 2019 Awards and if the Scheme does not become effective, the Shares constituting the 2019 Awards will be allotted and issued by the Company to the Trustee to be used by the Trustee to satisfy the 2019 Awards once vested. The Company has made an application to the Stock Exchange for, and the Stock Exchange has granted the listing of, and permission to deal in, the relevant Shares.

None of the grantees of the 2018 Awards and the 2019 Awards is a connected person of the Company.

All the Trustee Held Shares shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Offeror shall pay to the Trustee an amount equivalent to the Scheme Consideration Price multiplied by the number of the Trustee Held Shares as at the Effective Date, which shall be held on trust by the Trustee for and on behalf of the Company and shall be paid by the Trustee to the Company in accordance with the rules of the Trust Deeds.

The Offeror will make the Share Award Offer to cancel all of the Non Roll-over Awards (if the Roll-over Arrangements are implemented), or all of the Unvested Awards (if the Roll-over Arrangements are not implemented), in each case, to the extent they have not otherwise lapsed or been cancelled, in return for the Share Award Offer Price for each Non Roll-over Award or Unvested Award (as applicable) cancelled. If the Roll-over Arrangements are implemented, no Share Award Offer Price will be paid in respect of the Roll-over Awards – details of the Roll-over Arrangements are set out in the section headed “The Roll-over Arrangements” below. Conditional upon the Scheme becoming effective, the Offeror shall pay to the Trustee the Share Award Amount, which shall be paid by the Trustee to such grantees

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of the Non Roll-over Awards or Unvested Awards (as applicable) by reference to the number of Non Roll-over Awards (if the Roll-over Arrangements are implemented) or Unvested Awards (if the Roll-over Arrangements are not implemented), in each case, attributable to such grantees on the Effective Date as soon as practicable after the Trustee receives such amount from the Offeror under the Scheme.

### Comparisons of value

The Scheme Consideration Price of HK\$10.22 per Scheme Share represents:

- a premium of approximately 7.02% over the closing price of HK\$9.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 23.43% over the closing price of HK\$8.28 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 31.46% over the average of the closing price of approximately HK\$7.77 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 33.42% over the average closing price of approximately HK\$7.66 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 44.44% over the average closing price of approximately HK\$7.08 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 50.44% over the average closing price of approximately HK\$6.79 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 56.52% over the average closing price of approximately HK\$6.53 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 70.96% over the average closing price of approximately HK\$5.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a premium of approximately 10.01% over the audited consolidated net asset value per Share of approximately HK\$9.29 per Share as at 31 December 2018.

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**The Offeror will not increase the Scheme Consideration Price or the Share Award Offer Price. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Scheme Consideration Price or the Share Award Offer Price. The Offeror does not reserve the right to increase the Scheme Consideration Price or the Share Award Offer Price.**

### **Highest and lowest prices**

During the 6-month period ending on the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$8.28 per Share on 20 June 2019, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$5.20 per Share on 28 December 2018.

### **Conditions of the Proposal and the Scheme**

The Proposal is conditional upon the fulfilment or waiver, as applicable, of the Conditions set out in the section headed “Conditions of the Proposal and the Scheme” in the Explanatory Statement on pages 78 to 80 of this Scheme Document.

When all of the Conditions are satisfied or validly waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders. The Scheme will lapse if it does not become effective on or before the Long Stop Date, or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Court may direct.

**WARNING: Shareholders and/or potential investors should be aware that the implementation of the Proposal will only become effective upon all the Conditions being satisfied or validly waived (as applicable) and thus the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in Shares. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.**

### **THE ROLL-OVER ARRANGEMENTS**

It is the intention of the Offeror that upon the Scheme becoming effective, the Company will adopt the MIP for the purpose of incentivizing the Participating Management Shareholders. As the Participating Management Shareholders have extensive operational expertise and an in-depth understanding of the Group’s business and industry, it is important for the Participating Management Shareholders to have a direct economic interest in the Group so that they will be incentivized to continue to contribute to the development of the Group.

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As at the Latest Practicable Date, each of the Participating Management Shareholders had the following interest in Shares, aggregate Unvested Awards, 2019 Vesting Awards, and Net Unvested Awards:

	As at the Latest Practicable Date			(D) = (B) - (C) Net Unvested Awards/Value (Note 1)
	(A) Number of Shares owned	(B) Unvested Awards/Value (Note 1)	(C) 2019 Vesting Awards/ Value (Note 1)	
Dr. Roger Shun-hong TONG	276,196	526,714/ HK\$5,383,017	96,988/ HK\$991,217	429,726/ HK\$4,391,800
Ms. Sue YEUNG	582,439	615,451/ HK\$6,289,909	77,997/ HK\$797,129	537,454/ HK\$5,492,780
<b>Total</b>	<b>858,635</b>	<b>1,142,165/ HK\$11,672,926</b>	<b>174,985/ HK\$1,788,347</b>	<b>967,180/ HK\$9,884,580</b>

*Note:*

1. Based on the Share Award Offer Price.

Pursuant to the Roll-over Arrangements:

- (a) each Participating Management Shareholder shall waive his/her right to the accelerated vesting of his/her respective Roll-over Awards as set out below:

	Number of Roll-over Awards/ Value (Note 1)
Dr. Roger Shun-hong TONG	159,858/HK\$1,633,749
Ms. Sue YEUNG	199,933/HK\$2,043,315
<b>Total</b>	<b>359,791/HK\$3,677,064</b>

*Note:*

1. Based on the Share Award Offer Price.

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- (b) upon the terms of the MIP to be adopted by the Company following the Effective Date, each Participating Management Shareholder will be issued Roll-over RSUs and Incentive RSUs for every Roll-over Award as set out below:

	<b>Number of Roll-over Awards</b>	<b>Number of Roll-over RSUs proposed to be issued under the MIP/ Value (Note 1)</b>	<b>Number of Incentive RSUs proposed to be issued under the MIP/ Value (Note 1)</b>
Dr. Roger Shun-hong TONG	159,858	159,858/ HK\$1,485,081	127,886/ HK\$1,188,061
Ms. Sue YEUNG	<u>199,933</u>	<u>199,933/ HK\$1,857,378</u>	<u>159,946/ HK\$1,485,898</u>
<b>Total</b>	<u><u>359,791</u></u>	<u><u>359,791/ HK\$3,342,459</u></u>	<u><u>287,832/ HK\$2,673,959</u></u>

*Note:*

- I. Based on the net asset value of HK\$9.29 per Share as at 31 December 2018, although the actual value will be subject to the vesting provisions and the applicable net asset value of the Shares at the time of settlement, subject to a minimum quantum of HK\$8.80 per Share.

- (c) each Participating Management Shareholder has undertaken that (save in respect of his/her 2019 Vesting Awards and the 2019 Awards) he/she shall not, directly or indirectly, acquire, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by him/her, nor will he/she accept any other offer in respect of all or any of such Shares before the Scheme becomes effective.

Under the terms of the MIP:

- (a) the Roll-over RSUs shall vest at the same vesting schedule as the Roll-over Awards vest under the ESAS; and
- (b) the Incentive RSUs shall vest in four (4) equal instalments over a four (4) year period following the grant date, with the first vesting starting in July following the Effective Date and every anniversary thereafter.

Upon settlement of a vested Roll-over RSU or Incentive RSU, a Participating Management Shareholder is entitled to be paid its fair market value, which is determined by the quotient of (a) the aggregate of (i) the net asset value of the Shares based on the last available audited consolidated financial statements of the Group prior to the date of the

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exercise notice (subject to a minimum quantum of HK\$8.80 per Share) and (ii) all cash distributions paid out by the Company in the period between the grant date of such Roll-over RSU or Incentive RSU (as applicable) and the date of the exercise notice *divided* by (b) the aggregate of the total number of issued Shares, vested Roll-over RSUs and vested Incentive RSUs.

If the Roll-over Arrangements are implemented, no cash consideration will be paid for the Roll-over Awards. The Roll-over Agreement will be terminated if the Scheme lapses or is withdrawn or terminated by the Offeror.

### **Approval of the Roll-over Arrangements**

As the Roll-over Arrangements are available only to the Participating Management Shareholders and are not offered to all Scheme Shareholders, the Roll-over Arrangements constitute a special deal under Rule 25 of the Takeovers Code. The Offeror has applied for the Executive's consent to the Roll-over Arrangements as a special deal under Rule 25 of the Takeovers Code, subject to and conditional on:

- (a) the Independent Financial Adviser stating in its opinion that the proposed terms of the Roll-over Arrangements are fair and reasonable; and
- (b) the passing of an ordinary resolution by the Disinterested Scheme Shareholders at the SGM to approve the Roll-over Arrangements.

The Independent Financial Adviser has stated in the "Letter from Anglo Chinese" that in its opinion, the Roll-over Arrangements are fair and reasonable. If the Roll-over Arrangements are not approved by the Disinterested Scheme Shareholders at the SGM, the Roll-over Arrangements will not be implemented and all of the Roll-over Awards will be cancelled in return for the Share Award Offer Price for each Roll-over Award.

### **FINANCIAL RESOURCES**

Your attention is drawn to the section headed "Financial Resources" in the Explanatory Statement on page 85 of this Scheme Document.

### **IRREVOCABLE UNDERTAKINGS**

As at the Latest Practicable Date, the Offeror has received Irrevocable Undertakings from the Participating Management Shareholders, representing in aggregate 0.22% of the issued Shares and 0.86% of the votes attaching to the Scheme Shares, in respect of voting at the Court Meeting and the SGM to accept the Proposal.

## LETTER FROM THE BOARD

Further information in relation to the Irrevocable Undertakings is set out in the section headed “Irrevocable Undertakings” in the Explanatory Statement on pages 83 to 84 of this Scheme Document.

### EFFECTS OF THE SCHEME

#### Shareholding Structure

As at the Latest Practicable Date, there were 391,195,500 Shares in issue.

As at the Latest Practicable Date, the Offeror held 291,174,695 Shares, representing approximately 74.43% of the issued Shares of the Company.

The remaining 100,020,805 Shares constitute the Scheme Shares.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon implementation of the Proposal:

	As at the Latest Practicable Date		Upon implementation of the Proposal	
	Number of Shares owned	% of the total issued Shares	Number of Shares owned <i>(Note 1)</i>	% of the total issued Shares
Offeror	291,174,695	74.43	291,174,695	100.00
Dr. Roger Shun-hong TONG	276,196	0.07	–	–
Ms. Sue YEUNG	582,439	0.15	–	–
Offeror and the Concert Parties	<u>292,033,330</u>	<u>74.65</u>	<u>291,174,695</u>	<u>100.00</u>
<b>Disinterested Scheme Shareholders</b> <i>(Note 2)</i>	<u>99,162,170</u>	<u>25.35</u>	<u>–</u>	<u>–</u>
Scheme Shareholders <i>(Note 3)</i>	<u>100,020,805</u>	<u>25.57</u>	<u>–</u>	<u>–</u>
<b>Total</b>	<u><b>391,195,500</b></u>	<u><b>100.00</b></u>	<u><b>291,174,695</b></u>	<u><b>100.00</b></u>
Total number of Scheme Shares	<u>100,020,805</u>	<u>25.57</u>	<u>–</u>	<u>–</u>

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*Notes:*

1. Upon implementation of the Proposal, the Scheme Shares will be cancelled and extinguished and the issued Shares will comprise the 291,174,695 Shares held by the Offeror.
2. The Shares owned by Disinterested Scheme Shareholders also include the 341,362 Shares held by the Trustee. However, under the Trust Deeds, the Trustee is prohibited from exercising the voting rights in respect of the Shares held by the Trustee. The Trustee will therefore abstain from voting at the Court Meeting and the SGM.
3. The total number of Scheme Shares comprise the Shares held by the Participating Management Shareholders and the Disinterested Scheme Shareholders.

By reason of being the financial adviser to the Offeror, BofAML is presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “Acting in concert” in the Takeovers Code. As at the Latest Practicable Date, members of the BofAML group (except those which are exempt principal traders or exempt fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code) which are presumed to be acting in concert with the Offeror in relation to the Company did not hold any Shares.

### **ESAS**

As at the Latest Practicable Date, under the ESAS, there were 2,735,250 Unvested Awards, which pursuant to the ESAS Rules, shall vest in the event of a privatization of the Company. The 2019 Vesting Awards (being 398,406 Unvested Awards granted under the 2007 ESAS) were due to vest on 2 July 2019. As there were only 341,362 Trustee Held Shares as at 2 July 2019, had the 2019 Vesting Awards vested on the original vesting date of 2 July 2019, the Trustee would have been required to purchase existing Shares from the market to satisfy the vested 2019 Vesting Awards. The Company had effected an amendment of the 2007 ESAS rules on 27 June 2019 to defer vesting of all of the 2019 Vesting Awards to the date immediately following the Effective Date or the date when the Scheme lapses or is otherwise terminated, whichever is the earlier. If the Scheme becomes effective, the Trustee will not be required to, and will not, utilize the Trustee Held Shares and/or purchase existing Shares from the market to satisfy the 2019 Vesting Awards. If the Scheme lapses or is otherwise terminated, the Trustee will utilize the Trustee Held Shares and/or purchase existing Shares from the market to satisfy the 2019 Vesting Awards.

If the Roll-over Arrangements are implemented, apart from the Roll-over Awards that are subject to the Roll-over Arrangements, the remaining Unvested Awards will be subject to the Share Award Offer. If the Roll-over Arrangements are not implemented, all of the Unvested Awards will be subject to the Share Award Offer. The Company does not have any other outstanding options, warrants, derivatives, or other convertible securities.

### **REASONS FOR AND BENEFITS OF THE PROPOSAL**

Your attention is drawn to the section headed “Reasons for and benefits of the Proposal” in the Explanatory Statement on pages 87 to 89 of this Scheme Document.

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### **INFORMATION ON THE GROUP**

Your attention is drawn to the section headed “Information on the Group” in the Explanatory Statement on page 89 of this Scheme Document.

### **INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed “Information on the Offeror” in the Explanatory Statement on page 89 of this Scheme Document.

### **OFFEROR’S INTENTION IN RELATION TO THE GROUP**

It is the intention of the Offeror for the Group to maintain its existing business following the implementation of the Proposal. The Offeror has no immediate plans, in the event the Scheme becomes effective, (i) to make any material changes to the business and/or disposal or redeployment of assets of the Group, or (ii) to discontinue the employment of employees of the Group. The Offeror will continue to evaluate the Group’s strategic direction in response to market conditions.

The Board has considered the Offeror’s intentions as set out in this section and is of the view that, based on the Offeror’s plans, there will be no material change to the existing businesses, assets and employees of the Group. The Independent Board Committee has taken the Offeror’s intentions into account in making its recommendations as set out in pages 34 to 35 of this Scheme Document.

### **FINANCIAL ADVISER TO THE OFFEROR**

The Offeror has appointed BofAML as its financial adviser in connection with the Proposal.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, which comprises Mr. Marcel Robert FENEZ, Mr. Steven Robert LEONARD and Ms. Philana Wai Yin POON, being all the independent non-executive Directors, has been established by the Board to make a recommendation to the Scheme Shareholders as to whether the Proposal is, or is not, fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the SGM. The non-executive Directors (namely, Mr. Gregory Michael ZELUCK, Mr. LIU Zhengjun, Mr. LUO Ning, Dr. DING Yucheng, Mr. Herman CHANG Hsiuguo and Mr. FAN Jui-Ying) are not considered to be independent for the purpose of making a recommendation to the Scheme Shareholders as they have been nominated to the board of Directors by the Offeror and are therefore precluded from joining the Independent Board Committee. Dr. Roger Shun-hong TONG is considered to be interested in the Proposal due to his participation in the Roll-over Arrangements and has therefore, together with the non-executive Directors, not participated in any vote of the Board in relation to the Proposal.

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The Board, with the approval of the Independent Board Committee, has appointed Anglo Chinese as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from Anglo Chinese to the Independent Board Committee and the Scheme Shareholders is set out on pages 36 to 74 of this Scheme Document.

### DISCLOSURE OF DEALINGS

Your attention is drawn to the section headed “Disclosure of Dealings” in the Explanatory Statement on page 90 of this Scheme Document.

### MEETINGS

In accordance with the direction of the Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing an appropriate resolution to approve the Scheme (with or without modifications). The Scheme is subject to approval by the Scheme Shareholders at the Court Meeting in accordance with section 99 of the Companies Act and by Disinterested Scheme Shareholders in accordance with Rule 2.10 of the Takeovers Code.

As the Offeror is not a Scheme Shareholder, the Shares owned by the Offeror will not be voted at the Court Meeting.

Immediately following the Court Meeting, the SGM will be held for the purpose of considering and, if thought fit, passing (i) a special resolution to approve, inter alia, subject to the Scheme becoming effective, the capital reduction arising as a result of the Scheme and the application of the resulting credit to a reserve account of the Company, and among other matters, the withdrawal of the listing of the Shares on the Stock Exchange; and (ii) an ordinary resolution to approve the Roll-over Arrangements under the Roll-over Agreement.

Notice of the Court Meeting is set out on pages N-1 to N-2 of this Scheme Document. The Court Meeting will be held at 9:30 a.m. (Hong Kong time) on Friday, 23 August 2019 at 12/F Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

Notice of the SGM is set out on pages SGM-1 to SGM-2 of this Scheme Document. The SGM will be held at 10:00 a.m. (or as soon thereafter as the Court Meeting (or any adjournment thereof) shall have been concluded) on Friday, 23 August 2019 at 12/F Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

Your attention is drawn to the section headed “Meetings” as set out in the Explanatory Statement on pages 90 to 92 of this Scheme Document.

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### **ACTIONS TO BE TAKEN**

Your attention is drawn to the section headed “Actions to be taken” on pages 11 to 14 of this Scheme Document.

### **SHARE CERTIFICATES, DEALINGS AND LISTING**

Your attention is drawn to the section headed “Share Certificates, Dealings and Listing” in the Explanatory Statement on pages 92 to 93 of this Scheme Document.

### **OVERSEAS SCHEME SHAREHOLDERS AND SHARE AWARD HOLDERS**

Your attention is drawn to the section headed “Overseas Scheme Shareholders and Share Award Holders” set out in the Explanatory Statement on page 95 of this Scheme Document.

### **COSTS OF THE SCHEME**

Your attention is drawn to the section headed “Costs of the Scheme” in the Explanatory Statement on page 95 of this Scheme Document.

### **TAXATION**

Your attention is drawn to the section headed “Taxation” in the Explanatory Statement on page 96 of this Scheme Document.

### **EXPLANATORY STATEMENT**

Please refer to the Explanatory Statement set out on pages 75 to 96 of this Scheme Document, for detailed information in relation to the terms of the Proposal and a detailed explanation of the effects of the Proposal.

### **RECOMMENDATIONS**

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal as set out in the letter from the Independent Board Committee to the Scheme Shareholders as set out on pages 34 to 35 of this Scheme Document.

Anglo Chinese has been appointed by the Independent Board Committee to advise them in connection with the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code. The text of the letter of advice from Anglo Chinese containing its recommendation and the principal factors and reasons that it has taken into consideration in arriving at its recommendation is set out on pages 36 and 74 of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal.

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## LETTER FROM THE BOARD

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### FURTHER INFORMATION

You are urged to read carefully:

- (i) the letter from the Independent Board Committee to the Scheme Shareholders set out on pages 34 to 35 of this Scheme Document;
- (ii) the letter from Anglo Chinese, the independent financial adviser to the Independent Board Committee and the Scheme Shareholders, set out on pages 36 to 74 of this Scheme Document;
- (iii) the Explanatory Statement set out on pages 75 to 96 of this Scheme Document;
- (iv) the appendices to this Scheme Document, including the Scheme set out on pages S-1 to S-7 of this Scheme Document;
- (v) the notice of Court Meeting set out on pages N-1 to N-2 of this Scheme Document;
- (vi) the notice of SGM set out on pages SGM-1 to SGM-2 of this Scheme Document;
- (vii) the **PINK** form of proxy in respect of the Court Meeting as enclosed with this Scheme Document; and
- (viii) the **WHITE** form of proxy in respect of the SGM as enclosed with this Scheme Document.

Yours faithfully,

For and on behalf of

**Asia Satellite Telecommunications Holdings Limited**

**Sue YEUNG**

*Company Secretary*

