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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in doubt as to any aspect of the Proposal or this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or otherwise transferred all your shares in Asia Satellite Telecommunications Holdings Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

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**BOWENVALE LIMITED**

*(Incorporated in the British Virgin Islands  
with limited liability)*

**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)**

**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**

**Financial adviser to the Offeror**

**Bank of America**   
**Merrill Lynch**

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

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

Capitalised terms used hereunder shall have the same meanings as defined in this Scheme Document. A letter from the Board is set out on pages 18 to 33 of this Scheme Document. The Explanatory Statement is set out on pages 75 to 96 of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Scheme Shareholders in relation to the Proposal and the special deal relating to the Roll-over Arrangements is set out on pages 34 to 35 of this Scheme Document. A letter from Anglo Chinese containing its advice to the Independent Board Committee and the Scheme Shareholders in respect of the Proposal, the Scheme and the special deal relating to the Roll-over Arrangement, is set out on pages 36 to 74 of this Scheme Document. The actions to be taken by the Shareholders and the Scheme Shareholders are set out on pages 11 to 14 of this Scheme Document.

Notices convening the Court Meeting and the SGM to be held on Friday, 23 August 2019 are set out on pages N-1 to N-2 and SGM-1 to SGM-2 of this Scheme Document, respectively. Whether or not you are able to attend any of the Meetings or any adjournment(s) thereof in person, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting and also the **WHITE** form of proxy in respect of the SGM in accordance with the instructions printed respectively on them, and to deposit them at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any case not later than the respective times stated under the section headed "Actions to be taken" set out on pages 11 to 14 of this Scheme Document. If the **PINK** form of proxy is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

This Scheme Document is issued jointly by the Company and the Offeror.

The English language text of this Scheme Document and the Share Award Offer Letter shall prevail over the Chinese language text.

\* for identification purpose only

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## DEFINITIONS

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*In this Scheme Document, the following words and expressions shall have the following meanings, unless the context otherwise requires:*

“2007 ESAS”	the share award scheme adopted by the Company on 22 August 2007 (and as amended on 8 June 2012, 20 December 2017 and 27 June 2019 respectively)
“2017 ESAS”	the share award scheme adopted by the Company on 20 December 2017
“2018 Awards”	the Share Awards granted in July 2018 to the ESAS participants under the 2017 ESAS
“2018 General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 15 June 2018
“2019 Awards”	the Share Awards granted on 2 July 2019 to the ESAS participants, details of which are set out in the joint announcement of the Company and the Offeror dated 3 July 2019
“2019 General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 14 June 2019
“2019 Vesting Awards”	398,406 Unvested Awards (being Share Awards granted under the 2007 ESAS) which were due to vest on 2 July 2019 but the vesting of which has been deferred to the date immediately following the Effective Date or the date when the Scheme lapses or is otherwise terminated, whichever is the earlier
“Able Star”	Able Star Associates Limited, a company incorporated in the British Virgin Islands and an indirect subsidiary of CITIC and which controls 50% of the voting rights of the Offeror
“Acquisition Financing”	as such term is defined in the section headed “Explanatory Statement – Financial Resources” of this Scheme Document

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## DEFINITIONS

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“acting in concert”	has the meaning given to it under the Takeovers Code and “concert party” or “concert parties” shall be construed accordingly
“Announcement”	the announcement dated 27 June 2019 issued jointly by the Company and the Offeror relating to the Proposal
“Announcement Date”	27 June 2019, being the date of the Announcement
“associate(s)”	has the meaning given to it under the Takeovers Code
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals required in connection with the Proposal
“Beneficial Owner”	any beneficial owner of the Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors from time to time
“BofAML”	Merrill Lynch (Asia Pacific) Limited, a licensed corporation under the SFO, registered to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
“Business Day”	any day on which the Stock Exchange is open for transaction of business
“Carlyle”	The Carlyle Group, L.P., which is listed on the Nasdaq Stock Exchange (ticker reference: CG) and the ultimate controller of Jupiter Investment
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“CITIC”	CITIC Group Corporation, an enterprise established and existing under the laws of the PRC and the ultimate controlling shareholder of Able Star

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## DEFINITIONS

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“Communications Authority”	the Hong Kong Communications Authority (formerly the Hong Kong Broadcasting Authority)
“Company”	Asia Satellite Telecommunications Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are currently listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 (as amended) of Bermuda
“Concert Party(ies)”	those persons acting in concert or presumed to be acting in concert with the Offeror, including BofAML and the Participating Management Shareholders
“Conditions”	the conditions of the Proposal, as set out in this Scheme Document under the section headed “Explanatory Statement – Conditions of the Proposal and the Scheme”
“Court”	the Supreme Court of Bermuda
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court and which is to be held at 9:30 a.m. on 23 August 2019 at which the Scheme (with or without modification) will be voted upon, notice of which is set out on pages N-1 to N-2 of this Scheme Document, or any adjournment thereof
“Court Order”	the order of the Court pursuant to Section 99(2) of the Companies Act sanctioning the Scheme
“Director(s)”	the director(s) of the Company
“Disinterested Scheme Shareholders”	the Shareholders other than the Offeror and the Concert Parties. For the avoidance of doubt, Disinterested Scheme Shareholders include any member of the BofAML group in respect of Scheme Shares held on behalf of its non-discretionary investment clients where such client (i) controls the voting rights attaching to those Scheme Shares; (ii) if the Scheme Shares are voted, gives instructions as to how those Scheme Shares are to be voted; and (iii) is not any one of the Offeror or the Concert Parties
“Disinterested Scheme Shares”	Share(s) held by the Disinterested Scheme Shareholders

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## DEFINITIONS

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“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Court, becomes effective in accordance with its terms
“ESAS”	the existing employee share award schemes of the Company, being the 2007 ESAS and the 2017 ESAS
“ESAS Rules”	the rules relating to the ESAS
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director
“Explanatory Statement”	the explanatory statement set out on pages 75 to 96 of this Scheme Document issued in compliance with Section 100 of the Companies Act
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Implementation Agreement”	the agreement entered into between the Offeror and the Company on 24 June 2019 pursuant to which, among other things, the Offeror requested the Company to put forward the Scheme to the Shareholders and the Company agreed to do so on the terms set out therein
“Incentive RSUs”	the restricted share units to be issued to the Participating Management Shareholders on the basis of 0.80 restricted share units for every Roll-over Award (rounded down to the nearest whole Incentive RSU) issued pursuant to the Roll-over Arrangements, details of which are set out in this Scheme Document under the section headed “Explanatory Statement – The Roll-over Arrangements”

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Company comprising Mr. Marcel Robert FENEZ, Mr. Steven Robert LEONARD and Ms. Philana Wai Yin POON, being all the independent non-executive Directors, formed for the purpose of advising the Scheme Shareholders in respect of the Proposal
“Independent Financial Adviser” or “Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, a licensed corporation under the SFO, registered to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee in relation to the Proposal, the Scheme and the Roll-over Arrangements
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Irrevocable Undertakings”	the irrevocable undertakings given by each of the Participating Management Shareholders, each dated 25 June 2019, in favour of the Offeror as set out in this Scheme Document under the section headed “Explanatory Statement – Irrevocable Undertakings”
“Jupiter Investment”	Jupiter Investment Holdings, L.L.C., a company incorporated in the state of Delaware with limited liability and an indirect subsidiary of Carlyle and which controls 50% of the voting rights of the Offeror
“Last Trading Day”	20 June 2019, being the last trading day of the Shares prior to their suspension in trading on the Stock Exchange pending the publication of the Announcement
“Latest Practicable Date”	26 July 2019, being the latest practicable date prior to the printing of this Scheme Document for ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	11 March 2020

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## DEFINITIONS

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“Meeting(s)”	the Court Meeting and the SGM or either of them, as the case may be
“Meeting Record Date”	23 August 2019, or such other time and date as shall have been announced by the Company for determining entitlements to attend and vote at the Meetings or, in the case of the Court Meeting, ordered by the Court
“MIP”	the new management incentive plan to be adopted by the Company for the Participating Management Shareholders following the Effective Date
“Net Unvested Awards”	means, in relation to any grantee under the ESAS, the number that is equal to such grantee’s Unvested Awards less such grantee’s 2019 Vesting Awards
“Non Roll-over Awards”	means the Unvested Awards to be cancelled under the Share Award Offer (assuming the Roll-over Arrangements are implemented). As at the Latest Practicable Date, there were 2,375,459 Non Roll-over Awards (assuming implementation of the Roll-over Arrangements and cash cancellation of all of the 2019 Vesting Awards (i.e. none of the 2019 Vesting Awards will roll-over))
“Offer Period”	the period from the Announcement Date until the latest of (i) the Effective Date; (ii) the date on which the Scheme lapses; or (iii) the date on which an announcement is made of the withdrawal of the Scheme
“Offeror”	Bowenvale Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company, the voting rights of which are controlled as to 50% by Able Star and as to 50% by Jupiter Investment
“Other CCASS Participant”	a person admitted to participate in CCASS other than an Investor Participant
“Participating Management Shareholders”	Dr. Roger Shun-hong TONG (being the chief executive officer and executive Director of the Company) and Ms. Sue YEUNG (being the chief financial officer and the company secretary of the Company)



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## DEFINITIONS

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“PRC” and “China”	the People’s Republic of China
“Proposal”	the proposed privatization of the Company by the Offeror by way of the Scheme, the implementation of the Share Award Offer and the Roll-over Arrangements and the withdrawal of the listing of the Shares from the Stock Exchange, in each case, on the terms and subject to the Conditions set out in this Scheme Document
“Register”	the principal and branch registers of members of the Company kept in Bermuda and Hong Kong, respectively
“Registered Owner”	any owner of Shares (including, without limitation, a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the Register
“Registrar of Companies”	the Registrar of Companies in Bermuda
“Relevant Authorities”	means appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions (including the Executive, the Stock Exchange, the U.S. Department of State (or any other successor U.S. regulator), the Court and the Registrar of Companies)
“Relevant Period”	the period commencing on 27 December 2018, being that date that falls six months prior to the commencement date of the Offer Period and ending on the Latest Practicable Date
“Roll-over Agreement”	the roll-over agreement dated 25 June 2019 entered into between the Offeror and the Participating Management Shareholders in respect of, among others, the Roll-over Arrangements and the Irrevocable Undertakings
“Roll-over Arrangements”	the arrangements, details of which are set out in the section headed “Explanatory Statement – The Roll-over Arrangements” of this Scheme Document, including the issue of the Roll-over RSUs and the Incentive RSUs

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## DEFINITIONS

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“Roll-over Awards”	means 37.20% of the Net Unvested Awards of the Participating Management Shareholders to be rolled over to the MIP in accordance with the Roll-over Arrangements. As at the Latest Practicable Date, there were 359,791 Roll-over Awards (assuming cash cancellation of the 2019 Vesting Awards and implementation of the Roll-over Arrangements)
“Roll-over RSUs”	the restricted share units to be issued to the Participating Management Shareholders on the basis of one restricted share unit for every Roll-over Award issued pursuant to the Roll-over Arrangements, details of which are set out in the section headed “Explanatory Statement – The Roll-over Arrangements” of this Scheme Document
“Scheme”	the scheme of arrangement under Section 99 of the Companies Act involving the cancellation of all the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court or agreed by the Company and the Offeror
“Scheme Consideration”	the cash consideration to be paid to the Scheme Shareholders, being the Scheme Consideration Price for every Scheme Share cancelled
“Scheme Consideration Price”	HK\$10.22 for every Scheme Share cancelled
“Scheme Document”	this composite scheme document despatched to the Shareholders and the Share Award Holders containing details of the Scheme and the Share Award Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the recommendations of the Independent Board Committee and notices to convene the Court Meeting and SGM
“Scheme Record Date”	3 September 2019 or such other time and date as shall have been announced by the Company for determining entitlements under the Scheme
“Scheme Share(s)”	Share(s) held by the Scheme Shareholders
“Scheme Shareholder(s)”	Shareholder(s) other than the Offeror
“SFC”	the Securities and Futures Commission of Hong Kong

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Shareholders to be convened to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal, or any adjournment thereof
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Award Amount”	the cash consideration to be paid to the Trustee in respect of the Non Roll-over Awards (if the Roll-over Arrangements are implemented) or the Unvested Awards (if the Roll-over Arrangements are not implemented), being an amount equivalent to the Share Award Offer Price multiplied by the number of the Non Roll-over Awards or the Unvested Awards (as applicable)
“Share Award Holder(s)”	holder(s) of Non Roll-over Awards or Unvested Awards (as applicable)
“Share Award Offer”	the cash offer to cancel 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) (as the case may be) which are outstanding prior to, but become vested on the Effective Date
“Share Award Offer Letter”	the letter dated 31 July 2019, setting out the terms and conditions of the Share Award Offer sent separately to the Trustee and substantially in the form set out in Appendix III to this Scheme Document
“Share Award Offer Price”	HK\$10.22 for every Non Roll-over Award or Unvested Award (as applicable) cancelled
“Share Awards”	the share awards made under the ESAS from time to time
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning given to it under the Listing Rules

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## DEFINITIONS

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“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“Trading Day”	a day on which the Stock Exchange is open for trading in securities
“Trust Deeds”	the trust deeds of the 2007 ESAS dated 22 August 2007 and of the 2017 ESAS dated 20 December 2017
“Trustee”	TMF Trust (HK) Limited, which holds Shares for the benefit of the selected participants of the ESAS subject to the Trust Deeds
“Trustee Held Shares”	existing issued Shares held by the Trustee which are to be utilised for satisfying Share Awards on vesting. As at the Latest Practicable Date, there were 341,362 Trustee Held Shares
“Unvested Awards”	outstanding Share Awards which have not been vested in the grantee(s). As at the Latest Practicable Date, there were 2,735,250 Unvested Awards
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

Certain amounts and percentage figures included in this Scheme Document have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

All references in this Scheme Document to times and dates are references to Hong Kong times and dates other than references to the expected dates of the Court hearing to sanction the Scheme and of the registration of the Court Order at the Registrar of Companies in Bermuda and the Effective Date, which are references to the relevant times and dates in Bermuda.

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## ACTIONS TO BE TAKEN

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### ACTIONS TO BE TAKEN BY SHAREHOLDERS

A **PINK** form of proxy for use in respect of the Court Meeting and a **WHITE** form of proxy for use in respect of the SGM are enclosed with this Scheme Document. Subsequent purchasers of Scheme Shares will need to obtain the proxy forms from the transferor.

**Whether or not you are able to attend any of the Meetings or any adjournment(s) thereof in person, if you are a Scheme Shareholder, you are strongly urged to complete and sign the enclosed PINK form of proxy in respect of the Court Meeting, and if you are a Shareholder, you are strongly urged to complete and sign the enclosed WHITE form of proxy in respect of the SGM in accordance with the instructions printed respectively on them, and to deposit them at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any case not later than the following respective times in order to be valid:**

- **the PINK form of proxy for use at the Court Meeting must be lodged not later than 9:30 a.m. (Hong Kong time) on Wednesday, 21 August 2019 but if it is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it); and**
- **the WHITE form of proxy for use at the SGM must be lodged not later than 10:00 a.m. (Hong Kong time) on Wednesday, 21 August 2019.**

Completion and return of a form of proxy for each of the Court Meeting and/or the SGM will not preclude you from attending the relevant Meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked.

Voting at the Court Meeting and the SGM will be taken, as required, by poll under the Listing Rules and the Takeovers Code.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the SGM, you will still be bound by the outcome of the Court Meeting and the SGM, if, among other things, the resolutions are passed by the requisite majorities of Scheme Shareholders or Shareholders (as the case may be). You are therefore strongly urged to attend and vote at the Court Meeting and the SGM in person or by proxy.

An announcement will be made by the Company in relation to the results of the Court Meeting and the SGM on Friday, 23 August 2019 not later than 7:00 p.m.. If all the resolutions are passed at those meetings, further announcement(s) will be made of the results of the Court hearing of the petition to sanction the Scheme and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

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## **ACTIONS TO BE TAKEN**

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### **ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST**

No person shall be recognised by the Company as holding any Shares on trust. Any Beneficial Owner whose Shares are registered in the name of a Registered Owner should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by the Beneficial Owner should be voted at the Court Meeting and/or the SGM.

A Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the SGM personally should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable the Beneficial Owner to attend and vote at the Court Meeting and/or the SGM and for such purpose the Registered Owner may appoint the Beneficial Owner as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into the Beneficial Owner's name.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the SGM or, as applicable, the latest time for lodging transfers of Shares, in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy or transfer documents accurately and to submit them by the relevant deadlines. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the SGM, any such Beneficial Owner should comply with the requirements of such Registered Owner. The appointment of a proxy by the Registered Owner at the relevant Court Meeting and/or the SGM shall be in accordance with all relevant provisions in the bye-laws of the Company. In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and before the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

### **ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE DEPOSITED IN CCASS**

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees must, unless such Beneficial Owner is an Investor Participant:

- (a) contact their broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant regarding voting instructions to be given to such Other CCASS Participants; or

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## **ACTIONS TO BE TAKEN**

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- (b) arrange for some or all of such Shares to be withdrawn from CCASS and transferred into the Beneficial Owner's name, if the Beneficial Owner wishes to vote (in person or by proxy) at the Court Meeting and/or at the SGM.

The procedures for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the "Operating Guide for Investor Participants", the "General Rules of CCASS" and the "CCASS Operational Procedures" in effect from time to time. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the SGM, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the SGM.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Registered Owner, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the SGM (as a Shareholder). You can become a Registered Owner by withdrawing all or any of your Shares from CCASS. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

In accordance with the direction from the Court, for the purposes of calculating the "majority in number" at the Court Meeting, HKSCC Nominees will be counted as one vote which will be exercised for or against the Scheme according to the majority of voting instructions received. Each Registered Owner will be counted as one vote for the purposes of calculating the "majority in number" at the Court Meeting.

Only Scheme Shareholders entered in the Register on the Meeting Record Date will be counted for the purposes of ascertaining whether or not a majority in number of the Scheme Shareholders have approved the Scheme pursuant to section 99 of the Companies Act.

### **ACTIONS TO BE TAKEN BY SHARE AWARD HOLDERS**

The Share Award Offer Letter is being sent to the Trustee. Share Award Holders should refer to the Share Award Offer Letter, the form of which is set out in Appendix III to this Scheme Document and note the terms and conditions of the Share Award Offer printed on the Share Award Offer Letter.

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## ACTIONS TO BE TAKEN

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### EXERCISE YOUR RIGHT TO VOTE

If you are a Scheme Shareholder or a Shareholder or a Beneficial Owner whose Shares are held in the name of a Registered Owner, you are strongly encouraged:

- (a) in the case of a Scheme Shareholder or a Shareholder – to exercise your right to vote at the Court Meeting and/or the SGM; or
- (b) in the case of a Beneficial Owner – to give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or the SGM.

If you keep any Shares in a share lending programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you are strongly encouraged to withdraw at least some or all of your Shares from CCASS and become a registered holder of such Shares and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the SGM. You must do so if you wish to be counted individually in the calculation of the “majority in number” requirement at the Court Meeting. In respect of any Shares of which you are the Beneficial Owner and/or which remain in CCASS, you are encouraged to contact your broker, custodian, nominee or other relevant person without delay regarding voting instructions in relation to the manner in which those Shares should be voted at the Court Meeting and/or the SGM.

If you are a Registered Owner holding Shares on behalf of one or more Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote and the fact that if they wish to be counted individually in the calculation of the “majority in number” requirement at the Court Meeting, they should transfer their Shares into their own name.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.



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## EXPECTED TIMETABLE

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The following timetable takes into account the Court procedures for the Scheme. The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable.

Despatch of the Scheme Document and  
Share Award Offer Letter .....Wednesday, 31 July 2019

Latest time for lodging transfers of Shares in  
order to qualify for entitlement to attend and  
vote at the Court Meeting and the SGM .....4:30 p.m. on Friday,  
16 August 2019

Registers closed for determination of entitlements  
of Scheme Shareholders to attend and vote at  
the Court Meeting and of Shareholders to  
attend and vote at the SGM (*Note 1*) .....from Monday, 19 August 2019 to  
Friday, 23 August 2019  
(both days inclusive)

Latest time for lodging forms of proxy in  
respect of Court Meeting (*Note 2*) .....9:30 a.m. on Wednesday,  
21 August 2019  
(or be handed directly to the  
chairman of the Court Meeting  
at the Court Meeting)

Latest time for lodging forms of proxy in  
respect of SGM (*Note 2*) .....10:00 a.m. on Wednesday,  
21 August 2019

Meeting Record Date .....Friday, 23 August 2019

Court Meeting (*Note 3*) .....9:30 a.m. on Friday,  
23 August 2019

SGM (*Note 3*) .....10:00 a.m. on Friday,  
23 August 2019

Announcement of the results of the Meetings  
published on the websites of the Stock Exchange  
and the Company .....not later than 7:00 p.m.  
on Friday, 23 August 2019

Last time for trading of the Shares on  
the Stock Exchange .....4:00 p.m. on  
Monday, 26 August 2019

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## EXPECTED TIMETABLE

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Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme . . . . .	4:30 p.m. on Thursday, 29 August 2019
Registers closed for determination of entitlements to qualify under the Scheme ( <i>Note 4</i> ) . . . . .	from Friday, 30 August 2019 onwards
Court hearing of the petition to sanction the Scheme . . . . .	Friday, 30 August 2019 (Bermuda time)
Announcement of, inter alia, the results of the Court hearing of the petition to sanction the Scheme, the expected Effective Date, and the expected date of withdrawal of the listing of the Shares on the Stock Exchange published on the websites of the Stock Exchange and the Company . . . . .	no later than 7:00 p.m. Monday, 2 September 2019
Delivery of the Court Order for registration at the Registrar of Companies in Bermuda . . . . .	Tuesday, 3 September 2019 (Bermuda time)
Scheme Record Date . . . . .	Tuesday, 3 September 2019
Effective Date ( <i>Note 5</i> ) . . . . .	Tuesday, 3 September 2019 (Bermuda time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange . . . . .	Wednesday, 4 September 2019
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective ( <i>Note 6</i> ) . . . . .	9:00 a.m. on Thursday, 5 September 2019
Latest time to despatch cheques for cash payment under the Scheme . . . . .	on or before Thursday, 12 September 2019

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## EXPECTED TIMETABLE

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Latest time to despatch cheques for cash payment under the Share Award Offer, in respect of the Non Roll-over Awards or Unvested Awards (as applicable) as at the Effective Date (*Note 7*) . . . . . on or before Thursday, 12 September 2019

*Notes:*

1. The Register will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the SGM. This book closure period is not for determining the entitlements of Scheme Shares under the Scheme.
2. Forms of proxy should be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the relevant times and dates stated above or, in the case of the **PINK** form of proxy in respect of the Court Meeting, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). Completion and return of a form of proxy for the Court Meeting or the SGM will not preclude a Shareholder from attending the relevant Meeting and voting in person. In such event, the returned form of proxy will be revoked.
3. The SGM will be held at the scheduled time as stated above or as soon as practicable thereafter on the conclusion of the Court Meeting or after any adjournment of the Court Meeting.
4. The Register will be closed during such period for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
5. The Scheme will become effective when (a) it is sanctioned (with or without modification) by the Court and (b) a copy of the order of the Court sanctioning the Scheme is delivered to the Registrar of Companies in Bermuda for registration. Registration is expected to take place on Tuesday, 3 September 2019 (Bermuda time). Scheme Shareholders should note the "Conditions of the Proposal and the Scheme" set out on pages 78 to 80 of this Scheme Document.
6. If the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn on 9:00 a.m. on Thursday, 5 September 2019.
7. Payment by cheque in respect of the Non Roll-over Awards or Unvested Awards (as applicable) will be made within seven Business Days following the Effective Date.

**The Court Meeting and the SGM will both be held at 12/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Friday, 23 August 2019. Please see the notice of the Court Meeting set out on pages N-1 to N-2 and the notice of the SGM set out on pages SGM-1 to SGM-2 of this Scheme Document for details.**

**As at the date of this Scheme Document, Bermuda time is 11 hours behind Hong Kong time.**

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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 Hsiuguo

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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## LETTER FROM THE BOARD

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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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## LETTER FROM THE BOARD

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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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## LETTER FROM THE BOARD

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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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## LETTER FROM THE BOARD

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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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## LETTER FROM THE BOARD

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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.

## LETTER FROM THE BOARD

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			
	(A) Number of Shares owned	(B) Unvested Awards/Value <i>(Note 1)</i>	(C) 2019 Vesting Awards/ Value <i>(Note 1)</i>	(D) = (B) – (C) Net Unvested Awards/Value <i>(Note 1)</i>
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
Total	<u>858,635</u>	<u>1,142,165/ HK\$11,672,926</u>	<u>174,985/ HK\$1,788,347</u>	<u>967,180/ HK\$9,884,580</u>

*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 <i>(Note 1)</i>
Dr. Roger Shun-hong TONG	159,858/HK\$1,633,749
Ms. Sue YEUNG	199,933/HK\$2,043,315
Total	<u>359,791/HK\$3,677,064</u>

*Note:*

1. Based on the Share Award Offer Price.

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## LETTER FROM THE BOARD

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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	199,933	199,933/ HK\$1,857,378	159,946/ HK\$1,485,898
Total	<u>359,791</u>	<u>359,791/ HK\$3,342,459</u>	<u>287,832/ HK\$2,673,959</u>

*Note:*

1. 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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## LETTER FROM THE BOARD

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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.

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## LETTER FROM THE BOARD

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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><u>391,195,500</u></u>	<u><u>100.00</u></u>	<u><u>291,174,695</u></u>	<u><u>100.00</u></u>
Total number of Scheme Shares	<u><u>100,020,805</u></u>	<u><u>25.57</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

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## LETTER FROM THE BOARD

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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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## LETTER FROM THE BOARD

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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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## LETTER FROM THE BOARD

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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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## LETTER FROM THE BOARD

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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*

# 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)

*Independent Non-executive Directors:*

Mr. Marcel Robert FENEZ

Mr. Steven Robert LEONARD

Ms. Philana Wai Yin POON

*Registered Office:*

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM10

Bermuda

*Principal Office in Hong Kong:*

12/F, Harbour Centre

25 Harbour Road

Wanchai

Hong Kong

31 July 2019

*To the Scheme 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**

We refer to the scheme document of even date jointly issued by the Company and the Offeror in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to give a recommendation to the Scheme Shareholders in respect of the Proposal.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Anglo Chinese has been appointed with our approval as our independent financial adviser in respect of, amongst other things, the Proposal. Details of the advice from Anglo Chinese which sets out the principal factors and reasons taken into account in arriving at its recommendations are set out in the letter from Anglo Chinese on pages 36 to 74 of the Scheme Document.

Having considered the terms of the Proposal and having taken into account the advice from Anglo Chinese, in particular the principal factors and reasons, and recommendations as set out in the letter from Anglo Chinese, we are of the opinion that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned.

Accordingly, we recommend:

- (a) at the Court Meeting, the Scheme Shareholders vote in favour of the resolution to approve the Scheme;
- (b) at the SGM:
  - (i) the Shareholders vote in favour of the special resolution to give effect to the Scheme by approving:
    - (1) the reduction of the issued share capital of the Company as a result of cancellation of the Scheme Shares;
    - (2) the application of the resulting credit to a reserve account of the Company; and
    - (3) the withdrawal of listing of the Shares on the Stock Exchange.
  - (ii) the Disinterested Scheme Shareholders vote in favour of the ordinary resolution to approve the Roll-over Arrangements.

We also recommend the Scheme Shareholders to read (i) the letter from the Board regarding the Proposal, (ii) the letter from Anglo Chinese, which sets out the principal factors and reasons taken into account in arriving at its recommendations to the Independent Board Committee and the consequences of the lapse of the Scheme, and (iii) the Explanatory Statement, contained in the Scheme Document.

Yours faithfully,  
*The Independent Board Committee*

**Mr. Marcel Robert FENEZ**  
*Independent non-executive  
Director*

**Mr. Steven Robert  
LEONARD**  
*Independent non-executive  
Director*

**Ms. Philana Wai Yin POON**  
*Independent non-executive  
Director*

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**LETTER FROM ANGLO CHINESE**

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**ANGLO CHINESE**

CORPORATE FINANCE, LIMITED  
www.anglochinesegroup.com

40<sup>th</sup> Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

To the Independent Board Committee and the Scheme Shareholders

31 July, 2019

Dear Sirs,

**PROPOSED PRIVATISATION 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**

**INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee in relation to the Proposal which comprises the Scheme, the implementation of the Share Award Offer and the Roll-over Arrangements, and the withdrawal of the listing of the Shares from the Stock Exchange. Expressions used in this letter have the same meanings as defined in the Scheme Document, unless the context requires otherwise.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Marcel Robert FENEZ, Mr. Steven Robert LEONARD and Ms. Philana Wai Yin POON has been established to advise the Scheme Shareholders as to whether or not the terms of the Proposal are fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the SGM. As all of the non-executive Directors have been nominated to the Board by the Offeror, they are therefore not considered to be independent for the purpose of making a recommendation to the Scheme Shareholders and are precluded from joining the Independent Board Committee.

In formulating our recommendation, we have relied on the information and facts supplied, and the opinions expressed by the Company. We have also assumed that the information and representations contained or referred to in the Scheme Document were true and accurate at the time they were made and continued to be so at the Latest Practicable Date. We have reviewed the published information on the Company, the trading performance of the Shares on the Stock Exchange and the business plan of the Group for the next five years. We have sought and

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## LETTER FROM ANGLO CHINESE

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received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that we have reviewed sufficient information to reach the conclusion set out in this letter and have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company or expressed in the Scheme Document.

We have also not considered the tax, regulatory and other legal implications on the Scheme Shareholders in respect of the Proposal, since these depend on their individual circumstances. In particular, the Scheme Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

### PRINCIPAL TERMS OF THE PROPOSAL

The principal terms of the Proposal are set out below:

#### The Scheme

Subject to the Scheme becoming effective, the Scheme Shareholders will receive the Scheme Consideration Price as consideration for the cancellation of the Scheme Shares:

**For each Scheme Share**

**HK\$10.22 in cash**

#### The Share Award Offer

Under the ESAS, in the event of a privatisation of the Company by way of a scheme of arrangement, the vesting of the Unvested Awards is accelerated to a date on which such privatisation 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 privatisation to the grantees of the Share Awards, without the need to transfer the underlying Shares to the grantees.

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. No Share Award Offer Price will be paid in respect of the Roll-over Awards if the Roll-over Arrangements are implemented.

**For each Non Roll-over Award or Unvested Award**

**HK\$10.22 in cash**

The Offeror has confirmed in the Announcement that it will not, and does not reserve the right to, increase the Scheme Consideration Price or the Share Award Offer Price, and therefore the Scheme Consideration Price and the Share Award Offer Price of HK\$10.22 represents the final price for each Scheme Share and each Non Roll-over Award or Unvested Award.

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## LETTER FROM ANGLO CHINESE

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### **The Roll-over Arrangements**

Pursuant to the Roll-over Arrangements, each of the two Participating Management Shareholders shall waive his or her rights to the accelerated vesting of his or her respective Roll-over Awards, which represented in aggregate 359,791 Roll-over Awards, or 37.20% of the Net Unvested Awards of the Participating Management Shareholders as at the Latest Practicable Date. Upon the terms of the MIP to be adopted by the Company following the Effective Date, each of the Participating Management Shareholders will be issued one Roll-over RSU and 0.8 Incentive RSUs for every Roll-over Award (rounded down to the nearest whole Incentive RSU), representing in aggregate 359,791 Roll-over RSUs and 287,832 Incentive RSUs as at the Latest Practicable Date. The Roll-over Agreement will be terminated if the Scheme lapses or is withdrawn or terminated by the Offeror.

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 and the Executive has indicated that it is minded to grant its 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.

If we do not state in our opinion that the proposed terms of the Roll-over Arrangements are fair and reasonable or 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.

### **Conditions of the Proposal**

The implementation of the Proposal is subject to conditions set out under the subsection headed “Conditions of the Proposal and the Scheme” in the Explanatory Statement of the Scheme Document. All Conditions will have to be satisfied or validly waived (as applicable) on or before the Long Stop Date on 11 March 2020 (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), failing which the Proposal and the Scheme will lapse. When all the Conditions are satisfied or validly waived (as applicable), the Scheme will become effective and binding on the Company and all Scheme Shareholders.



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## LETTER FROM ANGLO CHINESE

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### Irrevocable Undertakings

As at the Latest Practicable Date, the Offeror has received Irrevocable Undertakings from the Participating Management Shareholders, who held Scheme Shares 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. Each Participating Management Shareholder has undertaken that:

- (i) he or she shall vote in favour of the Proposal; and
- (ii) (save in respect of its respective 2019 Vesting Awards and the 2019 Awards) he or she shall not acquire, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of its Shares, nor accept any other offer in respect of all or any of its Shares before the earlier of the Effective Date or its Irrevocable Undertaking terminating in accordance with its terms.

### PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE PROPOSAL

We have considered the following factors in arriving at our recommendations regarding the terms of the Proposal:

#### 1. Business operations of the Group

The Company, listed on the Stock Exchange on 19 June 1996, is a leading provider of high quality satellite transmission services and transponder capacity in the Asia Pacific region. At the time of listing the Company owned and operated two satellites, AsiaSat 1 and AsiaSat 2, which together provided access to more than 50 countries with approximately 3.3 billion people from Siberia to Australia and from Japan to the Middle East. The Group currently operates seven satellites (AsiaSat 3S, AsiaSat 4, AsiaSat 5, AsiaSat 6, AsiaSat 7, AsiaSat 8, AsiaSat 9) in geostationary orbit. During 2018, the Group provided broadcasting and data services to customers in Australia, Europe, Greater China, the Middle East, South Asia and the United States. The details of the Group's existing satellite fleets are summarised below:

**Table 1 – Summary of the Group's existing satellite fleets**

Satellites	Location	Year launched	Year of expected retirement	Transponders	Coverage
AsiaSat 3S	146°E	1999	2020	28 C-band 16 Ku-band	Asia ( <i>Note 1</i> )
AsiaSat 4	122°E	2003	2022	28 C-band 20 Ku-band	<i>Note 2</i>
AsiaSat 5	100.5°E	2009	2025	26 C-band 14 Ku-band	Asia, Middle East, Eastern Europe, Australasia and Commonwealth of Independent States
AsiaSat 6	120°E	2014	2031	28 C-band	Asia, Australasia, Pacific islands and Central Asia

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**LETTER FROM ANGLO CHINESE**

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Satellites	Location	Year launched	Year of expected retirement	Transponders	Coverage
AsiaSat 7	105.5°E	2011	2029	28 C-band 17 Ku-band 1 Ka-band	Asia, Middle East, Australasia and Central Asia
AsiaSat 8	4°W	2014	2031	24 Ku-band 1 Ka-band	<i>Note 2</i>
AsiaSat 9	122°E	2017	2033	28 C-band 32 Ku-band 1 Ka-band	Asia, Middle East, Central Asia, Australasia

*Sources:* Company's website at [www.asiasat.com](http://www.asiasat.com) and 2018 annual report of the Company

*Notes:*

1. AsiaSat 3S has completed its service and is currently not providing its service.
2. AsiaSat 4 and AsiaSat 8 are leased to their respective customers and located in the customers' designated orbital positions.

The Group will continue to monitor the market demand for high capacity, high speed and efficient connectivity and evaluate the timely commissioning of a high-throughput satellite, AsiaSat 10.

## 2. Historical financial performance of the Group

### *Consolidated Statement of Comprehensive Income*

The audited results of the Group for each of the five years from 2014 to 2018 are summarised in Table 2 below:

**Table 2 – Results of the Group for the past five years from 2014 to 2018**

(HK\$ million except for EPS and Dividend per Share)	For the year ended 31 December,				
	2014	2015	2016	2017	2018
<b>Revenue</b>	1,365	1,311	1,272	1,354	1,442
<i>Year-on-year % changes</i>	-9%	-4%	-3%	6%	6%
<b>Gross profit</b>	788	733	645	714	766
<i>Gross profit margin</i>	58%	56%	51%	53%	53%
<b>EBITDA (Note 1)</b>	1,105	1,059	1,028	1,075	1,188
<i>EBITDA margin</i>	81%	81%	81%	79%	82%
<b>EBIT (Note 2)</b>	638	589	507	549	610
<i>EBIT margin</i>	47%	45%	40%	41%	42%
<b>Profit and total comprehensive income</b>	559	440	430	397	429
<i>Net profit margin</i>	41%	34%	34%	29%	30%
<b>Earnings per Share (HK\$)</b>	1.43	1.12	1.10	1.01	1.10
<b>Dividend per Share (HK\$)</b>	0.57	12.07	0.20	0.38	0.38

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## LETTER FROM ANGLO CHINESE

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*Sources:* Annual reports of the Company from 2014 to 2018

*Notes:*

1. EBITDA means earnings before interest, tax and depreciation and amortisation expenses.
2. EBIT means earnings before interest and tax.

From 2014 to 2016, the Group's results declined in terms of revenue, gross profit, EBITDA, EBIT and net profit.

For the year ended 31 December 2015, the Group's results were impacted by non-renewals of various customers and downward pressure of transponder pricing amid difficult market conditions. Further, the net profit margin decreased from 41% in 2014 to 34% in 2015 partly as a result of the distribution of a special dividend in 2015 which led to (a) a decrease in interest income from HK\$89 million in 2014 to HK\$19 million in 2015 as bank deposits decreased; and (b) an increase in interest charges on a bank loan drawn to facilitate the distribution of the said special dividend.

For the year ended 31 December 2016, the Group recorded a 3% decline in its revenue due to the full-year impact of reduced short-term revenues from the previous year in addition to the general oversupply of satellite capacity globally. The gross profit and EBIT margins for 2016 further decreased to 51% and 40% respectively largely due to the full-year depreciation impact of AsiaSat 6 and AsiaSat 8 which led to an increase in depreciation expenses of HK\$53 million. The Group maintained a stable level of profit and net profit margin during 2016. During 2016, income tax expense decreased to HK\$27 million in 2016 (2015: HK\$92 million) after a reversal of a tax provision for certain revenue and expenses from previous year after reaching an agreement with tax authorities.

For the year ended 31 December 2017, the Group recorded an improvement in revenue, gross profit, EBITDA and EBIT, all of which were mainly attributed to the lease of the full Ku-band payload of AsiaSat 8 in early 2017 and the launch of AsiaSat 9 in late 2017. The Group also benefited from the on-going migration from standard definition to high definition broadcasting along with increased demand for data service. During late 2017, the Group leased the full payload of AsiaSat 4 to a single customer for four years expiring in November 2021. The net profit and net profit margin in 2017 decreased however due partly to the incurrence of an increased income tax expense of HK\$150 million (2016: HK\$27 million) after a reversal of a tax provision in 2016 when the Company reached an agreement with a tax authority on the treatment of certain revenue and expenses.

For the year ended 31 December 2018, the Group's revenue and EBITDA reached the highest level since 2014 as it continued to benefit from the sales contracts entered in 2017 including the full revenue impact of the lease of the full payload of AsiaSat 4 and the full Ku-band payload of AsiaSat 8. As of 31 December 2018, the total number of transponders leased or utilised increased to 131 (31 December 2017: 126) with the successful launch of AsiaSat 9 in late 2017. The Group's overall fleet utilisation rate also increased to 72% (31 December 2017: 69%).

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**LETTER FROM ANGLO CHINESE**

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***Financial Condition of the Group***

The financial position of the Group for the past five years from 2014 to 2018 is summarised in Table 3 below:

**Table 3 – Financial position of the Group in the last five years from 2014 to 2018**

	<b>As at 31 December,</b>				
<i>(HK\$ million except net assets per Share)</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Cash and equivalents</b>	3,346	238	241	214	547
<b>Current assets</b>	3,806	597	567	432	804
<b>Current liabilities</b>	<u>1,017</u>	<u>1,084</u>	<u>879</u>	<u>761</u>	<u>670</u>
<b>Net current assets/(liabilities)</b>	<u>2,789</u>	<u>(487)</u>	<u>(312)</u>	<u>(330)</u>	<u>134</u>
<b>Total assets</b>	10,546	7,519	7,438	7,401	7,218
<b>Total liabilities</b>	<u>3,439</u>	<u>4,845</u>	<u>4,332</u>	<u>4,048</u>	<u>3,584</u>
<b>Net assets</b>	<u>7,107</u>	<u>2,674</u>	<u>3,106</u>	<u>3,353</u>	<u>3,634</u>
<b>Net assets per Share (NAV)</b>					
<b>in HK\$</b>	18.17	6.84	7.94	8.57	9.29
<b>Gearing (Note 1)</b>	N/A	57%	49%	45%	36%
	<i>(Note 2)</i>				
<b>Capital expenditure</b>	1,024	692	406	544	75
<b>Customer contracts backlog</b>	3,514	3,517	4,067	3,684	2,976

*Source:* Annual reports of the Company from 2014 to 2018

*Notes:*

1. Gearing is calculated by dividing the net borrowing (being the total interest-bearing bank borrowings less total cash and bank balances) by the total capital.
2. Not applicable as the Group has net cash balances.

The Group recorded a decrease in cash and cash equivalents due to the payment of a special dividend of HK\$11.89 per Share, totaling HK\$4,651 million in 2015. As mentioned above, the Company had drawn down a bank loan to facilitate the distribution of a special dividend which resulted in the gearing level peaking at 57% and a net current liability of HK\$487 million as at 31 December 2015. In addition, the NAV per Share decreased to HK\$6.84 as at 31 December 2015 (31 December 2014: HK\$18.17).

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## LETTER FROM ANGLO CHINESE

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From 2015 to 2018, the Group recorded improvements in its financial position in terms of its NAV per Share (which increased steadily from HK\$6.84 in 2015 to HK\$9.29 in 2018, representing a CAGR of approximately 10.7%) and gearing which decreased from 57% in 2015 to 36% in 2018. The improvement in NAV per Share was largely due to the consistent profits generated by the Company each year (and which was larger than the dividend paid during the same period other than 2015 when a special dividend was paid). The effective interest rate of the borrowing from 2015 to 2018 was kept at approximately 3.5% per annum.

The Group's level of cash and cash equivalents and net current liabilities remained steady as at 31 December 2016 and 2017. As at 31 December 2018, the Group recorded an increase in cash and cash equivalents to HK\$547 million (due largely to the relatively low level of capital expenditure in 2018 as described below) and net current assets of HK\$134 million.

The Group displayed a decreasing trend in its capital expenditure from 2014 to 2018 mainly due to decreased spending in relation to the construction of AsiaSat 9 which launched in late 2017. The relatively low level of capital expenditure in 2018 was also mainly due to miscellaneous capitalised maintenance costs in relation to AsiaSat 9.

### **3. Dividends**

Tables 4 and 5 below show the dividend yield and dividend payout ratio of the Company and selected listed comparable companies engaged in the satellite industry.

Based on Bloomberg, we have selected a list of publicly traded comparable companies engaged in the satellite industry, and which we consider to be exhaustive and a fair representation of companies listed on the Stock Exchange and other exchanges comparable to the Company. In selecting these companies, we have taken into account that these comparable companies are not and cannot be exact due to variations in, amongst others, different locations of assets or businesses and scale of their businesses. In particular, SES SA, Eutelsat Communications SA, Inmarsat PLC and Intelsat S.A. which are substantially larger than the Company and the other comparable companies may enjoy different operating conditions when compared with smaller satellite operators in the Asia Pacific region and the Middle East. Notwithstanding the differences in the companies selected, and given the limited number of comparable companies in the Asia Pacific region, we consider that it is appropriate to include the companies we have identified without making adjustments for the larger comparable companies for our comparison analysis.

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**Table 4 – Dividends distributed by the Company over the past five years**

	<b>2014</b>	<b>2015</b> <i>(Note 1)</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Dividend paid <i>(HK\$ million)</i>	223	4,722	78	149	149
Dividend per Share <i>(HK\$)</i>	0.57	12.07	0.20	0.38	0.38
Dividend payout ratio <i>(Note 2)</i>	40%	1,078%	18%	38%	35%
Dividend yield <i>(Note 3)</i>	2.1%	124.0%	2.1%	5.4%	7.2%
Dividend yield implied by Scheme Consideration Price <i>(Note 4)</i>					3.7%

*Source:* Bloomberg, annual reports of the Company from 2014 to 2018

*Notes:*

1. Special interim dividend of HK\$11.89 per Share was paid by the Company in 2015.
2. Dividend payout ratio is expressed as a percentage of annual dividends paid to the profit attributable to the Shareholders for the relevant year.
3. Dividend yield is calculated by dividing the annual dividends paid per Share by the year end closing price of the Shares for the relevant year.
4. The dividend yield implied by the Scheme Consideration Price is calculated by dividing the annual dividends per Share for 2018 by the Scheme Consideration Price.

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**Table 5 – Dividend payout of comparable companies listed on the  
Stock Exchange and other stock exchanges**

Companies	Stock exchanges	Dividend payout ratio <i>(Note 1)</i>	Dividend yield <i>(Note 2)</i>
APT Satellite Holdings Ltd.	Hong Kong	28%	4.7%
Eutelsat Communications SA	EN Paris	84%	7.1%
SES SA	Luxembourg	126%	4.8%
Space Communication Limited	Tel Aviv	0%	0%
Thaicom Public Co., Ltd.	Bangkok	648%	0%
Inmarsat PLC	London	0%	5.3%
Intelsat S.A.	New York	0%	0%
	<b>Maximum</b>	648%	7.1%
	<b>Minimum</b>	0%	0%
	<b>Median</b>	28%	4.7%
	<b>Average</b>	127%	3.1%
The Company	<b>Hong Kong</b>	35%	7.2%
			(Implied by the closing price of the Shares on 31/12/2018)
			3.7%
			(Implied by the Scheme Consideration Price)

*Source:* Bloomberg and the respective annual reports of the companies

*Notes:*

1. Dividend payout ratio is expressed as a percentage of annual dividend paid to the profit attributable to the shareholders for the latest full financial year.
2. Dividend yield is calculated by dividing the annual dividend paid per share for the latest full financial year by the relevant year end closing price of the shares in the company.

As shown in Table 4 above, the Company maintained a dividend payout ratio in the range of 35% to 40% except for 2015 and 2016 when a distribution of a special dividend of HK\$11.89 was made in 2015. Based on the dividends paid in respect of the year ended 31 December 2018 of HK\$0.38 per Share, the Scheme Consideration Price implied a dividend yield of 3.72% which is lower than that of the Company for 2017 and 2018.

As shown in Table 5 above, we note a wide range of dividend payout ratios from 0% to 648% which is not helpful towards drawing a meaningful benchmark. The dividend yield of the Company of 7.2% (calculated based on the 2018 year end closing price of HK\$5.27 per Share) for 2018 is considered high compared to the medium dividend yield of 4.7% of our selected comparable companies. However, the dividend yield of the Company implied by the Scheme Consideration Price of 3.7% is considered low when compared to the median dividend yield of 4.7% of our selected comparable companies.

#### **4. Future prospects of the Group and intention of the Offeror**

As stated in the Letter from the Board, the satellite industry has been experiencing significant pricing issues and headwinds due to weaker demand for, and oversupply of, satellite capacity in key markets, as well as technology changes, price erosions and fierce competition from terrestrial networks. Additionally, consumer consumption has shifted away from traditional TV broadcast viewing to other forms of media. In particular, high-throughput satellite launches have significantly impacted the supply dynamics of the industry. Fixed satellite service operators have been reshaping their corporate strategies to create more sustainable business models, including diversification, vertical integration and technological innovations. Notwithstanding the challenges in the market, the Company remains cautiously optimistic about revenue prospects for 2019 and beyond for its core business.

According to Euroconsult Canada<sup>(Note 1)</sup>, the pricing for satellite capacity is forecasted to decline from an average revenue per unit (“ARPU”) of US\$232 per Megabits per second per month (Mbps/month) in 2017 to an ARPU of US\$165/Mbps/month in 2027 mainly due to the increased supply of satellite capacity. It was stated in the Company’s 2018 annual report that the Group experienced a decrease in contracted backlog to approximately HK\$3.0 billion as at 31 December, 2018 (31 December, 2017: HK\$3.7 billion) mainly due to subdued demand and reluctance for customers to commit to longer-term contracts which may indicate that customers of the Group also expect satellite capacity pricing not to increase in the future.

Despite the expected decrease in pricing for overall satellite capacity, Euroconsult Canada<sup>(Note 1)</sup> forecasted an overall growth in the demand for satellite usage, which is attributed to the increased demand in emerging markets that typically require lower pricing. Northern Sky Research<sup>(Note 2)</sup> forecasted that the annual revenue for C and Ku-band video distribution in South and Southeast Asia is projected to grow from US\$720 million in 2016 to US\$850 million in 2026. Nonetheless, it remains to be seen as to whether or not the Group can capitalise on the projected growth as many global competitors are aggressively pursuing high-throughput satellite technology in the form of traditional satellites and constellations. According to Euroconsult Canada<sup>(Note 1)</sup> high-throughput satellite capacity has increased from 0.9 terabits per second in 2016 to 1.3 terabits per second in 2017, and is projected to reach 5.8 terabits per second in 2021 and 11 terabits per second in 2024. In the meantime, the Group is evaluating the appropriate timing to commission a high-throughput satellite, AsiaSat 10, to expand its capacity for in-flight and maritime connectivity and other vertical markets, which has been forecasted by Northern Sky Research<sup>(Note 3)</sup> to be a leading source of growth in the industry, particularly in China and India.

In addition, the Company is anticipating the potential impact of fifth-generation wireless network (“5G Network”) implementation. As stated in the Company’s 2018 annual report, there have been concerns over the tightening supply of C-band transponder capacity available for broadcast distribution as regulators around the world are stepping up their efforts to re-purpose a portion of C-band satellite spectrum to facilitate the roll-out of new 5G Network. This implies a reduction in the spectrum available for the Group to provide broadcasting services to its customers. To alleviate the anticipated impact of 5G Network implementation, the Group is exploring technical solutions and reasons to justify the continued allocation of satellite capacity to its broadcast customers.



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The Offeror intends to maintain its existing business following implementation of the Proposal and has no immediate plans to (i) make any material changes to the business and, or dispose or redeploy assets of the Group, or (ii) discontinue the employment of employees of the Group.

*Notes:*

1. Source: Asia Pacific Satellite Communications Council, quarter 4, 2018 newsletter, pages 4 to 7, citing data from Euroconsult's Satellite Communications and Broadcasting Market Survey, 25th Edition report, published in September 2018.
2. Source: Asia Pacific Satellite Communications Council, quarter 3, 2018 newsletter, pages 24 to 29, and citing data from Northern Sky Research's Global Satellite Capacity Supply & Demand, 14th Edition report, published in July, 2017.
3. Source: Asia Pacific Satellite Communications Council, quarter 1, 2019 newsletter, pages 26 to 30, and citing data from Northern Sky Research's Global Satellite Capacity Supply & Demand, 15th Edition report, published in July, 2018.

### **5. Reasons for and benefits of the Proposal**

Given the challenges that are faced by the Company and the satellite industry as a whole as described above, the benefits of the Proposal to the Company as set out under the subsection headed "Benefits of the Proposal to the Company" in the Explanatory Statement of this Scheme Document are as follows:

- the Proposal will allow the Company to better adapt to a rapidly changing business environment and to position itself for potential areas of growth, such as regional demand for network connectivity including maritime and remote communications;
- the Proposal will allow the Company to consider changes to corporate strategy and, or business model to effectively compete in the current market place and generate future growth even though such potential changes may have inherent execution risk and create volatility to the Company's financial and earnings profile;
- the Proposal will allow the Company the flexibility to further invest in adapting its business model, which may require further debt or equity funding to be raised;
- the Proposal will enable the Company to protect proprietary pricing information and other commercially sensitive information that is currently accessible to the Company's competitors and suppliers through analysis of its public filings;
- the Proposal will provide the Company with greater flexibility in the structuring of, possible future corporate transactions; and
- the Proposal will relieve the Company from the financial costs associated with being a publicly listed company.

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In addition, the Proposal will offer Scheme Shareholders an opportunity to execute substantial on-market disposals without adversely affecting the price of the Shares given the historically low trading liquidity of the Shares as described more fully in the subsection headed “Liquidity of the Shares” below.

### 6. Share price analysis

#### *Comparing Scheme Consideration Price to the historical price of the Shares*

During the past three years immediately preceding the Last Trading Day on 20 June 2019, the Shares have traded below the Scheme Consideration Price since 28 November 2016 and up to the Last Trading Day.

The Scheme Consideration Price represents:

- a premium of approximately 23.4% over the closing price of HK\$8.28 per Share on the Last Trading Day;
- a premium of approximately 31.5% over the average closing price of HK\$7.77 per Share for the five consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 33.4% over the average closing price of HK\$7.66 per Share for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 44.4% over the average closing price of HK\$7.08 per Share for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 50.4% over the average closing price of HK\$6.79 per Share for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 56.5% over the average closing price of HK\$6.53 per Share for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 71.0% over the average closing price of HK\$5.98 per Share for the 180 consecutive trading days immediately prior to and including the Last Trading Day; and
- a premium of approximately 7.0% over the closing price of HK\$9.55 per Share on the Latest Practicable Date

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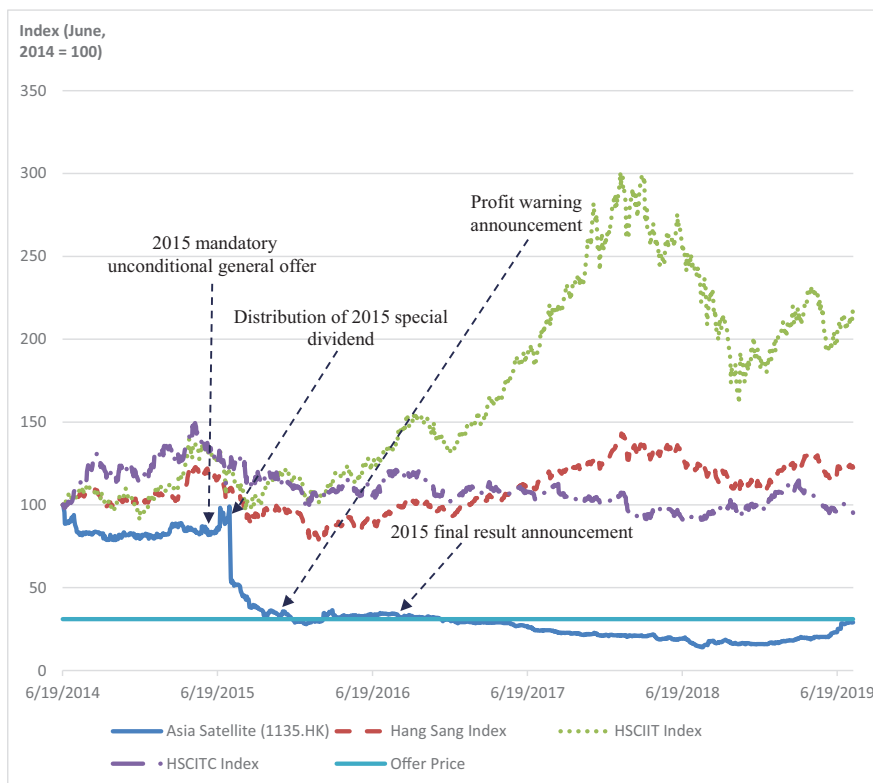
The highest and lowest closing prices of the Shares during the six-month period preceding (and including) the Last Trading Day were HK\$8.28 per Share on 20 June 2019 and HK\$5.20 per Share on 28 December 2018. The Scheme Consideration Price represents a premium of approximately 23.4% over the highest closing price, and a premium of approximately 96.5% over the lowest closing price during the aforementioned six-month period.

During the period from the Last Trading Day to the Latest Practicable Date, the highest and lowest closing prices of the Shares were HK\$9.74 per Share on 19 July 2019 and HK\$8.28 per Share on 20 June 2019. The Scheme Consideration Price represents a premium of approximately 4.9% over the highest closing price, and a premium of approximately 23.4% over the lowest closing price during the period mentioned.

### *Comparing price of the Shares with Hang Seng Index (“HSI”), Hang Seng Composite Index – Information Technology (“HSCIIT”) and Hang Seng Composite Index – Telecommunications (“HSCITC”)*

Chart 1 below shows the relative performance of the Shares from 19 June 2014, being approximately five years preceding the Last Trading Day, until the Latest Practicable Date compared with HSI, HSCIIT and HSCITC.

**Chart 1 – Performance of the Share price, HSI, HSCIIT and HSCITC in the past five years**



Source: Bloomberg

Note: Shares prices are rebased to 100 on 19 June 2014.

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As shown in Chart 1 above, a mandatory unconditional general offer of HK\$26.00 per Share was extended to the Shareholders in May 2015 as The Carlyle Group L.P. acquired its current interests in the Company from General Electric Company and a special dividend of HK\$11.89 per Share was distributed in July 2015. Subsequent to the dividend distribution, the Share price decreased from HK\$32.65 on 17 July 2015 to HK\$17.00 on 21 July 2015. On 25 November 2015, the Company issued a profit warning announcement stating that the profit of the Group for the year ending 31 December 2015 was expected to decrease by approximately 25% compared to the previous financial year in 2014. Later on 16 March 2016, the Company announced its 2015 annual results which saw a decrease of some 21.3% in net profits. From August 2015 to August 2018, the Share price had been on a gradual declining trend until reaching HK\$4.63 on 6 August 2018 and the Shares traded consistently between HK\$5.00 and HK\$5.80 from August to December 2018. Based on the public disclosure made by the Company and save for the distribution of a special dividend in July 2015 and the decrease in profits of the Group for the 2015 financial year, we are unaware of any other reasons attributing to the said decline in the Share price. After reaching a price of HK\$5.20 on 28 December 2018, the Share price gradually increased to HK\$7.39 on 6 June 2019, being ten trading days immediately preceding (and including) the Last Trading Day. During the ten trading day period, the Share price increased some 12% to HK\$8.28 on the Last Trading Day.

The performance of the Shares underperformed HSCIIT since June 2014, and HSI and HSCITC since around July 2016 and up to the Last Trading Day.

### *Comparing the Share price with a comparable company listed on the Stock Exchange*

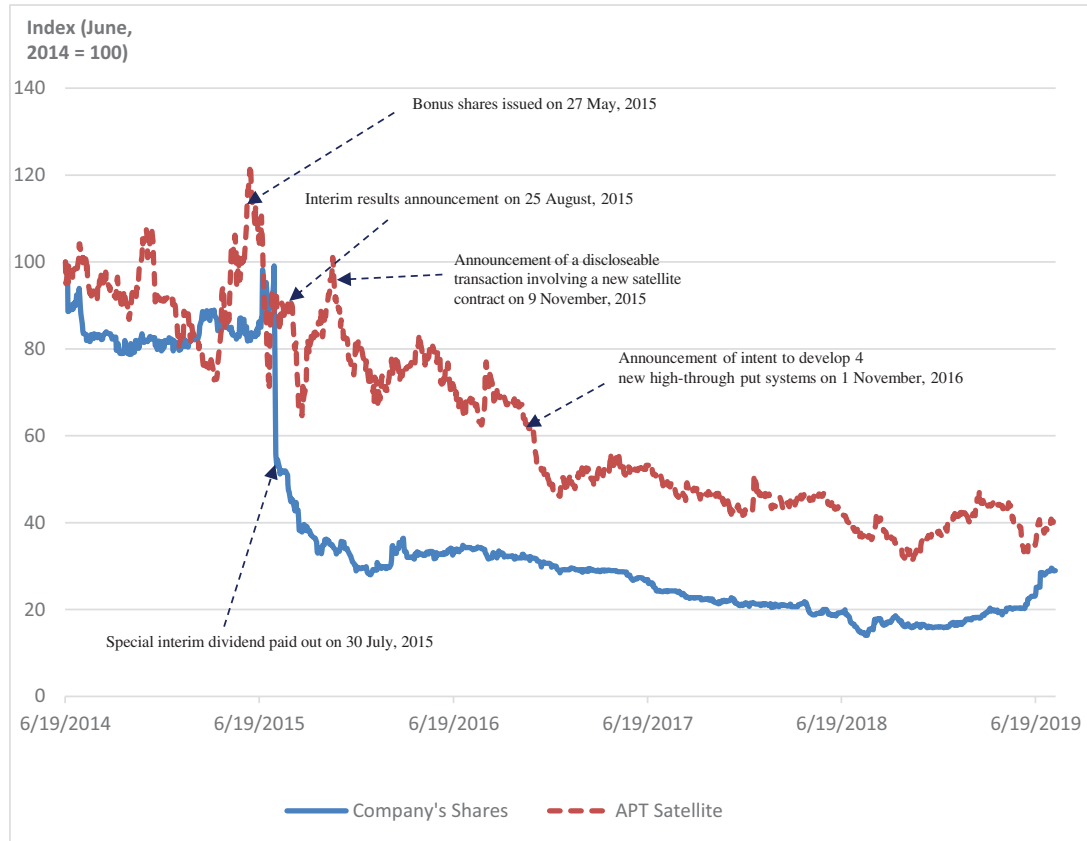
Based on the abovementioned list of comparable companies set out in Table 5, it is noted that there is only one comparable listed company in Hong Kong, namely, APT Satellite Holdings Limited (“APT Satellite”) which is principally engaged in the operation and leasing of satellite transponder capacity and provision of satellite based broadcasting and telecommunications services globally via broadcast platforms on its satellites. Set out below is a graph showing the relative performance of the Shares from 19 June 2014, being five years preceding the Last Trading Day, and until the Latest Practicable Date compared with APT Satellite.

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**Chart 2 – Performance of the Shares compared APT Satellite in the past five years**



Source: Bloomberg

Note: Share prices are rebased to 100 on 19 June 2014.

As shown from Chart 2 above, it is noted that the price of the Shares has lagged behind that of APT Satellite since July 2015. From around 1 June 2015 and up to the Latest Practicable Date, the prices of the APT Satellite have been on a volatile, downward trend despite its consistent profitability. The share price of APT Satellite did not react positively to the announcements of APT Satellite in November 2015 relating to its contract for the development of a new satellite, and in November 2016 relating to the adoption of new technologies indicated by the intent to develop four high-throughput systems, even though similar announcements resulted in boosts to the share price of APT Satellite in the previous years.

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### 7. Liquidity of the Shares

The table below shows the average daily trading volume of the Shares and the percentage of the average daily trading volume to the public float of the Company for the past five years:

**Table 6 – Trading volume of the Shares**

<b>Financial year</b>	<b>Average daily trading volume of the Shares (in number of Shares)</b>	<b>Percentage of average daily trading volume of the Shares to the average public float of the Company</b>
2019 (From Last Trading Day to Latest Practicable Date)	575,205	0.58%
2019 (From 1/1/2019 to Last Trading Day)	118,437	0.12%
2018	80,139	0.08%
2017	45,644	0.05%
2016	26,770	0.03%
2015	168,869	0.17%
2014	60,811	0.06%

*Source:* Bloomberg

As seen in Table 6 above, the average daily trading volume of the Shares during the past five years remained low at less than 0.2% of the public float of the Company up to the Last Trading Day. Given the low level of liquidity of the Shares, it may be difficult for the Company to raise funds from the public equity capital market.

The public float of the Company comprised 99,744,609 Shares, representing 25.50% of the issued Shares as at the Latest Practicable Date. The historically low trading volume of the Shares may be due to a significant number of public float Shares held by a number of long term investors. As at 29 March 2019, the ten largest institutional shareholders of the Company held in aggregate approximately 17.8% of the issued Shares, with the three largest institutional shareholders, namely International Value Advisers LLC, GIC Private Limited and Aberdeen Standard Investments (Asia) Limited held 6.2%, 4.3% and 3.8% of the issued Shares, respectively.

The low level of liquidity in the Shares would indicate that any sale of a large number of Shares through the market would be difficult to accomplish in a short period of time without adversely affecting the Share price. The Scheme provides the Scheme Shareholders, who wish to realise their investment in the Company, an opportunity to sell their Shares at the Scheme Consideration Price which will not be affected by the size of holding and the historical market illiquidity of the Shares. Scheme Shareholders should recognise that if the Scheme is cancelled or lapses, the Shares may trade below the Scheme Consideration Price and revert to prices prevailing in the months before the Announcement.

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### 8. Price to net asset value (NAV) ratios

We have compared the price to NAV ratio of the Company implied by the Scheme Consideration Price with the historic price to NAV ratio of the Company in the past five years as shown in Table 7 below.

**Table 7 – Price to net assets ratio of the Company in the past five years**

Period of the published NAV ( <i>Note 1</i> )	Date of NAV	NAV per Share	Price to NAV ( <i>times</i> )
21/8/2014 to 25/3/2015	30/6/2014	HK\$17.64	1.5
26/3/2015 to 26/8/2015	31/12/2014	HK\$18.17	1.4
27/8/2015 to 15/3/2016	30/6/2015	HK\$ 6.52	1.7
16/3/2016 to 16/8/2016	31/12/2015	HK\$ 6.84	1.6
17/8/2016 to 14/3/2017	30/6/2016	HK\$ 7.46	1.4
15/3/2017 to 16/8/2017	31/12/2016	HK\$ 7.94	1.1
17/8/2017 to 22/3/2018	30/6/2017	HK\$ 8.19	0.9
23/3/2018 to 16/8/2018	31/12/2017	HK\$ 8.57	0.7
17/8/2018 to 7/3/2019	30/6/2018	HK\$ 8.92	0.6
8/3/2019 to Last Trading Day	31/12/2018	HK\$ 9.29	0.7
21/6/2019 to Latest Practicable Date	31/12/2018	HK\$ 9.29	1.0
<b>Price to NAV ratio implied by the Scheme Consideration Price:</b>			<b>1.1</b>

*Note 1:* The periods refer to the various periods when the net asset value of the Company was published either by way of its interim or annual results announcements.

Based on the NAV per Share of HK\$9.29 as at 31 December 2018, the price to NAV ratio implied by the Scheme Consideration Price is 1.10 times. This price to NAV ratio is considered high when compared with the Company's price to NAV ratios since August 2017 when the Shares have been trading at a price to NAV ratio of below 1.0 times up to the Last Trading Day, and between 0.6 and 0.7 times since March 2018. While the premium of 10% over the NAV implied by the Scheme Consideration Price is considered not high in the context of a privatisation proposal for the Company, such premium compares favourably to the Company's past price to NAV ratio since August 2017.

### 9. Comparable company analysis

Based on the abovementioned list of comparable publicly traded companies as set out in Table 5 above, we have analysed the enterprise value to EBITDA (“**EV/EBITDA ratio**”) (which measures the return a company makes on its capital investments by taking debt into account and ignores the effects of individual countries' taxation policies), price-to-earnings ratio (“**P/E ratio**”), price-to-NAV ratio (“**P/NAV ratio**”) and price-to-sales ratio (“**P/S ratio**”)

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(which measures the market value of a company in comparison to the total revenue generated by the business) as shown in Table 8 below. For our analysis below, medians are used in lieu of averages because they are less susceptible to the influence of outliers.

The EV/EBITDA ratio implied by the Scheme Consideration Price is 5.1 times which is lower than the median EV/EBITDA ratio of 8.0 times of the comparable companies.

The P/E ratio implied by the Scheme Consideration Price is 9.3 times which is close to the median P/E ratio of 9.5 times of the comparable companies.

The P/NAV ratio implied by the Scheme Consideration Price is 1.1 times which is slightly higher than the median P/NAV ratio of 1.0 times of the comparable companies.

The P/S ratio implied by the Scheme Consideration Price is 2.8 times which is considerably higher than the median P/S ratio of 1.7 times of the comparable companies.

When comparing the multiples described above implied by Scheme Consideration Price to those of our selected comparable companies, it should be noted that these comparable companies are not trading at share prices subject to privatisation proposals unlike the Company, which would generally be expected to command a premium to the prevailing market price of the company being privatised.

Although the P/S ratio implied by the Scheme Consideration Price infers a premium for a privatisation proposal, the EV/EBITDA ratio, P/E ratio and P/B ratio implied by Scheme Consideration Price are lower, or at similar level to those of our selected comparable companies and do not infer any premium for a privatisation proposal. However, if the Proposal is not approved, it is likely that the Company will be trading at lower multiples than those implied by the Scheme Consideration Price as the Shares have traded below the Scheme Consideration Price since 28 November 2016 and up to the Last Trading Day and the Latest Practicable Date.



Table 8 – Comparable companies listed on the Stock Exchange and other stock exchanges

Company name (Ticker)	Stock Exchange	Principal activities	Number of satellites being operated	Market capitalisation as at Last Trading Day (US\$ million)	As at Last Trading Day			As at Latest Practicable Date				
					EV/ EBITDA (times) (Note 2)	P/E (times) (Note 3)	P/NAV (times) (Note 4)	EV/ EBITDA (times) (Note 2)	P/E (times) (Note 3)	P/NAV (times) (Note 4)	P/S (times) (Note 5)	
SES SA (SESG LX)	Luxembourg	SES SA offers feeds for cable television networks, internet access, corporate networks, network facilities, telecommunications services, and audiovisual broadcasting	43	6,016	9.0	34.3	1.6	2.7	8.6	26.3	1.0	3.4
Eutelsat Communications SA (ETL FP)	Paris	Eutelsat Communications offers television and radio broadcasting, video broadcasting, corporate networks, internet access, and mobile communications in Europe, the Middle East, Africa, Asia, eastern North America, and South America	34	4,283	6.4	13.3	1.5	2.7	6.7	14.4	1.6	3.0

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Company name (Ticker)	Stock Exchange	Principal activities	Number of satellites being operated	Market capitalisation as at Last Trading Day (US\$ million)	As at Last Trading Day				As at Latest Practicable Date			
					EV/ EBITDA (times) (Note 2)	P/E (times) (Note 3)	P/NAV (times) (Note 4)	P/S (times) (Note 5)	EV/ EBITDA (times) (Note 2)	P/E (times) (Note 3)	P/NAV (times) (Note 4)	P/S (times) (Note 5)
Inmarsat PLC (ISAT LN)	London	Inmarsat PLC offers voice and high-speed data services on a worldwide basis to industries including maritime, media, oil and gas, construction and aeronautical	13	3,202	7.3	N/A (Note 6)	3.0	1.7	7.4	N/A (Note 6)	3.1	2.2
Intelsat S.A. (I US)	New York	Intelsat S.A. provides communications services to media companies, telecommunications operators, and data networking service providers, multinational corporations, and Internet service providers	52	2,834	10.3	N/A (Note 6)	N/A (Note 7)	1.3	9.0	N/A (Note 6)	N/A (Note 7)	1.4
APT Satellite Holdings Ltd (1045 HK)	Hong Kong	APT Satellite Holdings Ltd. maintains, operates, and leases satellite telecommunication systems	6	367	2.6	5.7	0.5	2.2	2.6	5.8	0.5	2.4

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Company name (Ticker)	Stock Exchange	Principal activities	Number of satellites being operated	Market capitalisation as at Last Trading Day (US\$ million)	As at Last Trading Day				As at Latest Practicable Date			
					EV/ EBITDA (times) (Note 2)	P/E (times) (Note 3)	P/NAV (times) (Note 4)	P/S (times) (Note 5)	EV/ EBITDA (times) (Note 2)	P/E (times) (Note 3)	P/NAV (times) (Note 4)	P/S (times) (Note 5)
Thaicom PCL (THCOM TB)	Bangkok	Thaicom PCL operates and provides satellite transponder services and internet, satellite uplink/downlink, and telephone network services	5	211	N/A (Note 6)	N/A	0.4	1.1	N/A (Note 6)	N/A	0.5	1.1
Space Communication Ltd (SCC IT)	Tel Aviv	Space Communication Ltd supplies and markets satellite communication services	4	59	8.7	4.9	0.5	0.7	8.9	5.9	0.6	0.9
<b>The Company (1135 HK)</b>	Hong Kong	The Group operates satellites for commercial use, and offers broadcasting and data services in Australia, Europe, Greater China, the Middle East, South Asia, Southeast Asia and the United States	7	512	5.1 (Note 1)	9.3 (Note 1)	1.1 (Note 1)	2.8 (Note 1)	5.1 (Note 1)	9.3 (Note 1)	1.1 (Note 1)	2.8 (Note 1)

<b>Maximum</b>	10.3	34.3	3.0	2.7	9.0	26.3	3.1	3.4
<b>Minimum</b>	2.6	4.9	0.4	0.7	2.6	5.8	0.5	0.9
<b>Median</b>	8.0	9.5	1.0	1.7	8.0	10.1	0.8	2.2
<b>Mean</b>	7.4	14.5	1.3	1.8	7.2	13.1	1.2	2.0

Source: Bloomberg and the websites of the respective companies

*Notes:*

1. Multiples of the Company shown in the table above are calculated based on the Scheme Consideration Price.
2. EV/EBITDA ratio are calculated by dividing the market capitalisation on the Last Trading Day or the Latest Practicable Date (as the case maybe) plus total debt, minority interest and preference shares, minus total cash and cash equivalents, by the latest trailing twelve months earnings before interest, tax, depreciation and amortization expenses of the relevant companies.
3. P/E ratio of the comparable companies are calculated by dividing the market capitalisation on the Last Trading Day or the Latest Practicable Date (as the case maybe) by the latest twelve months trailing earnings of the relevant companies.
4. P/B ratio of the comparable companies is calculated by dividing the market capitalisation on the Last Trading Day or the Latest Practicable Date (as the case maybe) by the latest published net asset value of the relevant companies.
5. P/S ratio of the comparable companies is calculated by dividing the market capitalisation on the Last Trading Day or the Latest Practicable Date (as the case maybe) by the latest published full year revenue of the relevant companies.
6. Not applicable as the company was loss making.
7. Not applicable as the relevant company had a net asset deficit.

**10. Precedent privatisation proposals in Hong Kong including the previous unsuccessful privatisation proposals of the Company**

We have reviewed both precedent successful and unsuccessful privatisation proposals in Hong Kong of companies listed on the Main Board of the Stock Exchange irrespective of their industries and market capitalisations, and announced from 20 June 2016, being the date three years preceding the Last Trading Day, up to and including the Latest Practicable Date. We have also included the unsuccessful privatisation proposals of the Company in 2007 and 2012. However, we have not considered the general offer for the Company in May 2015 by The Carlyle Group L.P. as it was not a proposal to privatise the Company.

The list of precedent successful and unsuccessful privatisation proposals shown below in Tables 9 and 10, respectively, is exhaustive and a fair representation of transactions comparable to the Proposal. It should be noted that the precedent privatisation proposals were conducted under different market conditions and the companies involved are in different industry sectors. Therefore, the factors and considerations that affect the premia/discounts of the offer prices or cancellation prices vary on a case by case basis and may be different from those applicable to the Scheme.

***Precedent successful privatisation proposals***

When comparing the premium over the closing price of shares of target companies on the last trading day prior to announcement of privatisation proposals, the premium of 23.4% implied by the Scheme Consideration Price is lower than the median premium of 35.4% of the precedent successful privatisation proposals due to the significant increase in the Share price shortly before the Last Trading Day on 20 June 2019. As shown in Table 9, other than the share price of five target companies subject to privatisation proposals (out of a total of 18 successful precedents) which increased some 10.5% to 26.8% during a period of ten trading days immediately before (and including) the last trading day prior to the privatisation announcement, the share price of most target companies selected did not display a significant increase during the ten trading days period before the privatisation proposals were announced. As mentioned above, the Share price increased 12% from HK\$7.39 to HK\$8.28 during the ten trading days period from 6 June 2019 to the Last Trading Day. Based on the closing price of HK\$7.39 per Share on 6 June 2019, the premium implied by the Scheme Consideration Price is 38.3% which is higher than the said median of 35.4%.

The premium implied by the Scheme Consideration Price over the average closing price of the Shares during the last 30 days up to (and including) the Last Trading Day of 44.4% compares favourably to the median premium of 36.4% of the precedent successful privatisation proposals.

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The premium of the Scheme Consideration Price over the net asset value of the Company is approximately 10.0% which is lower than the median of 27.5% of precedent successful privatisation proposals. That said, we note that the range of 53.8% (discount) to 239.0% (premium) over the net assets value in the precedent successful privatisation proposals is very wide and therefore not helpful towards drawing a meaningful benchmark.

### *Precedent unsuccessful privatisation proposals*

The premium implied by the Scheme Consideration Price over the closing price of the Shares on the Last Trading Day of 23.4% is slightly lower than the median premium of 24.1% of the precedent unsuccessful privatisation proposals due to the significant increase in the Share price shortly before the Last Trading Day as mentioned in the subsection headed “Precedent successful privatisation proposals” above. As shown in Table 10, other than the share price of three target companies subject to privatisation proposals (out of a total of six unsuccessful precedents) which increased some 10.8% to 26.2% during a period of ten trading days immediately before (and including) the last trading day prior to the privatisation announcement, the share price of the other target companies selected did not display significant increases during the ten trading days period before the privatisation proposals were announced. This premium of 23.4% implied by the Scheme Consideration Price is in line with the median premium of 23.7% for the 2012 privatisation proposal of the Company and slightly lower than median premium of 29.8% for the 2007 privatisation proposal of the Company.

The premium over the average closing price of the Shares for the last 30 days up to (and including) the Last Trading Day of 44.4% implied by the Scheme Consideration Price compares:

- (a) favourably with the median premium of 30.7% of the precedent unsuccessful privatisation proposals; and
- (b) much more favourably with the premium of 32.2% for the privatisation proposal of the Company in 2007, and the premium of 29.1% in 2012 respectively.

When compared with the terms of the unsuccessful privatisation proposal for the Company in 2012, the Scheme Consideration Price implies a lower premium over reported NAV, but a much higher premium over the market price of the Shares during the last 30, 60, 90 and 180 trading days up to the Last Trading Day as shown below.

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### Comparison of certain terms between the Scheme and the privatisation proposal for the Company in 2012

	The Scheme	Privatisation proposal for the Company in 2012
Premium of cancellation price over market price of the Shares on the relevant last trading day before announcement of the privatisation	23.4%	23.7%
Premium of cancellation price over average closing price of the Shares for the 30 trading days up to and including the relevant last trading day	44.4%	29.1%
Premium of cancellation price over average closing price of the Shares for the 60 trading days up to and including the relevant last trading day	50.4%	36.1%
Premium of cancellation price over average closing price of the Shares for the 90 trading days up to and including the relevant last trading day	56.5%	41.3%
Premium of cancellation price over average closing price of the Shares for the 180 trading days up to and including the relevant last trading day	71.0%	43.1%
Premium of cancellation price over the latest reported NAV per Share	10.0%	37.7%

The premium of the Scheme Consideration Price over the net asset value of 10% was lower than that for the previous privatisation proposals of the Company in 2007 and 2012, which were 61.5% and 37.7%, respectively. We consider the extent of the premium to net asset value implied by the Scheme Consideration Price, in the context of a privatisation of the Company, to be low.

Table 9 – List of successful privatisations in the past three years preceding the Last Trading Day

Date of initial announcement	Company, stock code	Industry	Offer/cancellation price per share (HK\$)	Market capitalisation at the offer/cancellation price (HK\$ million)	Percentage increase in share price during the ten trading days prior to the relevant last trading day	Premium of offer/cancellation price over the share price on the last trading day	Premium of offer/cancellation price over the daily average share price during the 30 trading days prior to the relevant last trading day	Premium/(discount) of offer/cancellation price over/fo reported NAV	Opinion of independent financial adviser	Shareholdings of offeror and concert parties (% owned before) (% owned after)
4/4/2019	China Hengshi Foundation Company Limited, 1197	Manufacturing	2.50	2,500	7.6%	10.6%	17.4%	42.1%	Fair and reasonable	79.45%
5/12/2018	Hopewell Holdings Limited, 54	Real estate	38.80	33,702	6.4%	46.7%	55.5%	(35.6%)	Fair and reasonable	100%
27/9/2018	Sinotrans Shipping Ltd., 368	Shipping	2.70	10,779	0.8%	50.0%	42.9%	(25.2%)	Fair and reasonable	100%
10/6/2018	Hong Kong Aircraft Engineering Company Limited, 44	Engineering	71.81	11,944	4.0%	63.2%	62.4%	99.3%	Fair and reasonable	100%
7/6/2018	Portico International Holdings Limited, 589	Apparel	4.10	2,273	3.4%	50.2%	49.2%	(9.9%)	Fair and reasonable	100%
10/11/2017	Welling Holding Limited, 382	Home improvement investment management	2.06	5,900	26.8%	30.4%	33.8%	22.6%	Fair and reasonable	100%
3/7/2017	China Assets (Holdings) Limited, 170	Investment management	6.80	731	11.4%	61.5%	76.6%	(53.8%)	Fair and reasonable	100%
19/6/2017	Bloomage BioTechnology Corporation Limited, 953	Pharmaceutical	16.30	5,960	10.9%	14.0%	24.4%	233.3%	Fair and reasonable	100%



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Date of initial announcement	Company, stock code	Industry	Offer/cancellation price per share (HK\$)	Market capitalisation at the offer/cancellation price (HK\$ million)	Percentage increase in share price during the ten trading days prior to the relevant last trading day	Premium of offer/cancellation price over the share price on the last trading day	Premium of offer/cancellation price over the daily average share price during the 30 trading days prior to the relevant last trading day	Premium/(discount) of offer/cancellation price over/to reported NAV	Opinion of independent financial adviser	Shareholdings of offeror and concert parties (% owned before) (% owned after)
29/5/2017	China Metal International Holdings Inc., 319	Manufacturing	3.01	3,002	1.3%	27.5%	25.9%	27.5%	Fair and reasonable	59.87% 82.55% (Note 2)
28/4/2017	Belle International Holdings Limited, 880	Apparel	6.30	53,136	5.8%	19.5%	21.5%	75.5%	Fair and reasonable	2.66% 100%
20/4/2017	TCC International Holdings Limited, 1136	Construction materials	3.60	17,796	5.3%	38.5%	51.0%	(4.1%)	Fair and reasonable	65.32% 100%
29/3/2017	Goldin Properties Holdings Limited, 283	Construction materials	9.00	32,158	19.8%	36.8%	33.9%	101.3%	Fair and reasonable	64.45% 100%
20/1/2017	Yingde Gases Group Company Limited, 2168 (Note 1)	Chemical manufacturing	6.00	11,343	10.5%	109.1%	89.9%	46.6%	Fair and reasonable	0.69% 100%
10/1/2017	Intime Retail (Group) Company Limited, 1833	Retail	10.00	27,222	5.9%	42.3%	51.8%	67.4%	Fair and reasonable	45.70% 98.45% (Note2)
1/12/2016	Jilin Qifeng Chemical Fiber Co., Ltd., 549	Manufacturing	1.10	285	1.0%	27.6%	49.7%	(0.1%)	Fair and reasonable	50.01% 100%
23/9/2016	ChinaLco Mining Corporation International, 3668	Resource development	1.39	16,427	1.9%	32.4%	33.7%	239.0%	Fair and reasonable	85.75% 100%

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Date of initial announcement	Company, stock code	Industry	Offer/cancellation price per share (HK\$)	Market capitalisation at the offer/cancellation price (HK\$ million)	Percentage increase in share price during the ten trading days prior to the relevant last trading day	Premium of offer/cancellation price over the share price on the relevant last trading day	Premium of offer/cancellation price over the daily average share price during the 30 trading days prior to the relevant last trading day	Premium/ (discount) of offer/cancellation price over/to reported NAV	Opinion of independent financial adviser	Shareholdings of offeror and concert parties (% owned before) (% owned after)
26/7/2016	Peak Sport Products Co., Limited, 1968	Apparel manufacturer	2.60	6,212	7.6%	35.4%	29.4%	9.7%	Fair and reasonable	61.19%
8/7/2016	Nirvana Asia Ltd, 1438	Funeral services	3.00	8,098	2.8%	22.4%	36.4%	225.9%	Fair and reasonable	42.69%
<b>27/6/2019</b>	<b>The Company</b>		10.22	3,998	12.0%	23.4%	44.4%	10.0%		

<i>Mean</i>	7.2%	35.8%	40.9%	59.7%
<i>Median</i>	5.8%	35.4%	36.4%	27.5%
<i>Maximum</i>	26.8%	63.2%	76.6%	239.0%
<i>Minimum</i>	0.8%	10.6%	17.4%	(53.8%)

Sources: Circulars and announcements of the relevant companies listed above

Notes:

- For Yingde Gases Group Company, the premia implied by the offer price to the closing price on the last trading day as well as that to the daily average closing price during the last 30 trading days prior to the last trading day were much higher than that for the rest of the other comparables. Therefore, they are considered as outliers for the purpose of our comparable analysis and excluded from the calculations for the mean, median, maximum value and minimum value.
- For both China Metal International Holdings Inc, and Intime Retail (Group) Company Limited, additional agreements or undertakings were entered into with specific existing shareholders to allow retention of said shareholding, resulting in percentages owned by the offeror and their concert parties after the transaction to be less than 100%.

**Table 10 – List of unsuccessful privatisations in the past three years preceding the Last Trading Day including the previous unsuccessful privatisation proposals for the Company**

Date of initial announcement	Company, stock code	Industry	Offer/ cancellation price per share	Market capitalisation at the offer/ cancellation price	Percentage increase in share price during the ten days prior to the relevant last trading day	Premium of offer/ cancellation price over the share price on the last trading day	Premium of offer/ cancellation price over the daily average share price during the 30 trading days prior to the relevant last trading day	Premium/ (discount) of offer/ cancellation price over/to reported financial NAV	Opinion of independent financial adviser	Shareholdings of offeror and concert parties
			(HK\$)	(HK\$ million)						(% owned before) (% owned after)
29/6/2018	Guoco Group Limited, 53	Real estate	135.00	44,422	7.7%	14.4%	17.7%	(32.2%)	Fair and reasonable	74.83% 74.83%
21/1/2018	Pou Sheng International (Holdings) Limited, 3813	Apparel	2.03	10,842	26.2%	31.8%	70.7%	42.0	Fair and reasonable	62.76% 62.76%
18/7/2017	Future Land Development Holdings Limited, 1030	Real estate	3.30	18,671	15.6%	17.4%	19.1%	75.8%	Fair and reasonable	72.56% 72.56%
22/9/2016	Xingfa Aluminium Holdings Limited, 98	Manufacturing	3.70	1,547	10.8%	24.6%	35.2%	(18.0%)	Fair and reasonable	72.55% 72.55%

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Date of initial announcement	Company, stock code	Industry	Offer/ cancellation price per share	Market capitalisation at the offer/ cancellation price	Percentage increase in share price during the ten days prior to the relevant last trading day	Premium of offer/ cancellation price over the share price on the relevant last trading day	Premium of offer/ cancellation price over the daily average share price during the 30 trading days prior to the relevant last trading day	Premium/ (discount) of offer/ cancellation price over/to reported NAV	Opinion of independent financial adviser	Shareholdings of offeror and concert parties (% owned before) (% owned after)
2/4/2012	The Company	Satellite operator	23.50	9,193	5.6%	23.7%	29.1%	37.7%	Not fair and reasonable	74.43% 74.43%
13/2/2007	The Company (Note 1)	Satellite operator	18.30	7,142	1.1%	29.8%	32.2%	61.5%	Fair and reasonable	68.90% 68.90%
27/6/2019	The Company (implied by the Scheme Consideration Price)		10.22	3,998	12.0%	23.4%	44.4%	10.0%		

Mean	11.2%	23.6%	34.0%	27.8%
Median	9.3%	24.1%	30.7%	39.8%
Maximum	26.2%	31.8%	70.7%	75.8%
Minimum	1.1%	14.4%	17.7%	(32.2%)

*Previous unsuccessful privatisation proposals by the Company:*

Sources: Circulars and announcements of the relevant companies listed above

Note 1: The proposed privatisation of the Company in 2007 was unsuccessful as the Company was unable to obtain the requisite approval from the United States Department of State.

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### 11. The Roll-over Arrangements

If the Scheme becomes effective, the Company will adopt the MIP which aims to incentivise the Participating Management Shareholders, Dr. Roger Shun-hong TONG who is the chief executive officer and executive Director and Ms. Sue YEUNG who is the chief financial officer and the company secretary of the Company, to continue to contribute to the development of the Group. Through the Roll-over Arrangements, the Participating Management Shareholders are offered an opportunity to participate in the economic upside of any growth in equity value of the post-privatised Group.

Pursuant to the Roll-over Arrangements, if implemented, each of the Participating Management Shareholders shall waive his or her rights to the accelerated vesting of his or her Roll-over Awards (which represented 37.20% of their respective Net Unvested Awards) valuing at HK\$3,677,064 in aggregate as shown in Table 11 below:

**Table 11 – Roll-over Awards and their value if Roll-over Arrangements are not implemented**

	<b>Number of Net Unvested Awards</b>	<b>Number Roll-over Awards (37.20% Net Unvested Awards)</b>	<b>Total value of Roll-over Awards (if Roll-over Arrangements are not implemented) <i>(Note 1)</i></b>
Roger Shun-hong TONG	429,726	159,858	HK\$1,633,749
Sue YEUNG	537,454	199,933	HK\$2,043,315
<i>Total</i>	967,180	359,791	HK\$3,677,064

*Note 1:* Total value of Roll-over Awards to be received by Participating Management Shareholders (if Roll-over Arrangements are not implemented) is calculated by multiplying the number of Roll-over Awards by the Share Award Offer Price (of HK\$10.22 for every Unvested Award cancelled).

If the Roll-over Arrangements are implemented, each of the Participating Management Shareholders will be issued one Roll-over RSU for every Roll-over Award under the MIP in the post-privatised Group. The Roll-over RSUs will vest over a four year period following the same vesting schedule as the Roll-over Awards.

In order to compensate each Participating Management Shareholder for waiving his or her right to the accelerated vesting of his or her Roll-over Awards, it is proposed that additional incentive in the form of Incentive RSUs, representing 0.8 bonus stock unit will be issued for every Roll-over Award (rounded down to the nearest whole Incentive RSU) to be issued to each Participating Management Shareholder. The Incentive RSUs will vest over a four year period in four equal instalments.

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Under the MIP, the fair market value of a vested Roll-over RSU or Incentive RSU upon settlement is determined by the following formula:

$$\frac{A + B}{C}$$

- A: 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 exercise notice (subject to a minimum quantum of HK\$8.80 per Share, which is lower than the Scheme Consideration Price)
- B: 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
- C: the aggregate of the total number of issued Shares, vested Roll-over RSUs and vested Incentive RSUs

Immediately upon the Scheme becoming effective, the issued share capital of the Company will be reduced by 25.6% to 291,174,695 Shares after cancellation of 100,020,805 Scheme Shares. The NAV per Share immediately post privatisation (based on the net assets value of HK\$9.29 per Share as at 31 December 2018) will be adjusted upwards to HK\$12.48 per Share (being HK\$9.29 per Share divided by 74.4%, being the percentage of the issued share capital of the post-privatised Company to the current issued share capital of the Company).

Although we are unable to ascertain the actual value of the Roll-over RSUs and Incentive RSUs which will be referenced to the net asset value per Share at the time of their exercise, we estimate the value and present value of these Roll-over RSUs and Incentive RSUs based on the adjusted NAV per Share of HK\$12.48 post privatisation as shown in Table 12 below:

**Table 12 – Estimated values of Roll-over RSUs and Incentive RSUs for Participating Management Shareholders**

	<b>Number of Roll-over RSUs</b> <i>(Note 1)</i>	<b>Value of Roll-over RSUs</b> <i>(Note 2)</i>	<b>Present value of Roll-over RSUs</b> <i>(Notes 2 and 3)</i>
Roger Shun-hong TONG	159,858	HK\$1,995,028	HK\$1,768,921
Sue YEUNG	199,933	HK\$2,495,164	HK\$2,160,560
<i>Sub-total</i>	<u>359,791</u>	<u>HK\$4,490,192</u>	<u>HK\$3,929,481</u>

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	<b>Number of Incentive RSUs (Note 4)</b>	<b>Value of Incentive RSUs (Note 2)</b>	<b>Present value of Incentive RSUs (Notes 2 and 3)</b>
Roger Shun-hong TONG	127,886	HK\$1,596,017	HK\$1,392,143
Sue YEUNG	159,946	HK\$1,996,126	HK\$1,741,142
	<u>287,832</u>	<u>HK\$3,592,143</u>	<u>HK\$3,133,285</u>
<i>Sub-total</i>	<u><u>287,832</u></u>	<u><u>HK\$3,592,143</u></u>	<u><u>HK\$3,133,285</u></u>
	<b>Total number of Roll-over RSUs and Incentive RSUs</b>	<b>Total value of Roll-over RSUs and Incentive RSUs</b>	<b>Total present value of Roll-over RSUs and Incentive RSUs</b>
Roger Shun-hong TONG	287,744	HK\$3,591,045	HK\$3,161,064
Sue YEUNG	359,879	HK\$4,491,290	HK\$3,901,702
	<u>647,623</u>	<u>HK\$8,082,335</u>	<u>HK\$7,062,766</u>
<i>Total</i>	<u><u>647,623</u></u>	<u><u>HK\$8,082,335</u></u>	<u><u>HK\$7,062,766</u></u>

*Notes:*

1. The number of Roll-over RSUs is equal to the number of Roll-over Awards pursuant to the Roll-over Arrangements.
2. The value and present value of the Roll-over RSUs and Incentive RSUs are calculated based on the number of Roll-over RSUs or Incentive RSUs, as the case may be, multiplied by the adjusted NAV per Share of HK\$12.48.
3. In calculating the present values of the Roll-over RSUs and Incentive RSUs, we took into account their respective four-year vesting schedules and applied a discount rate of 5.70% which was the weighted average cost of capital of the Company as at the Latest Practicable Date according to Bloomberg.
4. The number of Incentive RSUs is equal to the number of Roll-over Awards multiplied by 0.8 (rounded down to the nearest whole Incentive RSU).

As shown in Table 13, we calculate the estimated additional value to be received by each Participating Management Shareholder under the Roll-over Arrangements by deducting the total value of Roll-over Awards if the Roll-over Arrangements are not implemented (as shown in Table 11 above) from the estimated present value of the Roll-over RSUs and Incentive RSUs assuming the Roll-over Arrangements are implemented (as shown in Table 12 above).

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**Table 13 – Estimated additional value to be received by each Participating Management Shareholders under the Roll-over Arrangements**

	<b>Estimated present values of the Roll-over RSUs and Incentive RSUs if Roll-over Arrangements are implemented (A)</b>	<b>Values of Roll-over Awards if Roll-over Arrangements are not implemented (B)</b>	<b>Estimated additional value to be received by the Participating Management Shareholders under the Roll-over Arrangements (A) – (B)</b>
Roger Shun-hong TONG	HK\$3,161,064	HK\$1,633,749	HK\$1,527,315
Sue YEUNG	HK\$3,901,702	HK\$2,043,315	HK\$1,858,387
<i>Total</i>	<u>HK\$7,062,766</u>	<u>HK\$3,677,064</u>	<u>HK\$3,385,702</u>

The estimated additional value of HK\$1,527,315 to be received by Roger Shun-hong TONG and of HK\$1,858,387 by Sue YEUNG under the Roll-over Arrangements represents approximately 21.5% and 20.8% of their total respective emoluments (including share-based payment) for the year ended 31 December 2018. For the year ended 31 December 2018, the amount of share-based payments received by Roger Shun-hong TONG and Sue YEUNG represented some 12.6% and 11.7% respectively of their total emoluments.

If the Roll-over Arrangements are not implemented, each Participating Management Shareholder will be subject to the Share Award Offer and receive a confirmed amount for their Roll-over Awards. In particular, Roger Shun-hong TONG and Sue YEUNG will receive approximately HK\$1.6 million and HK\$2.0 million respectively.

If the Roll-over Arrangements are implemented, Roger Shun-hong TONG and Sue YEUNG will not be paid with respect to their Roll-over Awards. Although each Participating Management Shareholder is estimated to receive a higher value in the form of Roll-over RSUs and Incentive RSUs if Roll-over Arrangements are implemented (as shown in Table 13 above), the realisation of the full amount of the estimated additional value under the Roll-over Arrangements are subject to a four-year vesting schedule and the future performance of the Company as reflected in the value of its net asset value per Share (subject to a floor of HK\$8.80 per Share). Therefore, each Participating Management Shareholder may or may not receive the full amount of the estimated additional value inferred under the Roll-over Arrangements due to either the vesting conditions under the MIP not being met or under performance in the future financial results of the Company.



## **12. Potential for other proposals**

As at the Latest Practicable Date, the Offeror and parties acting in concert with it held an aggregate of 292,033,330 Shares, representing approximately 74.65% of the issued share capital of the Company.

Under Rule 31.1 of the Takeovers Code, in the event the Scheme is withdrawn or lapses, the Offeror and persons acting in concert with it, except with the permission of the Executive, will not be allowed to make a further offer for the Company within 12 months of the Scheme lapsing or being withdrawn. Accordingly, the Scheme Shareholders should not expect another privatisation proposal from the Offeror and persons acting in concert with it during such period.

In addition, any proposal relating to changes in the control of the Company will require the approval of United States Department of State owing to the sensitive nature of satellite technology used in the Company's operations. Furthermore, the Company is controlled as to 74.43% of the issued Shares by the Offeror which is jointly controlled by CITIC Group Corporation and The Carlyle Group L.P. and any proposal relating to the changes in shareholding structure of the Company will also require their joint approval. As such, the number of alternatives that may be available for the Company to implement proposals which change the voting shareholding structure of the Company, and hence the likelihood of future offers to Scheme Shareholders, is reduced.

## **13. Other considerations**

We note the recent surge in trading price and volume of the Shares. The average daily trading volume of the Shares in the past year from 20 June 2018 to 19 June 2019 rose from less than 120,000 Shares to about 1.42 million Shares on the Last Trading Day, along with a 25% increase in the closing price of the Shares from HK\$6.65 on 29 May 2019 to HK\$8.28 on the Last Trading Day. If the Proposal fails, it is probable that both the trading volume and price of Shares will resume to the levels that prevailed prior to the Announcement.

## **14. The Share Award Offer**

The Offeror will extend, pursuant to Rule 13 of the Takeovers Code, the Share Award Offer at the Share Award Offer Price of HK\$10.22 payable in cash for each Non Roll-over Award (if the Roll-over Arrangements are implemented) or each Unvested Award (if the Roll-over Arrangements are not implemented) cancelled. According to the ESAS Rules as each Non Roll-over Award or Unvested Award is equivalent to an award of one Share and the Share Award Offer Price is equal to the Scheme Consideration Price, we consider the terms of the Share Award Offer to be fair and reasonable.

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### CONCLUSIONS AND RECOMMENDATION

Having considered the foregoing and in particular for the following principal reasons:

#### The Scheme

- During the past three years immediately preceding the Last Trading Day on 20 June 2019, the Shares traded below the Scheme Consideration Price since 28 November 2016 and up to the Last Trading Day. The Shares traded in the range of HK\$9.74 to HK\$9.19 immediately after the Announcement and up to the Latest Practicable Date. If the Proposal is not approved, the Shares are likely to trade below the Scheme Consideration Price;
- the Scheme Consideration Price represents (a) a premium of 23.4% over the closing price of the Shares on the Last Trading Day, and (b) a range of considerable premium ranging from 31.5% to 71.0% to the average closing price of the Shares over periods based on five, ten, 30, 60, 90 and 180 consecutive trading days immediately prior to and including the Last Trading Day;
- the Scheme Consideration Price represents a premium of 23.4% over the highest closing price, and a premium of 96.5% over the lowest closing price during the six month period preceding and including the Last Trading Day;
- the Scheme Consideration Price represents a premium of 7.0% over the closing price of HK\$9.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- the Scheme Consideration Price values the Company (a) in line with selected comparable companies in terms of price earnings multiple and price to NAV ratio; (b) favourably when compared with selected comparable companies in terms of P/S ratio; and (c) less favourably when compared with selected comparable companies in terms of EV/EBITDA ratio;
- while the premium of 23.4% implied by the Scheme Consideration Price over the closing price of the Shares on the Last Trading Day is lower than the median premium of 35.4% of the precedent successful privatisation proposals due to the significant increase in the Share price shortly before the Last Trading Day, the Scheme Consideration Price carries a premium of 44.4% over the average closing price of the Shares during the last 30 days up to (and including) the Last Trading Day and which compares favourably with the median premium of 36.4% of the precedent successful privatisation proposals, and much more favourably with the premium of 32.2% for the privatisation proposal of the Company in 2007, and the premium of 29.1% in 2012;

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- the overall performance of the Share price had been poor when compared with Hang Seng Index and Hang Seng Composite Index – Telecommunications since June 2014 and up to the Last Trading Day;
- the Group demonstrated consistent growth in EBIT and EBITDA from 2016 to 2018 largely attributed to the lease of the full Ku-band payload of AsiaSat 8 in early 2017 and the lease of the full payload of AsiaSat 4 and the launch of AsiaSat 9 in late 2017. In the meantime, the Group is evaluating the appropriate timing to commission a high-throughput satellite, AsiaSat 10 to expand its capacity for in-flight connectivity, maritime and other vertical markets and it is uncertain as to when AsiaSat 10 will be launched. The Company believes that the Group's business prospects remain challenging due to significant pricing issues caused by increased supply of satellite capacity, headwinds due to weaker demand for satellite capacity in key country markets and technology changes; and
- the Offeror and its shareholders, CITIC Group Corporation and The Carlyle Group L.P. have had statutory control of the Company since 12 May 2015. Given this shareholding structure of the Company and the sensitive nature of the satellite technology, the number of alternatives that may be available for the Company to implement proposals which change the voting and shareholding structure of the Company, and hence the likelihood of future offers to Scheme Shareholders, is limited;

### **Roll-over Arrangements**

- the estimated additional value to be received by each of the two Participating Management Shareholders, Roger Shun-Hong TONG and Sue YEUNG, represents some 21.5% and 20.8% of their respective total emoluments (including share-based payments) for the year ended 31 December 2018. For the year ended 31 December 2018, the amount of share-based payments received by Roger Shun-Hong TONG and Sue YEUNG represented some 12.6% and 11.7% respectively of their total emoluments;
- the realisation of the full amount of the estimated additional values to be received by the Participating Management Shareholders under the Roll-over Arrangements will be subject to a four-year vesting schedule and the future performance of the Company as reflected in the then net asset value per Share (subject to a floor of HK\$8.80 per Share). Therefore, the Participating Management Shareholders may or may not receive the full amount of the estimated additional value inferred under the Roll-over Arrangements due to satisfaction of the vesting conditions under the MIP or underperformance in the future financial performance of the Company;
- the retention of the Participating Management Shareholders is critical to the continued operation and development of the Group's business given their in-depth experience and knowledge of the Group and the satellite industry; and

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## LETTER FROM ANGLO CHINESE

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- we do not consider that the Roll-over Arrangements can be interpreted as favourable terms offered to the management to secure acceptance of the Scheme, but rather they are simply arrangements supported by the Offeror to ensure that key management continues to be well incentivised and committed to the Company.

We consider the terms of the Proposal (including the Scheme and the Share Award Offer) to be on balance fair and reasonable and the Roll-over Arrangements to be fair and reasonable so far as the Scheme Shareholders are concerned and advise the Independent Board Committee to recommend (a) the Scheme Shareholders to vote in favour of the resolutions to approve the Proposal; and (b) the Disinterested Scheme Shareholders to vote in favour of the resolutions to approve the Roll-over Arrangements. Shareholders who wish to realise their investment and are concerned that the Share price may fall below the current price of the Shares on the Stock Exchange due to the lapse of the Scheme may consider selling some or all of their Shares in the market at current market prices.

Yours faithfully,  
For and on behalf of  
**Anglo Chinese Corporate Finance, Limited**  
**Stephanie Wong**  
*Director*

*Ms. Stephanie Wong is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Anglo Chinese to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance. She has over 29 years of experience in corporate finance.*

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## EXPLANATORY STATEMENT

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*This Explanatory Statement constitutes the statement required under section 100 of the Companies Act.*

**SCHEME OF ARRANGEMENT  
TO CANCEL ALL THE SCHEME SHARES  
IN CONSIDERATION OF THE OFFEROR AGREEING TO PAY  
THE SCHEME CONSIDERATION PRICE OF HK\$10.22 FOR EACH  
SCHEME SHARE**

### 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 Explanatory Statement is to explain the terms and effects of the Scheme and to provide the Scheme Shareholders with additional information in relation to the Scheme.

Particular attention of the Shareholders is drawn to the following sections of this Scheme Document:

- (i) the letter from the Board set out on pages 18 to 33 of this Scheme Document;
- (ii) the letter from the Independent Board Committee to the Scheme Shareholders, set out on pages 34 to 35 of this Scheme Document;

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## EXPLANATORY STATEMENT

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(iii) 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; and

(iv) the terms of the Scheme set out on pages S-1 to S-7 of this Scheme Document.

### 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.

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## EXPLANATORY STATEMENT

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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.

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.

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 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.

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## EXPLANATORY STATEMENT

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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.

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 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.

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

The implementation of the Proposal is, and the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders, subject to a satisfaction or valid waiver (as applicable) of the following Conditions:

- (a) (i) the approval of the Scheme (by way of poll) by a majority in number of Scheme Shareholders present and voting at the Court Meeting representing not less than three-fourths in value of the Scheme Shares that are voted at either in person or by proxy by the Scheme Shareholders at the Court Meeting; and
- (ii) the Scheme is approved (by way of poll) by Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Disinterested Scheme Shares that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Disinterested Scheme Shares held by all the Disinterested Scheme Shareholders;



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## EXPLANATORY STATEMENT

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- (b) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting, in person or by proxy, at the SGM to approve the reduction of the issued share capital of the Company as a result of the cancellation of the Scheme Shares;
- (c) the sanction of the Scheme (with or without modifications) by the Court and the delivery to the Registrar of Companies of a copy of the Court Order for registration;
- (d) the necessary compliance with the procedural requirements and conditions, if any, of Section 46(2) of the Companies Act in relation to the reduction of the issued share capital of the Company referred to in paragraph (b) above;
- (e) the Communications Authority shall have, in connection with the Scheme, provided a consent or waiver to the extent such consent or waiver is required under the non-domestic television programme service license issued by the Communications Authority under the Broadcasting Ordinance (Chapter 562 of the Laws of Hong Kong) on 17 September 2005 and renewed on 30 March 2017 and held by Auspicious Colour Limited, a subsidiary of the Company;
- (f) all Authorisations in connection with the Proposal having been obtained from the Relevant Authorities in Bermuda, the United States of America and any other relevant jurisdiction;
- (g) the Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authority which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to the date immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar of Companies for registration;
- (h) between the Announcement Date up to immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar of Companies for registration, no government, governmental, quasi-governmental, statutory or regulatory, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal, or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms); and

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## EXPLANATORY STATEMENT

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- (i) between the Announcement Date up to immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar of Companies for registration, none of the telecommunication licences held by the Group which are material in the context of the Group as a whole has been revoked by the Communications Authority.

Subject to the requirements of the Executive, the Offeror reserves the right (but is in no way obliged) to waive in whole or in part Condition (i). Conditions (a) to (h) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. As at the Latest Practicable Date, the Offeror was not aware of any such circumstances.

All of the above Conditions will have to be satisfied or validly waived (as applicable) 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), failing which the Proposal and the Scheme will lapse. When all of the above Conditions are satisfied or validly waived (as applicable), the Scheme will become effective and binding on, the Offeror, the Company and all Scheme Shareholders.

In relation to Condition (e), the Company had, on 27 May 2019, submitted an application for a waiver under the non-domestic television programme service license issued by the Communications Authority under the Broadcasting Ordinance (Chapter 562 of the Laws of Hong Kong) on 17 September 2005 and renewed on 30 March 2017 and held by Auspicious Colour Limited, a subsidiary of the Company. Since the submission of such application, the Company has had various exchanges with the Communications Authority, and as at the Latest Practicable Date, has not yet received approval for the waiver.

In relation to Condition (f), the U.S. Department of State informed the Offeror on 31 October 2018 that, based on certain undertakings provided (relating to maintenance of certain ongoing reporting obligations of the Company to the U.S. Department of State), it has no objection to the Proposal. Given the delay since the original confirmation, the Offeror updated the U.S. Department of State on 25 April 2019 of its intention to proceed with the Proposal. The Offeror therefore considers that this Authorisation has been obtained.

Save for the Authorisations set out in Conditions (c) and (e), the Offeror and the Company do not reasonably foresee any other Authorisations required in connection with the Proposal.

**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.**

## EXPLANATORY STATEMENT

### 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.

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			
	(A) Number of Shares owned	(B) Unvested Awards/Value <i>(Note 1)</i>	(C) 2019 Vesting Awards/Value <i>(Note 1)</i>	(D) = (B) - (C) Net Unvested Awards/Value <i>(Note 1)</i>
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
Total	<u>858,635</u>	<u>1,142,165/ HK\$11,672,926</u>	<u>174,985/ HK\$1,788,347</u>	<u>967,180/ HK\$9,884,580</u>

*Note:*

- Based on the Share Award Offer Price.

Pursuant to the Roll-over Arrangements:

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

*Note:*

- Based on the Share Award Offer Price.

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## EXPLANATORY STATEMENT

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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	199,933	199,933/ HK\$1,857,378	159,946/ HK\$1,485,898
Total	<u>359,791</u>	<u>359,791/ HK\$3,342,459</u>	<u>287,832/ HK\$2,673,959</u>

*Note:*

1. 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.

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## EXPLANATORY STATEMENT

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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 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.

### **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. Pursuant to the Irrevocable Undertakings, each Participating Management Shareholder has undertaken that (i) it shall vote in favour of the Proposal and (ii) (save in respect of its respective 2019 Vesting Awards and the 2019 Awards) it shall not acquire, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of its Shares, nor accept any other offer in respect of all or any of its Shares before the earlier of the Effective Date or its Irrevocable Undertaking terminating in

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## EXPLANATORY STATEMENT

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accordance with its terms. No Participating Management Shareholder is able to withdraw the undertakings given under its Irrevocable Undertaking unless such Irrevocable Undertaking terminates in accordance with its terms. The Irrevocable Undertakings will be terminated if the Scheme lapses or is withdrawn or terminated by the Offeror.

For the avoidance of doubt, the Participating Management Shareholders do not form part of the Disinterested Scheme Shareholders, and so the votes cast by each of the Participating Management Shareholders at the Court Meeting and the SGM will not be counted for the purposes of ascertaining whether or not the Disinterested Scheme Shareholders have approved (i) the Scheme in the Court Meeting, or (ii) the Roll-over Arrangements in the SGM, in each case, for the purposes of the Takeovers Code.

### SCHEME CONSIDERATION PRICE

#### 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 prices 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;

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## EXPLANATORY STATEMENT

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- 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.

**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.

### FINANCIAL RESOURCES

On the basis of the Scheme Consideration Price of HK\$10.22 per Scheme Share and 100,020,805 Scheme Shares in issue as at the Latest Practicable Date, the Scheme Shares are in aggregate valued at approximately HK\$1,022 million. On the basis of the Share Award Offer Price of HK\$10.22 per Unvested Award, 2,735,250 Unvested Awards (assuming the Roll-over Arrangements are not implemented) as at the Latest Practicable Date, the Share Award Amount was approximately HK\$28 million. Based on the Scheme Shares in issue and the number of Unvested Awards (assuming the Roll-over Arrangements are not implemented), in each case, as at the Latest Practicable Date, the total amount of cash required to effect the Proposal was approximately HK\$1,050 million.

The Offeror intends to finance the cash required for the Proposal using the proceeds of external debt financing (the “**Acquisition Financing**”).

Based on the above, BofAML, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the full implementation of the Proposal in accordance with its terms.

## EXPLANATORY STATEMENT

### 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 (Note 1)	% 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	292,033,330	74.65	291,174,695	100.00
<b>Disinterested Scheme Shareholders</b> (Note 2)	99,162,170	25.35	–	–
Scheme Shareholders (Note 3)	100,020,805	25.57	–	–
<b>Total</b>	<b>391,195,500</b>	<b>100.00</b>	<b>291,174,695</b>	<b>100.00</b>
Total number of Scheme Shares	100,020,805	25.57	–	–

*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.



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## **EXPLANATORY STATEMENT**

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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**

#### **Benefits of the Proposal to the Scheme Shareholders**

For the past few years, the Shares have suffered from extremely low trading liquidity.

The low liquidity of the Shares can be observed over the 180-day period ended on and including the Last Trading Day, during which the liquidity in the Shares on the Stock Exchange was restricted to an average daily turnover of HK\$851,982 or 136,640 Shares. Such average daily turnover in the number of Shares represented only approximately 0.14% of the number of Scheme Shares.

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## EXPLANATORY STATEMENT

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The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also making it difficult for Shareholders to dispose of a large number of Shares when any event that has an adverse impact on the price of the Shares occurs.

Furthermore, the Offeror and the Company believe that the level of liquidity of the Shares is insufficient for the Company to take advantage of its listed status to raise funds from the public equity capital market, and as such the costs associated with the maintenance of the Company's listing on the Stock Exchange may no longer be warranted.

The Proposal allows an exit for the Scheme Shareholders at a compelling premium to the current market price. The Scheme Consideration Price of HK\$10.22 for each Scheme Share represents a premium of approximately 33.42% and 56.52% over the average closing price of approximately HK\$7.66 and HK\$6.53 per Share for the 10 and 90 trading days up to and including the Last Trading Day, respectively, and a premium of 23.43% over the 52-week closing high of HK\$8.28 per Share during the year prior to the Last Trading Day. The Scheme Consideration also represents a premium of approximately 10.01% to the audited consolidated net asset value per Share of approximately HK\$9.29 as at 31 December 2018.

### **Benefits of the Proposal to the Company**

The satellite industry has been experiencing significant pricing issues and headwinds due to weaker demand for, and oversupply of, satellite capacity in key country markets, technology changes, price erosions and fierce competition from terrestrial networks, all of which are underpinned by a shift of consumer consumption away from traditional TV broadcast viewing to other forms of media. In particular, high-throughput satellite launches have significantly impacted the supply dynamics of the industry. Fixed satellite service operators have been reshaping their corporate strategies to create more sustainable business models, including diversification, vertical integration and technological innovations.

Notwithstanding the challenges in the market, the Company remains cautiously optimistic about revenue prospects for 2019 and beyond for its core business. However, in order to better adapt to a rapidly changing business environment and to position itself for potential areas of growth, such as regional demand for network connectivity including maritime and remote communications, the Company may be required to consider changes to corporate strategy and/or business model to effectively compete in the current market place and generate future growth. Such potential changes will have inherent execution risk and may also create volatility to the Company's financial and earnings profile. The Company may also be required to further invest in adapting its business model, which may require further debt or equity funding to be raised.

The Proposal will also enable the Company to protect proprietary pricing information and other commercially sensitive information that is currently accessible to the Company's competitors and suppliers through analysis of its public filings.

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## **EXPLANATORY STATEMENT**

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The privatization of the Company will provide greater flexibility in the structuring of, possible future corporate transactions, and relieve the Company from the financial costs associated with being a publicly listed company.

### **INFORMATION ON THE GROUP**

The Company is incorporated in Bermuda with limited liability, the Shares of which have been listed on the Main Board of the Stock Exchange since 19 June 1996. The Group is principally engaged in the provision of satellite transponder capacity.

Your attention is also drawn to Appendix I to this Scheme Document which sets out the “Financial Information of the Group”.

### **INFORMATION ON THE OFFEROR**

The Offeror is an exempted company incorporated in the British Virgin Islands with limited liability. It is a joint venture vehicle directly owned by Able Star (being a wholly-owned indirect subsidiary of CITIC Limited and a majority-owned indirect subsidiary of CITIC) and Jupiter Investment (being a majority-owned indirect subsidiary of Carlyle Asia Partners IV, L.P., an exempt limited partnership managed by, and ultimately controlled by Carlyle) each holding 50% of the voting control of the Offeror. As at the Latest Practicable Date, the Offeror held 291,174,695 Shares, representing approximately 74.43% of the issued Shares of the Company.

Carlyle is managed and operated by its general partner, Carlyle Group Management, LLC.. Carlyle is listed on the Nasdaq Stock Exchange (ticker reference: CG). The address of Carlyle is situated at 1001 Pennsylvania Avenue, NW, Washington, D.C. 20004-2505.

CITIC Limited is a company incorporated in Hong Kong, whose shares are currently listed on the Stock Exchange (Stock code: 267) and is ultimately controlled by CITIC. CITIC is a state-owned company established in the PRC. CITIC Limited is situated at 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong and CITIC is situated at Capital Mansion, 6 Xinyuan Nanlu, Chaoyang District, Beijing 100004, PRC.

### **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.

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## EXPLANATORY STATEMENT

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### DISCLOSURE OF DEALINGS

Respective associates (as defined under the Takeovers Code) of the Company and the Offeror (including shareholders holding 5% or more of any class of relevant securities issued by the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

### MEETINGS

#### Court Meeting

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). Pursuant to section 99 of the Companies Act, such resolution will be passed if a majority in number representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting vote in favour of the Scheme. Such resolution will only be considered to have been passed under the Takeovers Code if (i) the Scheme is approved (by way of poll) by Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Disinterested Scheme Shares that are cast either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Scheme Shares. Based on 99,162,170 Disinterested Scheme Shares as at the Latest Practicable Date, 10% of such Disinterested Scheme Shares would amount to 9,916,217 Disinterested Scheme Shares.

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## EXPLANATORY STATEMENT

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In accordance with the direction from the Court, for the purposes of calculating the “majority in number” at the Court Meeting, HKSCC Nominees will be counted as one vote which will be exercised for or against the Scheme according to the majority of voting instructions received. Each Registered Owner will be counted as one vote for the purposes of calculating the “majority in number” at the Court Meeting.

As at the Latest Practicable Date, the Offeror held 291,174,695 Shares (representing approximately 74.43% of the issued share capital of the Company). As the Shares legally and/or beneficially owned by the Offeror do not form part of the Scheme Shares, the Offeror will not be entitled to vote at the Court Meeting for approval of the Scheme.

As at the Latest Practicable Date, the Offeror and the Concert Parties collectively held 292,033,330 Shares, representing approximately 74.65% of the issued share capital of the Company. Only Scheme Shareholders may vote at the Court Meeting.

### **SGM**

Immediately following the Court Meeting, the SGM will be convened for the purpose of considering and, if thought fit, passing (i) a special resolution to approve, inter alia, 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 subject to the Scheme becoming effective, 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.

The special resolution described under (i) in the paragraph above will be passed if it is approved by a majority of at least three-fourths of the votes cast by Shareholders present and voting, in person or by proxy, at the SGM. The ordinary resolution described under (ii) in the paragraph above will be passed if more votes are cast in favour of the ordinary resolution than against it by the Disinterested Scheme Shareholders, present and voting either in person or by proxy, at the SGM.

At the SGM, a poll will be taken and (a) each Shareholder present and voting, either in person or by proxy, will be entitled to vote all or some of his/her/its Shares in favour of (or against) the special resolution and (b) each Disinterested Scheme Shareholder will be entitled to vote all or some of his/her/its Shares in favour of (or against) the ordinary resolution.

At the SGM, the special and the ordinary resolution will be put to vote by way of poll as required under Rule 13.39(4) of the Listing Rules.

### **Closure of Register**

For the purpose of determining entitlements of the Shareholders to attend and vote at the Court Meeting and the SGM, the Register will be closed from Monday, 19 August 2019 to Friday, 23 August 2019 (both days inclusive). During such period no transfer of the Shares will be registered. In order to qualify to vote at the Court Meeting and at the SGM, Shareholders

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## **EXPLANATORY STATEMENT**

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should ensure that the relevant transfer documentation for the Shares (accompanied by the relevant share certificates) is lodged with the Company's branch share registrar in Hong Kong for registration in their names or in the names of their nominees before the closure of the Register. The Company's branch share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited, which is located at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Notice of the Court Meeting is set out on pages N-1 to N-2 of this Scheme Document, and Notice of the SGM is set out on pages SGM-1 to SGM-2 of this Scheme Document. The Meetings will be held on Friday, 23 August 2019 at 12/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at the respective times specified in such notices on pages N-1 to N-2 and pages SGM-1 to SGM-2 of this Scheme Document.

### **Binding Effect of the Scheme**

If the Scheme is approved at the Court Meeting in accordance with the requirements of Section 99 of the Companies Act and Rule 2.10 of the Takeovers Code, as described above, and is sanctioned by the Court and the other Conditions are either fulfilled or (to the extent permitted) waived, the Scheme will become binding on the Offeror, the Company and all the Scheme Shareholders once a copy of the Court Order is delivered to the Registrar of Companies for registration.

### **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**

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company does not intend to maintain its listing on the Stock Exchange and will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately after the Effective Date. The Scheme Shareholders will be notified by way of a public announcement of the exact dates of the last day of dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares will become effective.

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme is not approved or does not become effective. If the Scheme is withdrawn or not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with

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## **EXPLANATORY STATEMENT**

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any of them) may, within 12 months from the date on which the Scheme is withdrawn, not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

A detailed timetable of the Scheme has been included in the section headed “Expected Timetable” in this Scheme Document.

### **REGISTRATION AND PAYMENT**

#### **Closure of Register**

In order to determine the entitlement of Scheme Shareholders to the Scheme Consideration under the Scheme, the Register will be closed from Friday, 30 August 2019 onwards (or such other date as may be notified to Scheme Shareholders by way of an announcement). In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are registered or lodged for registration in their names or in the names of their nominees before the closure of the Register. The Company’s branch share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited, which is located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

#### **Payment of the Scheme Consideration**

Upon the Scheme becoming effective, payment of the Scheme Consideration for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the Register at 4:00 p.m. on the Scheme Record Date as soon as possible, but in any event within seven Business Days following the Effective Date. On the basis that the Scheme becomes effective on Tuesday, 3 September 2019 (Bermuda time), cheques for payment of the Scheme Consideration payable under the Scheme are expected to be despatched on or before Thursday, 12 September 2019.

In the absence of any specific instructions to the contrary received in writing by Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar in Hong Kong, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, cheques will be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses on the Register or, in the case of joint holders, to the registered address of that joint holder whose name first appears on the Register in respect of the joint holding. All such cheques will be sent at the risk of the persons entitled thereto and none of the Offeror, the Company, BofAML, Anglo Chinese, any of their respective directors, officers, employees, agents, affiliates, or advisers or any other person involved in the Proposal will be responsible for any loss or delay in despatch.

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On or after the day being six calendar months after the date of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or any of its subsidiaries) with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold all monies in respect of uncashed cheques on trust for those entitled under the terms of the Scheme until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account in its name (or the name of any of its subsidiaries), including accrued interest subject, if applicable, to the deduction of any interest or withholding or other tax or any other deduction required by law and subject to the deduction of any expenses incurred.

Assuming that the Scheme becomes effective, all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Tuesday, 3 September (Bermuda time).

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 any such Scheme Shareholder.

### **Payment of the Share Award Offer Amount**

On the basis that the Scheme becomes effective on Tuesday, 3 September 2019 (Bermuda time), cheques for payment of the Share Award Offer Amount payable under the Share Award Offer are expected to be despatched on or before Thursday, 12 September 2019. Cheques will be sent by ordinary post in postage pre-paid envelopes addressed to the Trustee for payment by the Trustee to persons entitled thereto at their respective registered addresses. All such cheques will be sent at the risk of the persons entitled thereto and none of the Offeror, the Company, BofAML, Anglo Chinese, any of their respective directors, officers, employees, agents, affiliates, or advisers or any other person involved in the Proposal will be responsible for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or any of its subsidiaries) with a licensed bank in Hong Kong selected by the Offeror.



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## **EXPLANATORY STATEMENT**

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The Offeror shall hold all monies in respect of uncashed cheques on trust for those entitled under the terms of the Share Award Offer until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Share Award Offer and shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account in its name (or the name of any of its subsidiaries), including accrued interest subject, if applicable, to the deduction of any interest or withholding or other tax or any other deduction required by law and subject to the deduction of any expenses incurred.

Settlement of the Share Award Offer Amount to which any Share Award Holder is entitled under the Share Award Offer will be implemented in full in accordance with the terms of the Share Award Offer, 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 any such Share Award Holder.

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

The making of the Proposal to, and acceptance of the Proposal by, Scheme Shareholders and the Share Award Holders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and/or Share Award Holders are located. Such Scheme Shareholders and Share Award Holders should inform themselves about and observe any applicable legal or regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Scheme Shareholders and Share Award Holders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any taxes, duties and other amounts required to be paid in such jurisdictions. Any acceptance by such Scheme Shareholders and Share Award Holders will be deemed to constitute a representation and warranty from such persons to the Company and the Offeror that those local laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

### **COSTS OF THE SCHEME**

Pursuant to Rule 2.3 of the Takeovers Code, if the Proposal is not approved at the Court Meeting and (i) is not recommended by the Independent Board Committee or (ii) is not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Company in connection with the Scheme will be borne by the Offeror.

Since the Independent Board Committee and the Independent Financial Adviser have both recommended the Proposal, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses.

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## **EXPLANATORY STATEMENT**

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### **TAXATION**

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Similarly, as the Share Award Offer and the payment of the Share Award Offer Amount for the cancellation of the Non Roll-over Awards (if the Roll-over Arrangements are implemented) or Unvested Awards (if the Roll-over Arrangements are not implemented) does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) under the Share Award Offer and the payment of the Share Award Offer Amount.

Scheme Shareholders and Share Award Holders, whether in Hong Kong or in other jurisdictions, are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of the Scheme or Share Award Offer and in particular, whether receipt of the Scheme Consideration Price or the Share Award Offer Price would make such Scheme Shareholder or Share Award Holder liable to taxation in Hong Kong or in other jurisdictions.

None of the Offeror, the Company, BofAML, Anglo Chinese, any of their respective directors, officers, employees, agents, affiliates, or advisers or any other person involved in the Proposal accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Scheme or the Share Award Offer.

### **RECOMMENDATION**

Your attention is drawn to the following:

- (i) the letter from the Board set out on pages 18 to 33 of this Scheme Document;
- (ii) the letter from the Independent Board Committee to the Scheme Shareholders, set out on pages 34 to 35 of this Scheme Document;
- (iii) 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; and
- (iv) the terms of the Scheme set out on pages S-1 to S-7 of this Scheme Document.

### **ADDITIONAL INFORMATION**

Additional information is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement.

**1. THREE YEAR FINANCIAL SUMMARY**

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2016, 2017 and 2018 as extracted from the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 respectively.

The auditor's reports from PricewaterhouseCoopers, in respect of the Group's audited consolidated financial statements for each of the financial year ended 31 December 2016, 2017 and 2018, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

**Consolidated Statement of Comprehensive Income**

	<b>Year ended 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,441,556	1,353,913	1,272,385
Cost of services	(676,038)	(639,590)	(627,392)
<b>Gross profit</b>	<b>765,518</b>	<b>714,323</b>	<b>644,993</b>
Administrative expenses	(155,805)	(164,988)	(138,313)
Other gains – net	49,183	92,220	4,651
<b>Operating profit</b>	<b>658,896</b>	<b>641,555</b>	<b>511,331</b>
Finance expenses	(101,026)	(94,742)	(54,353)
<b>Profit before income tax</b>	<b>557,870</b>	<b>546,813</b>	<b>456,978</b>
Income tax expense	(128,589)	(150,213)	(27,044)
<b>Profit and total comprehensive income for the year</b>	<b>429,281</b>	<b>396,600</b>	<b>429,934</b>
<b>Profit and total comprehensive income for the year attributable to:</b>			
– Owners of the Company	429,313	396,669	429,934
– Non-controlling interests	(32)	(69)	–
	<b>429,281</b>	<b>396,600</b>	<b>429,934</b>
<b>Dividends</b>	<b>148,654</b>	<b>148,654</b>	<b>78,239</b>
<b>Earnings per share attributable to the owners of the Company for the year</b> (expressed in HK\$ per share)			
<b>Basic earnings per share</b>	<b>1.10</b>	<b>1.01</b>	<b>1.10</b>
<b>Diluted earnings per share</b>	<b>1.10</b>	<b>1.01</b>	<b>1.10</b>
<b>Dividends per share</b>	<b>0.38</b>	<b>0.38</b>	<b>0.20</b>

The Company had no exceptional or extraordinary items for each of the three years ended 31 December 2016, 2017 and 2018.

Save as disclosed above, there were no items of any income or expense which were material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2016, 2017 and 2018.

## **2. AUDITED FINANCIAL INFORMATION**

The audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2016, 2017 and 2018 are disclosed in the annual report of the Company for the financial year ended 31 December 2016 which was published on 27 April 2017 (pages 62 to 134), the annual report of the Company for the financial year ended 31 December 2017 which was published on 27 April 2018 (pages 63 to 142), and the annual report of the Company for the financial year ended 31 December 2018 which was published on 26 April 2019 (pages 63 to 142), respectively, which are published on both the websites of the Company ([www.asiasat.com](http://www.asiasat.com)) and HKEXnews ([www.HKEXnews.hk](http://www.HKEXnews.hk)).

The audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2016, 2017 and 2018 are incorporated by reference into this Scheme Document and form part of this Scheme Document.

## **3. INDEBTEDNESS**

### **Borrowings and Guarantees**

At the close of business on 30 June 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Scheme Document, the Group had outstanding bank borrowings of approximately US\$318 million.

As at 30 June 2019, the aforesaid bank borrowings were secured by a charge on insurance claim proceeds relating to satellites.

The Group had certain guarantees issued in favour of independent third parties totaling US\$194,910 as at 30 June 2019.

The Group had lease liabilities related to leased properties of approximately HK\$20 million as at 30 June 2019.

### **Contingent Liabilities**

Details of an arbitration notice issued to the Company in mid-April 2019 are set out in the paragraph headed “4. Material Change” below.

Save as disclosed in above paragraphs, apart from intra-group liabilities, borrowings and normal trade and other payables, as at 30 June 2019, the Group did not have (a) any debt securities issued and outstanding, and authorised or otherwise created but unissued; (b) any other liabilities in the nature of borrowing of the Group, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; (c) any mortgages or charges; (d) outstanding loan capital issued and outstanding or agreed to be issued, liabilities under acceptances and debentures; and (e) any guarantees or other material contingent liabilities.

#### **4. MATERIAL CHANGE**

In mid-April 2019, the Company received a notice of arbitration in which its partner that co-built a satellite with the Company asserted its right to use its fourteen transponders at the satellite for video broadcast. In mid-May 2019, the Company filed a response to the notice of arbitration, denying that such partner had such rights. The tribunal for hearing was formed in early June 2019. It is expected that the hearing would be no earlier than December 2019. The notice of arbitration did not disclose any claim amount.

Save as disclosed above, the Directors have confirmed that there has been no material changes in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

## 1. RESPONSIBILITY STATEMENT

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Scheme Document (in relation to the information relating to the Group only) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

## 2. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>550,000,000</u> Shares		<u>55,000,000.00</u>
<i>Issued and fully paid up:</i>		
<u>391,195,500</u> Shares		<u>39,119,550.00</u>

As at the Latest Practicable Date, all of the Shares in issue were fully paid or credited as fully paid and rank pari passu in all respects with each other, including, as to rights to dividends, voting and capital.

The Company had not issued any Shares since 31 December 2018, being the end of the last financial year of the Company up to and including the Latest Practicable Date.

As at the Latest Practicable Date, save for the Unvested Awards, there were no outstanding options, warrants, derivatives or convertible securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

As at the Latest Practicable Date, save for the Unvested Awards, there were no outstanding derivatives in respect of securities in the Company entered into by the Offeror or any person acting in concert with it.

### 3. MARKET PRICES

The table below shows the respective closing prices of the Shares on the Stock Exchange (i) on the last Trading Day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price HK\$
31 December 2018	5.27
31 January 2019	5.46
28 February 2019	6.00
29 March 2019	6.50
30 April 2019	6.68
31 May 2019	6.97
20 June 2019 (Last Trading Day)	8.28
28 June 2019	9.40
26 July 2019 (Latest Practicable Date)	9.55

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$9.74 per Share on 19 July 2019 and HK\$5.20 per Share on 28 December 2018 respectively.

### 4. IRREVOCABLE UNDERTAKINGS

Your attention is drawn to the section headed “Irrevocable Undertakings” in the Explanatory Statement on pages 83 to 84 of this Scheme Document.

### 5. DISCLOSURE OF INTERESTS

#### (a) Directors’ interests and short positions in the Shares and shares in the Company’s associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the Chief Executive of the Company 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) which were required to be: (i) 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); (ii) entered in the register

kept by the Company pursuant to Section 352 of the SFO; (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules; or (iv) disclosed under the Takeovers Code were as follows:

Directors	Long or short position	Number of Shares			Total	% of the issued share capital of the Company
		Personal interests	Family interests	Other interests		
Dr. Roger Shun-hong TONG	Long position	216,696	59,500	526,714 (note)	802,910	0.21
	Short position	-	-	-	-	-

*Note:* This amount represented the Share Awards granted under the ESAS which had not yet vested as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the Chief Executive of the Company had or was deemed to have any interests and short positions 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) which were required to be: (i) 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); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules; or (iv) disclosed under the Takeovers Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the Chief Executive of the Company had any interests in any Shares, convertible securities, warrants, options or derivatives of the Company.

**(b) Holdings of the securities of the Company**

As at the Latest Practicable Date:

- (i) the Offeror and the Concert Parties collectively held 292,033,330 Shares. Save for the Participating Management Shareholders in respect of their Share Awards, none of the Offeror nor any of the Concert Parties owned or controlled any convertible securities, warrants, options or derivatives of the Company;
- (ii) none of the directors of the Offeror were interested in any Shares, convertible securities, warrants, options or derivatives of the Company;



- (iii) the Participating Management Shareholders collectively held 858,635 Shares. Save for the Participating Management Shareholders, none of the Offeror, the Concert Parties nor any other person had irrevocably committed itself to accept or reject the Proposal;
- (iv) the Participating Management Shareholders collectively held 858,635 Shares. Save for the Participating Management Shareholders, no person had any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or the Concert Parties;
- (v) none of the Offeror and any of the Concert Parties had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company, save for any of the aforesaid which have been either on-lent or sold;
- (vi) no subsidiary of the Company, pension funds of the Group or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code (but excluding any exempt principal traders or exempt fund managers) owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;
- (vii) the Participating Management Shareholders collectively held 858,635 Shares. Save for the Participating Management Shareholders, no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of the Shares;
- (viii) no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (ix) Dr. Roger Shun-hong TONG, who is an executive Director and was interested in 276,196 Shares as at the Latest Practicable Date, intends to accept the Proposal in respect of his own beneficial shareholding pursuant to the Irrevocable Undertaking given by him. Save for Dr. Roger Shun-hong TONG, none of the Directors were interested in any Shares as at the Latest Practicable Date; and
- (x) none of the Directors and the Company had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company save for any borrowed Shares which have been either on-lent or sold.

**(c) Dealings in the securities of the Company**

- (i) During the Relevant Period:
  - (A) save for the Participating Management Shareholders with respect to the Roll-over Arrangements, none of (i) the Offeror, its directors nor any of the Concert Parties, (ii) persons who had irrevocably committed itself to accept or reject the Proposal, (iii) persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any of the Concert Parties, and (iv) persons who had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company, had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company; and
  - (B) no Directors had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company.
- (ii) During the period commencing from the Announcement Date and ending with the Latest Practicable Date:
  - (A) no subsidiary of the Company, pension funds of the Group or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code (but excluding any exempt principal traders or exempt fund managers) had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;
  - (B) save for the Participating Management Shareholders with respect to the Roll-over Arrangements, no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under Takeovers Code, had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company; and
  - (C) no fund manager connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company.

**(d) Interests in the securities of the Offeror**

As at the Latest Practicable Date, none of the Directors and the Company had any interests in any shares, convertible securities, warrants, options or derivatives of the Offeror.

**(e) Dealings in the securities of the Offeror**

During the Relevant Period, none of the Directors and the Company had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror.

**(f) Other arrangements in relation to the Proposal**

As at the Latest Practicable Date:

- (i) the Acquisition Financing is secured by, among others, equitable mortgages and charges over all of the Shares in the Company owned by the Offeror after the Scheme becomes effective and from time to time in accordance with the terms of the loan documentation entered into between the Offeror as borrower and DBS Bank Ltd., Hong Kong Branch and CTBC Bank Co., Ltd. as lenders. As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company were held by DBS Bank Ltd., Hong Kong Branch or CTBC Bank Co., Ltd. Save for such arrangement, there was no agreement, arrangement or understanding that any Shares acquired by the Offeror in pursuance of the Scheme would be transferred, charged or pledged to any other persons;
- (ii) save for the Roll-over Arrangements and the Irrevocable Undertakings, none of the Offeror and any of the Concert Parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person, and none of the directors of the Offeror and BofAML were aware of any such arrangements between any other associate of the Offeror on one hand and any other person on the other hand;
- (iii) save for the Roll-over Arrangements, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under Takeovers Code;
- (iv) save for the Roll-over Arrangements in respect of Dr. Roger Shun-hong TONG, no benefit was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Scheme;
- (v) save for the Roll-over Arrangements and the Irrevocable Undertakings, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or the Concert Parties on one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand, which has any connection with or dependence upon the Scheme;

- (vi) save for the Implementation Agreement, there was no agreement or arrangement to which the Offeror (nor any of the Concert Parties) was a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal;
- (vii) save for the Roll-over Arrangements and the Irrevocable Undertakings, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Scheme or otherwise connected with the Scheme;
- (viii) save for the Roll-over Agreement, no material contract had been entered into by the Offeror or any of the Concert Parties in which any Director had a material personal interest;
- (ix) save for the Scheme Consideration, the Share Award Amount and the Roll-over Arrangements, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any Concert Parties to the Scheme Shareholders or any party acting in concert with the Scheme Shareholders in connection with the cancellation of the Scheme Shares or the Unvested Awards (as applicable);
- (x) save for the Irrevocable Undertakings and the Roll-over Arrangements, there was no understanding, arrangement, agreement or special deal between the Offeror or any Concert Parties on the one hand, and the Scheme Shareholders or any party acting in concert with the Scheme Shareholders on the other hand; and
- (xi) save for the Irrevocable Undertakings and the Roll-over Arrangements, there was no understanding, arrangement, agreement or special deal between any shareholder of the Company and (A) the Offeror and any Concert Parties or (B) the Company, its subsidiaries or associated companies.

## **6. LITIGATION**

Save as disclosed in the paragraph headed “4. Material Change” in this Appendix, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## **7. MATERIAL CONTRACTS**

Save for the Implementation Agreement, none of the members of the Group had entered into any material contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any members of the Group, during the period beginning from the date two years preceding the Announcement Date up to and including the Latest Practicable Date.

## 8. SERVICE CONTRACTS

Dr. Roger Shun-hong TONG, an Executive Director and Chief Executive Officer of the Company entered into a service contract with the Company as the Chief Executive Officer of the Company with effect from 16 April 2018 which can be terminated by either party by giving the other six months' notice in writing. The fixed remuneration paid under such contract is HK\$3,544,000 for the year ended 31 December 2018. A bonus of (a) 50% of Dr. Roger Shun-hong TONG's annual basic salary (if the Company's targets have been achieved); or (b) at the Company's discretion, up to a maximum amount of 100% of the annual basic salary (upon overachievement of the Company's targets) is payable under such contract. The bonus paid under such contract is HK\$1,900,000 for the year ended 31 December 2018.

Save as disclosed above, at the Latest Practicable Date, there was no service contract with the Company or any of its subsidiaries or associated companies in force for the Directors (a) which (including both continuous and fixed term contract) had been entered into or amended within six months before the commencement of the Offer Period; (b) which is a continuous contract with a notice period of 12 months or more; or (c) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

## 9. EXPERTS

The following are the qualifications of each of the experts who have been named in this Scheme Document or given their opinion or advice which are contained in this Scheme Document:

<b>Name</b>	<b>Qualification</b>
BofAML	Merrill Lynch (Asia Pacific) Limited, a licensed corporation under the SFO, registered to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
Anglo Chinese	Anglo Chinese Corporate Finance, Limited, a licensed corporation under the SFO, registered to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee

**10. CONSENTS**

BofAML and Anglo Chinese have each given and have not withdrawn their respective written consents to the issue of this Scheme Document with the inclusion in this Scheme Document of the text of their respective letters, reports or opinions as the case may be and references to their names in the form and context in which they respectively appear.

**11. COSTS OF THE SCHEME**

The costs of the Scheme and of its implementation are expected to amount to approximately HK\$79,000,000. These primarily consist of fees for financial advisers, legal advisers, accounting, printing and other related charges.

Pursuant to Rule 2.3 of the Takeovers Code, if the Proposal is not approved at the Court Meeting and (i) is not recommended by the Independent Board Committee or (ii) is not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Company in connection with the Scheme will be borne by the Offeror.

Since the Independent Board Committee and the Independent Financial Adviser have both recommended the Proposal, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection from 9:00 a.m. to 5:00 p.m. on Business Days at (i) the principal office of the Company in Hong Kong at 12/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong; (ii) the website of the Company at [www.asiasat.com](http://www.asiasat.com); and (iii) the website of SFC at [www.sfc.hk](http://www.sfc.hk) from the date when this Scheme Document is published until the Effective Date or the date on which the Scheme is withdrawn or lapses, whichever is earliest:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports containing the audited consolidated financial statements of the Company for each of the two years ended 31 December 2017 and 31 December 2018;
- (d) the letter from the Board, the text of which is set out on pages 18 to 33 of this Scheme Document;
- (e) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 34 to 35 of this Scheme Document;

- (f) the letter of advice from Anglo Chinese, the text of which is set out on pages 36 to 74 of this Scheme Document;
- (g) the Roll-over Agreement and the Irrevocable Undertakings;
- (h) the Implementation Agreement;
- (i) the written consents referred to in the section headed “10. Consents” in this Appendix II;
- (j) the service contract referred to in the section headed “8. Service Contracts” in this Appendix II;
- (k) the Share Award Offer Letter dated 31 July 2019; and
- (l) this Scheme Document.

### 13. MISCELLANEOUS

- (a) The registered office of the Offeror is Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands. The Hong Kong correspondence address of the Offeror is Suites 2301-2304, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.
- (b) The principal place of business of BofAML is situated at Level 55, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong.
- (c) The principal place of business of Anglo Chinese is situated at 40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (d) The address of Dr. Roger Shun-hong TONG is Flat E, 8/F., Tower 20, 5 Fo Chun Road, Providence Bay, Tai Po, New Territories, Hong Kong.
- (e) The address of Ms. Sue YEUNG is Flat C, 58/F, Block 5, The Belcher’s, 89 Pokfulam Road, Hong Kong.
- (f) The directors of the Offeror are Mr. Gregory Michael ZELUCK, Mr. LIU Zhengjun, Mr. LUO Ning, Dr. DING Yucheng, Mr. Herman CHANG Hsiuguo and Mr. FAN Jui-Ying.
- (g) The directors of CITIC Limited are Mr. CHANG Zhenming, Mr. WANG Jiong, Ms. LI Qingping, Mr. SONG Kangle, Ms. YAN Shuqin, Mr. LIU Zhuyu, Mr. PENG Yanxiang, Mr. LIU Zhongyuan, Mr. YANG Xiaoping, Mr. Francis SIU Wai Keung, Dr. XU Jinwu, Mr. Anthony Francis NEOH, Mr. Shohei HARADA and Mr. Gregory Lynn CURL.

- (h) The directors of Carlyle are Mr. Daniel A. D'ANIELLO, Mr. William E. CONWAY Jr., Mr. David M. RUBENSTEIN, Mr. Kewsong LEE, Mr. Glenn A. YOUNGKIN, Mr. Peter J. CLARE, Mr. Lawton W. FITT, Mr. James H. HANCE Jr., Ms Janet HILL, Dr. Thomas S. ROBERTSON, Mr. William J. SHAW and Mr. Anthony WELTERS.
- (i) The directors of BofAML are Mr. Bernhard Michael STEINER, Mr. Christopher McGarr GAMMONS, Mr. David Kin Lung CHENG, Mr. Joydeep SENGUPTA, Mr. Krishna IYER, Mr. Richard Anthony YACENDA JR, Mr. Simon Brett LUCOCQ and Mr. Vikram Prem Kumar SAHU.
- (j) The Secretary of the Company is Ms. Sue YEUNG, who is a member of the Institute of Chartered Accountants in England and Wales and is fellow member of Hong Kong Institute of Certified Public Accountants.
- (k) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (l) The principal place of business of the Company is situated at 12/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (m) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, which is situated at 4<sup>th</sup> Floor North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.
- (n) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, which is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (o) The English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.



*The following is the form of the Share Award Offer Letter being sent to the Trustee in connection with the Share Award Offer.*

31 July 2019

*To the Trustee*

Dear Sir or Madam,

**SHARE AWARD OFFER  
IN RELATION TO  
THE PROPOSED PRIVATIZATION OF  
ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 99 OF THE COMPANIES ACT OF BERMUDA**

A composite scheme document (the “**Scheme Document**”) dated the same date as this letter issued jointly by Bowenvale Limited (the “**Offeror**”) and Asia Satellite Telecommunications Holdings Limited (the “**Company**”) is enclosed with this letter. Terms used but not defined herein shall have the same meanings and construction as in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

The Company and the Offeror issued a joint announcement dated 27 June 2019 (the “**Announcement**”) which stated that, among other things, on 24 June 2019, the Offeror, an indirect subsidiary of Carlyle and CITIC, had entered into the Implementation Agreement, pursuant to which the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders regarding a proposed privatization of the Company by way of scheme of arrangement under section 99 of the Companies Act. As stated in the Announcement, as part of the Proposal, the Offeror would make an appropriate offer, namely the Share Award Offer, in respect 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). The Share Award Offer will be conditional upon the Scheme becoming effective.

This letter explains the actions you must take in relation to the Non Roll-over Awards or Unvested Awards, as applicable. You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the ESAS.

**TERM OF THE SHARE AWARD OFFER**

The Offeror is making the Share Award Offer, which is conditional on the Scheme becoming effective, to you pursuant to the terms of the ESAS.

The Offeror will make the Share Award Offer to cancel 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), to the extent they have not otherwise lapsed or been cancelled, in return for providing the Share Award Offer Price for each Non Roll-over Award or Unvested Award (as applicable) cancelled. Conditional upon the Scheme becoming effective, the Offeror shall pay to you the Share Award Amount, being an amount equivalent to the Share Award Offer Price multiplied by the number of the Non Roll-over Awards or the Unvested Awards (as applicable) as at the Effective Date, which shall be held on trust by you for such grantees of the Non Roll-over Awards or the Unvested Awards (as applicable) and shall be paid by you to such grantees of the Non Roll-over Awards or the 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 you receives such amount from the Offeror under the Share Award Offer.

The Share Award Offer is conditional upon the Scheme becoming effective. The Conditions of the Scheme are set out in the paragraph headed “Conditions of the Proposal and the Scheme” in the section headed Explanatory Statement in the Scheme Document.

You are further advised to refer to the paragraph headed “Overseas Scheme Shareholders and Share Awards Holders”, the paragraph headed “Taxation” and the paragraph headed “Registration and Payment” in the section headed Explanatory Statement in the Scheme Document.

Your attention is drawn to the letter from the Independent Board Committee to the Scheme Shareholders, and in relation to the Trustee so far as the interest of the grantees of the relevant Unvested Awards are concerned in the Scheme Document and the letter from Anglo Chinese, the Independent Financial Adviser, in the Scheme Document, which contain the recommendation of the Independent Board Committee and of the Independent Financial Adviser, respectively, in relation to the Proposal.

#### **LAPSED UNVESTED AWARDS**

Please note that nothing in this letter or the Scheme Document serves to extend the life of an Unvested Award which lapses, will lapse, or has already lapsed, under the ESAS Rules.

#### **ACTION TO BE TAKEN UPON THE SCHEME BECOMING EFFECTIVE**

Subject to and conditional upon the Scheme becoming effective, the Trustee shall, at the direction of the Board, pay the cash consideration attributable to the Non Roll-over Awards (if the Roll-over Arrangements are implemented), or all the Unvested Awards (if the Roll-over Arrangements are not implemented) pursuant to the terms of the privatization to the grantees

of Non Roll-over Awards or Unvested Awards (as applicable), without the need to transfer the underlying Shares to such grantees. Such payments shall be paid to the grantees of the Non Roll-over Awards or Unvested Awards (as applicable) within seven Business Days following the Effective Date.

**RESPONSIBILITY STATEMENTS**

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter (in relation to the information relating to the Group only) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Yours faithfully,

For and on behalf of

**Bowenvale Limited**

*Mr. Gregory Michael ZELUCK*

*Chairman*

*Mr. CHONG Chi Yeung*

*Authorised Signatory*

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**THE SCHEME**

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**IN THE SUPREME COURT OF BERMUDA**

**CIVIL JURISDICTION**

**COMMERCIAL COURT**

**2019: No. 281**

**IN THE MATTER OF**

**ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**

**AND**

**IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981**

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**

**AND**

**THE SCHEME SHAREHOLDERS**

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**PRELIMINARY**

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(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set opposite them:

“Business Day”	any day on which the Stock Exchange is open for the transaction of business
“Companies Act”	the Companies Act 1981 (as amended)
“Company”	Asia Satellite Telecommunications Holdings Limited (stock code: 1135), an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Court”	the Supreme Court of Bermuda

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## THE SCHEME

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“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon and which is to be held at 9:30 a.m. on Friday, 23 August 2019, or any adjournment thereof
“Effective Date”	the date upon which the Scheme, if approved by the Scheme Shareholders and sanctioned by the Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the order of the Court sanctioning the Scheme is delivered to the Registrar of Companies for registration
“ESAS”	the existing employee share award schemes of the Company, being the 2007 ESAS and the 2017 ESAS
“Group”	the Company and its subsidiaries from time to time
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Incentive RSUs”	the restricted share units to be issued to the Participating Management Shareholders on the basis of 0.80 restricted share units for every Roll-over Award (rounded down to the nearest whole Incentive RSU) issued pursuant to the Roll-over Arrangements, details of which are set out in the Scheme Document under the section headed “Explanatory Statement – The Roll-over Arrangements”
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Marcel Robert FENEZ, Mr. Steven Robert LEONARD and Ms. Philana Wai Yin POON, being all the independent non-executive directors of the Company, formed for the purpose of advising the Scheme Shareholders in respect of the Proposal
“Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, a licensed corporation under the SFO, registered to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee in relation to the Proposal, the Scheme and the Roll-over Arrangements

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## THE SCHEME

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“Latest Practicable Date”	26 July 2019, being the latest practicable date prior to the issue of the Scheme Document for ascertaining certain information contained in the Scheme Document
“MIP”	the new management incentive plan to be adopted by the Company for the Participating Management Shareholders following the Effective Date
“Net Unvested Awards”	in relation to any grantee under the ESAS, the number that is equal to such grantee’s Unvested Awards less such grantee’s 2019 Vesting Awards
“Non Roll-over Awards”	the Unvested Awards to be cancelled under the Share Award Offer (assuming the Roll-over Arrangements are implemented)
“Offeror”	Bowenvale Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company
“Participating Management Shareholders”	Dr. Roger Shun-hong TONG (being the chief executive officer and executive director of the Company) and Ms. Sue YEUNG (being the chief financial officer and the company secretary of the Company)
“Proposal”	the proposed privatization of the Company by the Offeror by way of the Scheme, the implementation of the Share Award Offer and the Roll-over Arrangements and the withdrawal of the listing of the Shares on the Stock Exchange, in each case, subject to the terms and conditions set out in the Scheme Document
“Roll-over Arrangements”	the arrangements, details of which are set out in the section headed “Explanatory Statement – The Roll-over Arrangements” of the Scheme Document, including the issue of the Roll-over RSUs and the Incentive RSUs
“Roll-over Awards”	37.20% of the Net Unvested Awards of the Participating Management Shareholders to be rolled over to the MIP in accordance with the Roll-over Arrangements

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## THE SCHEME

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“Roll-over RSUs”	the restricted share units to be issued to the Participating Management Shareholders on the basis of one restricted share unit for every Roll-over Award issued pursuant to the Roll-over Arrangements, details of which are set out in the section headed “Explanatory Statement – The Roll-over Arrangements” of the Scheme Document
“Scheme”	the scheme of arrangement under section 99 of the Companies Act involving the cancellation of all the Scheme Shares, with or subject to any modification addition or condition approved or imposed by the Court or agreed by the Company and the Offeror
“Scheme Consideration Price”	HK\$10.22 for every Scheme Share cancelled
“Scheme Document”	the composite scheme document despatched to the Shareholders and the Share Award Holders containing details of the Scheme and the Share Award Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the recommendations of the Independent Board Committee and notices to convene the Court Meeting and SGM
“Scheme Record Date”	Tuesday, 3 September 2019 or such other time and date as shall have been announced by the Company for determining entitlements under the Scheme
“Scheme Shareholders”	Shareholders other than the Offeror
“Scheme Shares”	Shares held by the Scheme Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Shareholders to be held at 10:00 a.m. on Friday, 23 August 2019 (or immediately after the Court Meeting has been concluded or adjourned) to consider and vote on the necessary resolutions for the implementation of the Proposal, or any adjournment thereof

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## THE SCHEME

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“Share Award Offer”	the cash offer to cancel 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) (as the case may be) which are outstanding prior to, but become vested on the Effective Date
“Share Awards”	the share awards made under the ESAS from time to time
“Shareholders”	holders of the Shares entered in the register of members of the Company
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unvested Awards”	outstanding Share Awards which have not been vested in the grantee(s)

- (B) The Company is an exempted company with limited liability incorporated in Bermuda on 10 May 1996. As at the Latest Practicable Date, the Company had an authorised share capital of HK\$55,000,000 divided into 550,000,000 Shares of which 391,195,500 Shares had been issued fully paid or credited as fully paid.
- (C) The Offeror has agreed to appear by Conyers Dill & Pearman Limited at the hearing of the petition to sanction this Scheme and has undertaken to the Court to be bound by this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable by the Offeror for the purpose of giving effect to this Scheme.
- (D) The primary purpose of this Scheme is to cancel all Scheme Shares on the Effective Date so that the Company becomes wholly-owned by the Offeror.



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## **THE SCHEME**

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### **THE SCHEME**

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#### **PART I**

#### **CANCELLATION OF THE SCHEME SHARES**

1. On the Effective Date:
  - (a) all Scheme Shares shall be cancelled; and
  - (b) the Company shall apply the credit arising in its books of account as a result of the cancellation of the Scheme Shares to a reserve account of the Company.

#### **PART II**

#### **CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES**

2. In consideration of the cancellation of all Scheme Shares each Scheme Shareholder shall be entitled to receive the Scheme Consideration Price.

#### **PART III**

#### **GENERAL**

3. Cheques in respect of the Scheme Consideration Price shall be sent to Scheme Shareholders whose names appear in the register of members of the Company at 4:00 p.m. on the Scheme Record Date as soon as possible but in any event within seven Business Days of the Effective Date.
4. On or after the day being six calendar months after the date of the cheques for the Scheme Consideration Price, the Offeror shall have the right to cancel or countermand payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of the Offeror (or any of its subsidiaries) with a licensed bank in Hong Kong selected by the Offeror.
5. The Offeror shall hold all monies in respect of uncashed cheques on trust for the Scheme Consideration Price until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date the Offeror shall be released from any obligation to make any payments under this Scheme and shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account in its name (or the name of any of its subsidiaries), including accrued interest subject, if applicable, to the deduction of any interest or withholding or other tax or any other deduction required by law and subject to the deduction of any expenses incurred.

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## THE SCHEME

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6. Share certificates relating to the Scheme Shares shall, on the Effective Date, cease to be valid for any purpose.
7. This Scheme shall become effective as soon as a copy of the order of the Court sanctioning this Scheme under section 99 of the Companies Act has been delivered to the Registrar of Companies for registration.
8. The Company and the Offeror may jointly consent for and on behalf of all Scheme Shareholders to any modification(s) of or addition(s) to this Scheme or to any condition(s) which the Court may see fit to approve or impose.
9. Unless this Scheme becomes effective on or before 11 March 2020, this Scheme shall lapse.
10. Subject to the requirements of the Takeovers Code the parties shall bear their own costs, charges and expenses of and incidental to this Scheme.

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NOTICE OF COURT MEETING

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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)**

**IN THE SUPREME COURT OF BERMUDA**

**CIVIL JURISDICTION**

**COMMERCIAL COURT**

**2019: No. 281**

**IN THE MATTER OF**

**ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**

**AND**

**IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981**

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**

**AND**

**THE SCHEME SHAREHOLDERS**

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**NOTICE OF COURT MEETING**

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**NOTICE IS HEREBY GIVEN** that, by an order (the “**Order**”) dated 25 July 2019 made in the above matter, the Court has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme mentioned below) to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement (the “**Scheme**”) proposed to be made between Asia Satellite Telecommunications Holdings Limited (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at 12/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Friday, 23 August 2019 at 9:30 a.m. (Hong Kong time) at which all Scheme Shareholders are invited to attend.

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## NOTICE OF COURT MEETING

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The Scheme and the explanatory statement required by section 100 of the Companies Act 1981 are part of the composite scheme document which also includes this notice and other information. A copy of the composite scheme document can be obtained by Scheme Shareholders from the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A **PINK** form of proxy for use at the Court Meeting is enclosed with the composite scheme document.

In the case of joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding. In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

**PINK** forms appointing proxies should be lodged with the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 9:30 a.m. on Wednesday, 21 August 2019, but if the **PINK** forms are not so lodged they may be handed to the chairman of the Court Meeting at the Court Meeting who has absolute discretion whether or not to accept them.

By the Order, the Court has appointed Mr. Gregory Michael ZELUCK, or failing him, any other director of the Company, to act as chairman of the Court Meeting and has directed the chairman to report the results of the Court Meeting to the Court.

The Scheme is subject to the subsequent sanction of the Court.

Dated: 31 July 2019

By order of the Court  
**Conyers Dill & Pearman**  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda  
Attorneys for the Company

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## NOTICE OF SGM

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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)

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Special General Meeting (the “**SGM**”) of Asia Satellite Telecommunications Holdings Limited (the “**Company**”) will be held at 12/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Friday, 23 August 2019 at 10:00 a.m. (Hong Kong time) (or as soon as the Court Meeting (as defined in the Scheme (as defined below), convened by direction of the Supreme Court of Bermuda for the same place and day, shall have been concluded or adjourned, whichever is the later) for the purpose of considering and, if thought fit, passing the following resolutions:

### SPECIAL RESOLUTION

**“THAT:**

- (A) subject to the approval of the scheme of arrangement between the Company and the holders of the Scheme Shares (as defined in the Scheme) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification initialled by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved by the Supreme Court of Bermuda (the “**Scheme**”) by the Scheme Shareholders (as defined in the Scheme) and the Disinterested Scheme Shareholders (as defined in the Scheme) at the Court Meeting, for the purpose of giving effect to the Scheme, on the Effective Date (as defined in the Scheme):
- (i) the reduction of the issued share capital of the Company as a result of the cancellation of the Scheme Shares; and
  - (ii) the application by the Company of the credit arising in its books of account as a result of the reduction of capital referred to in sub-paragraph (i) above to a reserve account in the books of account of the Company;

be and is hereby approved.

- (B) subject to the Scheme taking effect, the directors of the Company be and are hereby authorised to make application to The Stock Exchange of Hong Kong Limited (hereinafter called the “**Stock Exchange**”) for the withdrawal of the listing of the Shares (as defined in the Scheme) on the Stock Exchange; and

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## NOTICE OF SGM

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- (C) the directors of the Company be and hereby authorised to do all other acts and things as considered by them to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) the giving of consent to any modifications of, or additions to, the Scheme, which the Supreme Court of Bermuda may see fit to impose and to do all other acts and things as considered by them to be necessary or desirable in connection with the implementation of the Scheme and the Proposal (as defined in the document of which the notice of this resolution forms part).”

### ORDINARY RESOLUTION

“**THAT** the roll-over arrangements between the Offeror and the Participating Management Shareholders (as defined in the Scheme) under the roll-over agreement entered into among them on 25 June 2019 is hereby approved.”

*By Order of the Board*  
**Sue YEUNG**  
*Company Secretary*

Hong Kong, 31 July 2019

*Principal Office in Hong Kong:*

12/F, Harbour Centre  
25 Harbour Road  
Wanchai  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for the SGM is enclosed and such form is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).
3. To be valid, a form of proxy must be delivered to the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 10:00 a.m. (Hong Kong time) on Wednesday, 21 August 2019. If a proxy form is signed under a power of attorney, the power of attorney or other authority relied on to sign (or a copy which has been certified by a notary or an office copy) must be delivered to the Company’s branch share registrar with the proxy form, except that the power of attorney which has already been registered with the Company need not be so delivered. Proxy forms sent electronically or by any other data transmission process will not be accepted. **Completion and return of a proxy form will not preclude a member from attending in person and voting at the SGM or any adjournment thereof should he so wish, and in such event, the form of proxy shall be deemed to be revoked.**
4. For the purpose of ascertaining members’ entitlement to attend and vote at SGM, the registers of members of the Company in Hong Kong and Bermuda will be closed from Monday, 19 August 2019 to Friday, 23 August 2019 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to be eligible to attend and vote at the SGM, all duly completed share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Friday, 16 August 2019.