

\_\_\_24 June 2019

**ASIA SATELLITE TELECOMMUNICATIONS  
HOLDINGS LIMITED**

and

**BOWENVALE LIMITED**

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**IMPLEMENTATION AGREEMENT**

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**THIS AGREEMENT** is made on 24 June 2019

**BETWEEN:**

- (1) **ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**, a company incorporated in Bermuda with its registered office at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda (the "**Company**"); and
- (2) **BOWENVALE LIMITED**, a company incorporated in the British Virgin Islands with its registered office at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the "**Offeror**").

**INTRODUCTION:**

- (A) The Offeror intends to acquire the shares it does not already own in the Company.
- (B) The acquisition is intended to be effected by means of the Scheme, a scheme of arrangement under section 99 of the Companies Act on the terms and subject to the Conditions.
- (C) The Offeror wishes to request the Company to put forward the Scheme to the Shareholders for consideration and this Agreement sets out the Offeror's request and the Company's agreement to put forward the Scheme to the Shareholders.

**THE PARTIES AGREE** as follows:

**1. INTERPRETATION**

- 1.1 In this Agreement (including the Introduction), terms used and defined in the Announcement shall have the same meaning when used herein unless otherwise defined:

"**Announcement**" means the joint announcement of the Offeror and the Company pursuant to Rule 3.5 of the Takeovers Code relating to the Proposal, substantially in the form set out in Schedule 1 to this Agreement;

"**Applicable Laws**" means with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgments, decrees, orders or notices of any Relevant Authority that is applicable to such persons;

"**Business Day**" means a day other than a Saturday, Sunday or public holiday in Bermuda or Hong Kong;

"**Companies Ordinance**" means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

"**Court Hearing(s)**" means the hearing(s) by the Court of the petition for the sanction of the Scheme;

"**Despatch Date**" means the date of despatch or publication of the Scheme Document;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

"**Long Stop Date**" means 11 March 2020;

"**Meetings**" means the Court Meeting and the SGM;

"**NDA**" means the confidentiality agreement dated 10 April 2019 entered into between the Company and the Offeror;

“**Notice**” has the meaning given to it in Clause 11.1;

“**Parties**” means the named parties to this Agreement and “**Party**” means any one of them;

“**Reduction**” means any reduction of issued share capital of the Company in connection with the Proposal under section 99 of the Companies Act;

“**Relevant Authorities**” means appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions (including the SFC, the Stock Exchange, the U.S. Department of State (or any other successor U.S. regulator), the Court and the Registrar of Companies);

“**Rules**” has the meaning given to it in Clause 13.2;

“**Scheme Document**” means the composite document to be addressed to, among others, the Shareholders in relation to the Scheme and the Proposal containing, among other things, the Scheme, the notices of the Meetings and proxy forms in respect of the Meetings;

“**Scheme Documentation**” means the Scheme Document and any other document required to be published in connection with the Scheme;

“**Shareholder**” means a person entered in the register of members of the Company as the holder from time to time of the Shares;

“**Transaction Documents**” means this Agreement, the Announcement and the Scheme Documentation; and

“**Tribunal**” has the meaning given to it in Clause 13.3.

1.2 In this Agreement, unless otherwise specified:

- (a) references to Clauses and Schedules are to clauses in and schedules to this Agreement (unless the context otherwise requires);
- (b) use of any gender includes the other genders and use of the singular includes the plural and vice versa unless the context requires otherwise;
- (c) references to a “**person**” shall be construed so as to include any individual, firm, company, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality);
- (d) unless otherwise defined herein, words and expressions defined in the Companies Ordinance shall bear the same respective meanings when used in this Agreement;
- (e) a reference to any party to this Agreement or any other agreement or document includes the party’s successors and permitted assigns;
- (f) the ejusdem generis principle of construction shall not apply to this Agreement. Accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words;
- (g) references in this Agreement to statutory provisions shall be construed as references to those provisions as respectively amended, consolidated, extended or re-enacted from time to time and any orders, regulations, instruments or other subordinate legislation made from time to time under the statute concerned;

- (h) any reference to a “**day**” (including within the phrase “**Business Day**”) shall mean a period of 24 hours running from midnight to midnight;
  - (i) references to times are to Hong Kong time; and
- 1.3 A reference to any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented at any time. All headings and titles are inserted for convenience only. They are to be ignored in the interpretation of this Agreement.
- 1.4 The Schedule(s) form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement shall include the Schedule(s).

## **2. REQUEST TO PUT THE SCHEME FORWARD AND RELEASE OF ANNOUNCEMENT**

- 2.1 The Offeror hereby requests the Company to put forward the Scheme to the Shareholders and the Company agrees to do so on the terms set out in this Agreement.
- 2.2 Each Party will use all commercially reasonable endeavours to release the Announcement on the website of the Stock Exchange and the Company as soon as practicable after obtaining the approval of the SFC and the Stock Exchange but no later than five (5) Business Days after the date of this Agreement (or such later date as agreed between the Company and the Offeror). All rights and obligations in this Agreement (other than the rights and obligations in this Clause 2.2 and in Clauses 7, 8, 9, 10, 11, 12 and 13, shall be conditional upon such release of the Announcement.

## **3. IMPLEMENTATION OF THE PROPOSAL**

- 3.1 Each Party will use its best endeavours to:
- (a) (i) subject to the satisfaction of the Conditions (to the extent not otherwise waived by the Offeror), do and execute, or procure the doing and executing of, each necessary act, document and thing within its power to implement the Scheme; subject to having obtained the approval of the SFC and the Disinterested Scheme Shareholders, and an opinion from the Independent Financial Adviser that the proposed terms of the Roll-over Arrangements are fair and reasonable, give due consideration to such arrangements on the terms referred to in this Agreement and in the Announcement; and (iii) give effect to the matters specified in, and to act in accordance with, the Announcement, the Scheme Documentation and any order of the Court; and
  - (b) co-operate with a view to (i) getting all necessary consents, approvals and clearance to achieve satisfaction of the Conditions as promptly as reasonably practicable; and (ii) making the necessary request to the holders of the Share Awards to delay the vesting of the 2019 Vesting Awards.
- 3.2 The Parties will co-operate with a view to getting all necessary statutory or regulatory clearances or in complying with their obligations (including under the Listing Rules, the Takeovers Code and the Companies Act) in connection with the Proposal in a timely manner. In particular:
- (a) the Parties will co-operate to the extent reasonably practicable to ensure that all information necessary or desirable for the making of (or responding to any requests for further information consequent upon) any notifications or filings (including draft versions) made in respect of the Proposal is supplied promptly to the Part(ies) dealing

with such notifications and filings and that they are properly, accurately and promptly made;

- (b) each Party will provide the other Party (or their respective nominated advisers) with copies (including draft copies) of all notifications and communications to and from Relevant Authorities in relation to obtaining any relevant consent, approval or action at such time as will allow the other Party a reasonable opportunity to provide comments on such draft notifications and communications before they are submitted to such Relevant Authorities and taking into account any such comments as are reasonable and providing the other Party (or its nominated advisers) with copies of all such notifications and communications in the form submitted; and
- (c) each Party will, where permitted by the Relevant Authorities concerned, allow persons nominated by the other Party to attend all meetings relating to the implementation of the Scheme with Relevant Authorities and, where appropriate, to make oral submissions at such meetings, save for any meeting at which privileged information may be conveyed.

3.3 If at any time a Party becomes aware of (a) anything that might prevent any of the Conditions from being satisfied, and/or (b) the satisfaction of any of the Conditions, it shall in each case immediately inform the other Party.

#### **4. OBLIGATIONS WITH REGARD TO THE SCHEME**

Without prejudice to the generality of the Company's obligations under this Agreement, the Company undertakes to use its best endeavours to consult with the Offeror as to the form and content of the Scheme Documentation and not to finalise, publish or post any Scheme Documentation without prior consultation with and consent from the Offeror (such consent shall not be unreasonably withheld or delayed) and will provide copies to the Offeror of all of the Scheme Documentation prior to any publication of the same;

#### **5. REPRESENTATIONS AND WARRANTIES OF THE OFFEROR**

The Offeror represents and warrants to the Company on the terms set out in Schedule 2 as at the date of this Agreement, the Despatch Date and as at the Effective Date, by reference to the facts and circumstances existing at such date. For this purpose only, where in a representation or warranty there is an express or implied reference to the "date of this Agreement", that reference is to be construed as a reference to the Despatch Date or the Effective Date (as the case may be).

#### **6. STOCK EXCHANGE DELISTING**

The Company shall cooperate with the Offeror and take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under Applicable Laws to enable the withdrawal of the listing of the Shares from the Stock Exchange as promptly as practicable after the Effective Date.

#### **7. ANNOUNCEMENTS**

7.1 Subject to Clause 7.2, none of the Parties will make any announcement about the implementation of the Scheme or any matters arising in relation to or in connection with the Proposal or about any discussions between the Parties concerning any of the foregoing:

- (a) in the case of an announcement by the Company, without the prior consent of the Offeror and

- (b) in the case of an announcement by the Offeror, without the prior consent of the Company,

such consent in each case not to be unreasonably withheld or delayed.

7.2 Where any announcement is required by Applicable Law, the Listing Rules, the Takeovers Code or by any Relevant Authority, the Party required to make the announcement must, to the extent permitted by Applicable Laws and to the extent reasonably practicable:

- (a) consult with the other Party in advance as to what form such announcement takes, what it contains and when it is issued;
- (b) take into account the other Party's reasonable requirements as to its timing, content and manner of making or despatch; and
- (c) announce and/or disclose (as applicable) only the minimum amount of confidential information that is required to be announced and/or disclosed (as applicable) and use reasonable endeavours to assist the relevant Party in respect of any reasonable action that they may take to resist or limit such announcement and/or the issuance of such circular (as applicable).

7.3 If the Party required to make the announcement is unable to consult with the other Party before the announcement is made, it must inform the other Party of the circumstances, timing, content and manner of making or despatch of the announcement immediately after such announcement is made.

## **8. CONFIDENTIALITY**

The terms of the NDA shall apply to the existence and contents of this Agreement (save as reflected in the Announcement or the Scheme Documentation), which, for the avoidance of doubt, shall constitute "Confidential Information" as defined in the NDA.

## **9. TERMINATION**

9.1 Subject to Clause 9.2, the obligations, consents and agreements of the Parties under this Agreement will (unless the Company and the Offeror otherwise agree in writing) terminate on the earliest to occur of:

- (a) the Announcement fails to be published in accordance with Clause 2.2;
- (b) the Scheme is not implemented by the Long Stop Date;
- (c) the Scheme is not approved at the Court Meeting;
- (d) the Reduction is not approved at the SGM;
- (e) at the Court Hearing, the Court does not sanction the Scheme; or
- (f) the lapse, termination or withdrawal of the Scheme following the non-satisfaction of any of the Conditions which cannot be waived or is not waived by the Offeror in accordance with the terms of the Proposal.

9.2 If this Agreement terminates or is terminated, then each Party's rights and obligations hereunder (or thereunder, as the case may be) will terminate immediately, subject to the following:

- (a) termination of this Agreement shall not affect a Party's accrued rights and obligations hereunder (or thereunder, as the case may be) at the time of termination; and
- (b) Clauses 1 and 7 to 13 (inclusive) will survive termination.

## 10. COSTS

The Parties agree that each Party shall bear its own costs and expenses incurred in connection with the implementation of the Proposal except that the Offeror shall also bear the costs and expenses of the Company if:

- (a) any part of the Proposal is not recommended by the Independent Board Committee or the Independent Financial Adviser; **and**
- (b) (i) the Scheme is not approved by the Shareholders, the Scheme Shareholders or the Disinterested Scheme Shareholders at the SGM or the Court Meeting, as the case may be; **or** (ii) the Court does not sanction the Scheme at the Court Hearing.

For the avoidance of doubt, the Offeror shall in all cases bear the Scheme Consideration and Share Award Offer Price payable to the Scheme Shareholders and the holder of any Unvested Awards on implementation of the Scheme and the Share Award Offer.

## 11. NOTICES

11.1 A notice under or in connection with this Agreement (a "Notice"):

- (a) must be in writing and in the English language; and
- (b) delivered personally or sent by courier or by fax to the Party due to receive the Notice to the address specified in Clause 11.2 or to an alternative address, person or email address specified by that Party by written notice to the other Party received before the Notice was despatched.

11.2 The addresses referred to in Clause 11.1(b) are:

- (a) in the case of the Company:

Address: 12/F., Harbour Centre, 25 Harbour Road  
Wanchai, Hong Kong

Email address: rtong@asiasat.com

Marked for the attention of Roger Tong; and

with a copy to:

Name: Sue Yeung

Email address: syeung@asiasat.com

- (b) in the case of the Offeror:

Address:	<b>Jupiter Investment Holdings, L.L.C.</b>	<b>Able Star Associates Limited</b>
	c/o The Corporation Trust Company	Capital Mansion 6 Xinyuan Nanlu Chaoyang District

Corporation Trust Center  
1209 Orange Street  
City of Wilmington  
County of New Castle  
Delaware 19801  
USA

Beijing 100004  
China

With a copy to:

Mr. Chong Chi Yeung  
Suites 2301-2304, CITIC  
Tower  
1 Tim Mei Avenue, Central,  
Hong Kong

cc: 1001 Pennsylvania  
Avenue, NW  
Washington, DC 20004  
USA

Email address: norma.kuntz@carlyle.com  
herman.chang@carlyle.com  
justin.zhou@carlyle.com  
frank.lin@carlyle.com  
wayne.bannon@carlyle.com

qiangjn@citic.com  
jackchong@citic.com

Marked for the attention of: Norma Kuntz / Herman  
Chang / Justin Zhou / Frank  
Lin / Wayne Bannon

QIANG Jianing / Chong, Chi  
Yeung

with a copy to Latham & Watkins:

Address: 18/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong

Email address: simon.cooke@lw.com

Marked for the attention of Simon Cooke.

11.3 A Notice is deemed to be given:

- (a) if delivered personally, upon delivery at the address referred to in Clause 11.1(b);
- (b) if sent by a recognised international courier, two Business Days after posting it; and
- (c) if sent by email, at the time and on the date recorded on the face of the email as having been sent, provided no delivery failure or equivalent notification has been received by the sender.

## 12. GENERAL

12.1 The obligations, consents and agreements of the Parties hereunder shall be subject to and shall not prevent any Party from discharging its obligations under the Takeovers Code and the Listing Rules.

12.2 The Transaction Documents constitute the whole and only agreement between the Parties relating to the subject matter herein and no Party has entered into any Transaction Document in reliance upon any representation, warranty or undertaking of any other parties which is not set out expressly therein. Nothing in this Clause shall have the effect of limiting or restricting the liability of any Party arising as a result of any fraud.

12.3 This Agreement may be executed in any number of counterparts but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an

original of this Agreement but all the counterparts shall together constitute but one and the same instrument.

- 12.4 No Party shall assign, transfer or create any trust in respect of, or purport to assign, transfer or create any trust in respect of, a right or obligation under this Agreement.
- 12.5 Except as otherwise expressly provided, time is of the essence of this Agreement.
- 12.6 No delay or omission by any Party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement shall affect that right, power or remedy or operate as a waiver of it. The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 12.7 Nothing in this Agreement and no action taken by the Parties under this Agreement shall constitute a partnership, association, joint venture or other co-operative entity between any of the parties.
- 12.8 A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each Party.
- 12.9 The invalidity, illegality or unenforceability of a provision of this Agreement does not affect or impair the continuation in force of the remainder of this Agreement.

### **13. GOVERNING LAW AND JURISDICTION**

- 13.1 This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong.
- 13.2 Any dispute, controversy, or claim arising out of or relating to this Agreement that cannot be amicably settled shall be referred to and finally resolved by binding arbitration administered by the Hong Kong International Arbitration Centre (“**HKIAC**”) in accordance with the HKIAC Administered Arbitration Rules (the “**Rules**”) in force when the Notice of Arbitration is submitted in accordance with such Rules, which Rules are deemed to be incorporated by reference into this Clause and as may be amended by the rest of this Clause.
- 13.3 The arbitration tribunal (“**Tribunal**”) shall consist of a sole arbitrator to be appointed in accordance with the Rules.
- 13.4 The seat of the arbitration shall be Hong Kong.
- 13.5 The language of the arbitration proceedings shall be English.

**SCHEDULE 1**  
**ANNOUNCEMENT**

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

**Asia Satellite Telecommunications Holdings  
Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 1135)**

## **JOINT ANNOUNCEMENT**

### **PROPOSED PRIVATIZATION OF ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT**

**RULE 25 TRANSACTION UNDER THE TAKEOVERS CODE**

**ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE**

**APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

**PROPOSED WITHDRAWAL OF LISTING OF ASIA SATELLITE  
TELECOMMUNICATIONS HOLDINGS LIMITED**

**AND**

**RESUMPTION OF TRADING**

**Financial Adviser to the Offeror**

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

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

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

## **INTRODUCTION**

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

## **THE PROPOSAL**

### ***The Scheme***

Under the Proposal, if the Scheme becomes effective, all the Scheme Shares will be cancelled in exchange for the Scheme Consideration Price of HK\$10.22 per Scheme Share.

### ***The Share Award Offer***

The Offeror will make the Share Award Offer to cancel all of the Non Roll-over Awards (if the Roll-over Arrangements are implemented, including the 2019 Awards to the extent granted and which do not constitute Roll-over Awards), 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.

The proposed grant of the 2019 Awards will constitute a frustrating action under Rule 4 of the Takeovers Code. The Company has obtained written consent from the Offeror in relation thereto and has applied for, and the Executive has granted, a waiver from the requirement of a Shareholders’ meeting in connection with the proposed grant of the 2019 Awards under Note 1 to Rule 4 of the Takeovers Code.

The ESAS is further described in the section headed “The Share Award Offer” below.

### ***Comparisons of value***

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

- a premium of approximately 23.43% over the closing price of HK\$8.28 per Share on the Last Trading Day;
- a premium of approximately 31.46% over the average 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.

**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.**

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

The Scheme is conditional upon the satisfaction or valid waiver (as applicable) of the conditions described in the section headed “Conditions of the Proposal and the Scheme” below.

All 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 the Conditions are satisfied or validly waived (as applicable), the Scheme will become effective and binding on the Company and all Scheme Shareholders.

#### **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. The Participating Management Shareholders, both of whom are Scheme Shareholders, hold in aggregate 858,135 Shares and 785,994

Net Unvested Awards (assuming the full vesting or cash cancellation (as applicable) of the 2019 Vesting Awards), in each case, as at the Latest Practicable Date.

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; and
- (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.

#### ***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.

Further details of the Roll-Over Arrangements are described in the section headed "The Roll-Over Arrangements" below.

#### **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 or 2019 Award, 2,001,410 Unvested Awards and the Estimated Number of 2019 Awards (assuming the Roll-over Arrangements are not implemented, the vesting of the 2019 Vesting Awards is deferred and the 2019 Awards are granted in July 2019) as at the Last Trading Day, the Share Award Amount is approximately HK\$30 million. Based on the Scheme Shares in issue, the number of Unvested Awards and the Estimated Number of 2019 Awards (assuming the Roll-over Arrangements are not implemented, the vesting of the 2019 Vesting Awards is deferred and the 2019 Awards are granted in July 2019), in each case, as at the Last Trading Day, the total amount of cash required to effect the Proposal is approximately HK\$1,053 million.

The Offeror intends to finance the cash required for the Proposal using the proceeds of external debt financing. Based on the above and taking the higher of the Estimated 2019 Awards Consideration and the 2019 Awards Reference Amount (assuming the 2019 Awards will be granted in July 2019), 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.

If and to the extent the 2019 Awards are granted, following such grant and hence the determination of the final number of Unvested Awards as at the Effective Date, the Scheme Document will set out an updated confirmation by BofAML as to whether it is satisfied that sufficient financial resources are available to the Offeror for the full implementation of the Proposal, including cancellation of all of the 2019 Awards (assuming the Roll-over Arrangements are not implemented).

### **IRREVOCABLE UNDERTAKINGS**

As at the date of this announcement, 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 to the extent granted) 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 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.

### **SHAREHOLDING STRUCTURE**

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

The Offeror holds 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.

## **ESAS**

As at the Latest Practicable Date, under the ESAS, there were 2,001,410 Unvested Awards, which pursuant to the ESAS Rules, shall vest in the event of a privatization of the Company. If the Roll-over Arrangements are implemented and the vesting of the 2019 Vesting Awards is deferred, apart from the Roll-over Awards that are subject to the Roll-over Arrangements, the remaining Unvested Awards (including the 2019 Awards to the extent granted and which do not constitute Roll-over Awards) will be subject to the Share Award Offer. If the Roll-over Arrangements are not implemented and the vesting of the 2019 Vesting Awards is deferred, all of the Unvested Awards (including the 2019 Awards to the extent granted) will be subject to the Share Award Offer. The Company does not have any other outstanding options, warrants, derivatives, or other convertible securities.

## **WITHDRAWAL OF LISTING OF THE SHARES**

The Company 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 listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme is not approved or the Scheme does not become effective.

## **GENERAL**

### ***The Independent Board Committee***

The Independent Board Committee, which comprises Mr. FENEZ Marcel Robert, Mr. LEONARD Steven Robert and Ms. POON, Philana Wai Yin, 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 Independent Financial Adviser***

The Board, with the approval of the Independent Board Committee, has appointed Anglo Chinese Corporate Finance, Limited 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.

### *Despatch of the Scheme Document*

The Company will send to the Shareholders a Scheme Document containing, among other things, further details about the Scheme, 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 Court Meeting and the SGM as soon as possible in accordance with the Takeovers Code.

### *Suspension and Resumption of trading*

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 21 June 2019 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on [25] June 2019.

**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.**

This announcement does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. Shareholders are advised to read carefully the formal documentation in relation to the Proposal once it has been despatched.

## **INTRODUCTION**

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

## **THE PROPOSAL**

### **The Scheme**

Under the Proposal, if the Scheme becomes effective, all the Scheme Shares will be cancelled in exchange for the Scheme Consideration Price of HK\$10.22 per Scheme Share.

### **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.

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 Share Awards, without the need to transfer the underlying Shares to the grantees.

As at the Latest Practicable Date, there were 2,001,410 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) are due to vest on 2 July 2019. As there were only 341,362 Trustee Held Shares as at the Latest Practicable Date, upon the vesting of the 2019 Vesting Awards, the Trustee would be required to purchase existing Shares from the market to satisfy the vested 2019 Vesting Awards.

The Company intends to arrange for an amendment of the 2007 ESAS rules to defer vesting of all of the 2019 Vesting Awards to the Effective Date or the date when the Scheme lapses or is otherwise terminated, whichever is the earliest. Such amendments are subject to the consent of the ESAS participants. If such amendments are effected and 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 (i) such amendments are effected and the Scheme lapses or is otherwise terminated, or (ii) such amendments are not effected, the Trustee will utilize the Trustee Held Shares and/or purchase existing Shares from the market to satisfy the 2019 Vesting Awards. Further, if such amendments are not effected, Shares (which shall be either Trustee Held Shares and/or existing Shares purchased by the Trustee from the market) shall be transferred by the Trustee to the Participating Management Shareholders to satisfy their 2019 Vesting Awards and such Shares shall not be regarded as Disinterested Scheme Shares.

It is expected that a grant of the 2019 Awards will be made:

- (a) to ESAS participants (other than Roger Shun-hong TONG) on 2 July 2019; and
- (b) to Roger Shun-hong TONG on 16 July 2019,

and in each case, the relevant number of Share Awards will be determined based on the then applicable market price of the Shares in accordance with the ESAS Rules.

The Company will, promptly following each such grant, make an announcement of the number of 2019 Awards granted in each case.

The proposed grant of the 2019 Awards will constitute a frustrating action under Rule 4 of the Takeovers Code. The Company has obtained written consent from the Offeror in relation thereto and has applied for, and the Executive has granted, a waiver from the requirement of a Shareholders' meeting in connection with the proposed grant of the 2019 Awards under Note 1 to Rule 4 of the Takeovers Code.

The final number of Unvested Awards as at the Effective Date will also be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

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, including the 2019 Awards to the extent granted and which do not constitute Roll-over Awards), 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.

### **Comparisons of value**

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

- a premium of approximately 23.43% over the closing price of HK\$8.28 per Share on the Last Trading Day;
- a premium of approximately 31.46% over the average 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.

**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 implementation of the Proposal is, and the Scheme will become effective and binding on 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;
- (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 by 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 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 date of this announcement 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
- (i) between the date of this announcement 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 date of this announcement, the Offeror is 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 Company and all Scheme Shareholders.

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.**

## **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 has the following interest in Shares, aggregate Unvested Awards, 2019 Vesting Awards, and Net Unvested Awards:

	<b>As at the Latest Practicable Date</b>			
	<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(D) = (B) — (C)</b>
	<b>Number of</b>	<b>Unvested</b>	<b>2019 Vesting</b>	<b>Net Unvested</b>
	<b>Shares</b>	<b>Awards/</b>	<b>Awards/</b>	<b>Awards/</b>
	<b>owned</b>	<b>Value (Note 1)</b>	<b>Value (Note 2)</b>	<b>Value (Note 3)</b>
Roger Shun-Hong TONG	275,696	526,714/ HK\$5,383,017	96,988/ HK\$991,217	429,726/ HK\$4,391,800
Sue YEUNG	582,439	434,265/ HK\$4,438,188	77,997/ HK\$797,129	356,268/ HK\$3,641,059
Total	858,135	960,979/ HK\$9,821,205	174,985/ HK\$1,788,347	785,994/ HK\$8,032,859

*Notes:*

<sup>1</sup> *Based on the Share Award Offer Price*

<sup>2</sup> *Based on the Share Award Offer Price.*

<sup>3</sup> *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:

**As at the Latest Practicable Date  
Number of Roll-over Awards/Value (Note 1)**

Roger Shun-Hong TONG	159,858/HK\$1,633,749
Sue YEUNG	132,532/HK\$1,354,477
Total	292,390/HK\$2,988,226

Notes:

<sup>1</sup> Based on the Share Award Offer Price

- (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>As at the Latest Practicable Date</b>		
	<i>Number of Roll-over Awards</i>	<i>Number of Roll-over RSUs proposed to be issued under the MIP/Value (Note 1)</i>	<i>Number of Incentive RSUs proposed to be issued under the MIP/Value (Note 2)</i>
Roger Shun-Hong TONG	159,858	159,858/HK\$1,485,081	127,886/HK\$1,188,061
Sue YEUNG	132,532	132,532/HK\$1,231,222	106,025/HK\$984,972
Total	292,390	292,390/HK\$2,716,303	233,911/HK\$2,173,033

Notes:

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 to be agreed
2. 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 to be agreed

- (c) each Participating Management Shareholder has undertaken that (save in respect of his/her 2019 Vesting Awards and the 2019 Awards to the extent granted) 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 grant date.

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 reference to the aggregate of (i) the net asset value of one Share 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 to be agreed between the Offeror and the Participating Management Shareholders prior to the Effective Date) and (ii) all cash distributions per Share 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.

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.

Further details of the Roll-over Arrangements, including the number of Roll-over Awards (and consequently, the number of Roll-over RSUs and Incentive RSUs) following the vesting of the Participating Management Shareholders' 2019 Vesting Awards and the grant of the 2019 Awards will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

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

As the Roll-over Arrangements are available only to the Participating Management Shareholders and is 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.

If the Independent Financial Adviser does not state in its 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.

## **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 or 2019 Award, 2,001,410 Unvested Awards and the Estimated Number of 2019 Awards (assuming the Roll-over Arrangements are not implemented, the vesting of the 2019 Vesting Awards is deferred and the 2019 Awards are granted in July 2019) as at the Last Trading Day, the Share Award Amount is approximately HK\$30 million. Based on the Scheme Shares in issue, the number of Unvested Awards and the Estimated Number of 2019 Awards (assuming the Roll-over Arrangements are not implemented, the vesting of the 2019 Vesting Awards is deferred and the 2019 Awards are granted in July 2019), in each case, as at the Last Trading Day, the total amount of cash required to effect the Proposal is approximately HK\$1,053 million.

The Offeror intends to finance the cash required for the Proposal using the proceeds of external debt financing.

Based on the above and taking the higher of the Estimated 2019 Awards Consideration and the 2019 Awards Reference Amount (assuming the 2019 Awards will be granted in July 2019), 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.

If and to the extent the 2019 Awards are granted, following such grant and hence the determination of the final number of Unvested Awards as at the Effective Date, the Scheme Document will set out an updated confirmation by BofAML as to whether it is satisfied that sufficient financial resources are available to the Offeror for the full implementation of the Proposal, including cancellation of all of the 2019 Awards (assuming the Roll-over Arrangements are not implemented).

## **IRREVOCABLE UNDERTAKINGS TO ACCEPT THE PROPOSAL**

As at the date of this announcement, 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 to the extent granted) 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 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.

## SHAREHOLDING STRUCTURE

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

The Offeror holds 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 completion of the Proposal:

	As at the Latest Practicable Date		Upon implementation of the Proposal	
	<i>Number of Shares owned</i>	<i>% of the total issued Shares of the Company</i>	<i>Number of Shares owned (Note 1)</i>	<i>% of the total issued share capital of the Company</i>
Offeror	291,174,695	74.43	291,174,695	100.00
Roger Shun-Hong TONG	275,696	0.07	—	—
Sue YEUNG	582,439	0.15	—	—
Offeror and parties acting in concert with it	292,032,830	74.65	291,174,695	100.00
<b>Disinterested Scheme Shareholders</b> <i>(note 2)</i>	99,162,670	25.35	—	—
Scheme Shareholders <i>(note 3)</i>	100,020,805	25.57	—	—
<b>Total</b>	<u>391,195,500</u>	<u>100.00</u>	<u>[291,174,695]</u>	<u>100.00</u>
Total number of Scheme Shares	<u>100,020,805</u>	<u>25.57</u>	<u>—</u>	<u>—</u>

*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. Details of holdings or borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) by other parts of the BofAML group will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code.

## **ESAS**

As at the Latest Practicable Date, under the ESAS, there were 2,001,410 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) are due to vest on 2 July 2019. As there were only 341,362 Trustee Held Shares as at the Latest Practicable Date, upon the vesting of the 2019 Vesting Awards, the Trustee would be required to purchase existing Shares from the market to satisfy the vested 2019 Vesting Awards. The Company intends to arrange for an amendment of the 2007 ESAS rules to defer vesting of all of the 2019 Vesting Awards. Such amendments are subject to the consent of the ESAS participants. If such amendments are effected and 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 (i) such amendments are effected and the Scheme lapses or is otherwise terminated, or (ii) such amendments are not effected, the Trustee will utilize the Trustee Held Shares and/or purchase existing Shares from the market to satisfy the 2019 Vesting Awards. Further, if the amendments are not effected, Shares (which shall be either Trustee Held Shares and/or existing Shares purchased by the Trustee from the market) shall be transferred by the Trustee to the Participating Management Shareholders to satisfy their 2019 Vesting Awards and such Shares shall not be regarded as Disinterested Scheme Shares.

If the Roll-over Arrangements are implemented and the vesting of the 2019 Vesting Awards is deferred, apart from the Roll-over Awards that are subject to the Roll-over Arrangements, the remaining Unvested Awards (including the 2019 Awards to the extent granted and which do not constitute Roll-over Awards) will be subject to the Share Award Offer. If the Roll-over Arrangements are not implemented and the vesting of the 2019 Vesting Awards is deferred, all of the Unvested Awards (including the 2019 Awards to the extent granted) 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.

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 date of this announcement. 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.

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.

#### **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.

#### **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 Group Corporation) and Jupiter Investment (being a majority-owned indirect subsidiary of Carlyle Asia Partners IV, L.P., a limited liability partnership managed by, and ultimately controlled by, The Carlyle Group L.P.) each holding 50% of the voting control of the Offeror. The Offeror currently holds 291,174,695 Shares, representing approximately 74.43% of the issued Shares of the Company. The Offeror will continue to evaluate the Group's strategic direction in response to market conditions.

#### **FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

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

The Independent Board Committee, which comprises Mr. FENEZ Marcel Robert, Mr. LEONARD Steven Robert and Ms. POON, Philana Wai Yin, 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 M. ZELUCK, Mr. LIU Zhengjun, Mr. LUO Ning, Mr. 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. Mr. 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.

The Board, with the approval of the Independent Board Committee, has appointed Anglo Chinese Corporate Finance, Limited 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.

#### **WITHDRAWAL OF LISTING OF THE SHARES**

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 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. A detailed timetable will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

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

#### **COSTS OF THE SCHEME**

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

If the Proposal is recommended by the Independent Board Committee, and is recommended as fair and reasonable by the Independent Financial Adviser, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses.

#### **DESPATCH OF SCHEME DOCUMENT**

The Company will send to the Shareholders a Scheme Document containing, among other things, further details about the Scheme, 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 the SGM as soon as possible in accordance with the Takeovers Code.

## 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.”*

## **OTHER ARRANGEMENTS**

The Offeror confirms that, as at the date of this announcement:

- (a) save for (i) BofAML (which 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) and (ii) the Participating Management Shareholders, no person acting in concert with the Offeror owns or controls or directs any existing holding of voting rights and rights over shares in the Company;
- (b) save for the Irrevocable Undertakings and the Roll-over Agreements, neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept the Proposal;
- (c) save for the Participating Management Shareholders in respect of their Share Awards, neither the Offeror nor any person acting in concert with it holds convertible securities, warrants or options in the Company;
- (d) there is no outstanding derivative in respect of securities in the Company entered into by the Offeror or any person acting in concert with it;
- (e) save for the Roll-over Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror which might be material to the Proposal;
- (f) save for the Implementation Agreement, there are no agreements or arrangements to which the Offeror (nor any person acting in concert with it) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal;
- (g) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror (or any person acting in concert with it) has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold;
- (h) save for the Scheme Consideration and the Share Award Amount, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any party acting in concert with it 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);

- (i) save for the Irrevocable Undertakings and the Roll-over Arrangements, there is no understanding, arrangement, agreement or special deal between the Offeror or any party acting in concert with it on the one hand, and the Scheme Shareholders or any party acting in concert with the Scheme Shareholders on the other hand; and
- (j) save for the Irrevocable Undertakings and the Roll-over Arrangements, there is no understanding, arrangement, agreement or special deal between any shareholder of the Company and (A) the Offeror and any party acting in concert with it or (B) the Company, its subsidiaries or associated companies.

## **OVERSEAS SCHEME SHAREHOLDERS**

The making of the Proposal to and acceptance of the Proposal by Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders 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 wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction 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 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.

In the event that the receipt of the Scheme Document by overseas Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Offeror regards as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror), the Scheme Document will not be despatched to such overseas Shareholders. For that purpose, the Offeror will apply for any waiver(s) as may be required by the Executive pursuant to Note 3 to Rule 8.6 of the Takeovers Code at such time. If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of Scheme Shareholders not resident in Hong Kong in relation to the terms of the Proposal. Such arrangements may include notifying any matter in connection with the Proposal to the Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Shareholders

to receive or see that notice. Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Offeror, the Company, BofAML, or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 21 June 2019 pending the issue of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on [25] June 2019.

## **DEFINITIONS**

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

<b>“2007 ESAS”</b>	the share award scheme adopted by the Company on 22 August 2007 (and as amended on 8 June 2012)
<b>“2017 ESAS”</b>	the share award scheme adopted by the Company on 20 December 2017
<b>“2019 Awards”</b>	the Share Awards to be granted in July 2019 to the grantees, the exact number of which is to be determined based on the then applicable market price of the Shares
<b>“2019 Awards Reference Amount”</b>	HK\$8,037,698 (being the aggregate reference amount of the 2019 Awards as determined by the Board in accordance with the ESAS Rules)
<b>“2019 Vesting Awards”</b>	398,406 Unvested Awards (being Share Awards granted under the 2007 ESAS) which are due to vest on 2 July 2019
<b>“Able Star”</b>	Able Star Associates Limited, a company incorporated in the British Virgin Islands
<b>“acting in concert”</b>	has the meaning given to it under the Takeovers Code and “concert party” or “concert parties” shall be construed accordingly

<b>“associates”</b>	has the meaning given to it under the Takeovers Code
<b>“Authorisations”</b>	all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal
<b>“Board”</b>	the board of Directors from time to time
<b>“BofAML”</b>	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
<b>“Business Day”</b>	any day on which the Stock Exchange is open for the business of dealing in securities
<b>“Communications Authority”</b>	the Hong Kong Communications Authority (formerly the Hong Kong Broadcasting Authority)
<b>“Companies Act”</b>	the Companies Act 1981 (as amended) of Bermuda
<b>“Company”</b>	Asia Satellite Telecommunications Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are currently listed on the Stock Exchange
<b>“Conditions”</b>	the conditions of the Proposal, details of which are set out in the section headed “Conditions of the Proposal and the Scheme”
<b>“Court”</b>	the Supreme Court of Bermuda
<b>“Court Meeting”</b>	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, or any adjournment thereof
<b>“Court Order”</b>	the order of the Court pursuant to Section 99(2) of the Companies Act sanctioning the Scheme
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Disinterested Scheme Shareholders”</b>	the Shareholders other than the Offeror, its concert parties and the Participating Management Shareholders

<b>“Disinterested Scheme Shares”</b>	Share(s) held by the Disinterested Scheme Shareholders
<b>“Effective Date”</b>	the date on which the Scheme becomes effective in accordance with its terms
<b>“ESAS”</b>	the existing employee share award schemes of the Company, being the 2007 ESAS and the 2017 ESAS
<b>“ESAS Rules”</b>	the rules relating to the ESAS
<b>“Estimated 2019 Awards Consideration”</b>	HK\$9,920,927 (being an amount equal to the product of the Estimated Number of 2019 Awards <i>multiplied</i> by the Share Award Offer Price)
<b>“Estimated Number of 2019 Awards”</b>	970,736 (being the quotient of (i) the 2019 Awards Reference Amount <i>divided</i> by (ii) the closing price of the Shares as at the Last Trading Day)
<b>“Executive”</b>	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Implementation Agreement”</b>	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
<b>“Incentive RSUs”</b>	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 RSU (rounded down to the nearest whole Incentive RSU) issued pursuant to the Roll-over Arrangements, details of which are set out in the section headed “The Roll-over Arrangements” of this announcement

<b>“Independent Board Committee”</b>	the independent board committee of the Company comprising Mr. FENEZ Marcel Robert, Mr. LEONARD Steven Robert and Ms. POON, Philana Wai Yin, being all the independent non-executive Directors, formed for the purpose of advising the Scheme Shareholders in respect of the Proposal
<b>“Independent Financial Adviser”</b>	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
<b>“Irrevocable Undertakings”</b>	the irrevocable undertakings given by each of the Participating Management Shareholders, each dated [24] June 2019, in favour of the Offeror as set out in the section headed “Irrevocable Undertakings” of this announcement
<b>“Jupiter Investment”</b>	Jupiter Investment Holdings, L.L.C., a company incorporated in the state of Delaware with limited liability
<b>“Latest Practicable Date”</b>	[24] June 2019, being the latest practicable date for ascertaining certain information contained in this announcement
<b>“Last Trading Day”</b>	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 this announcement
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on the Stock Exchange
<b>“Long Stop Date”</b>	11 March 2020
<b>“MIP”</b>	the new management incentive plan to be adopted by the Company for the Participating Management Shareholders following the Effective Date
<b>“Net Unvested Awards”</b>	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

<b>“Non Roll-over Awards”</b>	means the Unvested Awards to be cancelled under the Share Award Offer. As at the Latest Practicable Date, there were 1,310,614 Non Roll-over Awards (assuming implementation of the Roll-over Arrangements and the full vesting or cash cancellation (as applicable) of all of the 2019 Vesting Awards (i.e. none of the 2019 Vesting Awards will roll-over))
<b>“Offeror”</b>	Bowenvale Limited, a company incorporated in the British Virgin Islands with limited liability
<b>“Participating Management Shareholders”</b>	Roger Shun-hong TONG (being the chief executive officer and executive Director of the Company) and Sue YEUNG (being the chief financial officer of the Company)
<b>“Proposal”</b>	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 announcement
<b>“Registrar of Companies”</b>	the Registrar of Companies in Bermuda
<b>“Relevant Authorities”</b>	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)
<b>“Roll-over Agreement”</b>	the roll-over agreement dated [24] 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
<b>“Roll-over Arrangements”</b>	the arrangements, details of which are set out in the section headed “The Roll-over Arrangements” of this announcement, including the issue of the Roll-over RSUs and the Incentive RSUs

<b>“Roll-over Awards”</b>	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 292,390 Roll-over Awards (assuming the full vesting or cash cancellation (as applicable) of the 2019 Vesting Awards and implementation of the Roll-over Arrangements)
<b>“Roll-over RSUs”</b>	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 “The Roll-over Arrangements” of this announcement
<b>“Scheme”</b>	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
<b>“Scheme Consideration”</b>	the cash consideration to be paid to the Scheme Shareholders, being the Scheme Consideration Price for every Scheme Share cancelled
<b>“Scheme Consideration Price”</b>	HK\$10.22 for every Scheme Share cancelled
<b>“Scheme Document”</b>	the document to be 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
<b>“Scheme Share(s)”</b>	Share(s) held by the Scheme Shareholders
<b>“Scheme Shareholder(s)”</b>	Shareholder(s) other than the Offeror
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong

<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“SGM”</b>	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
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.10 each in the share capital of the Company
<b>“Share Award Amount”</b>	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 <i>multiplied by</i> the number of the Non Roll-over Awards or the Unvested Awards (as applicable)
<b>“Share Award Offer”</b>	the cash offer to cancel the Unvested Awards (other than the Roll-over Awards to the extent the Roll-over Arrangements are implemented) which are outstanding prior to, but become vested on the Effective Date
<b>“Share Award Offer Price”</b>	HK\$10.22 for every Unvested Award cancelled
<b>“Share Awards”</b>	the share awards made under the ESAS from time to time
<b>“Shareholder(s)”</b>	registered holder(s) of Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary”</b>	has the meaning given to it under the Listing Rules
<b>“Takeovers Code”</b>	the Hong Kong Code on Takeovers and Mergers
<b>“Trustee”</b>	TMF Trust (HK) Limited, which holds Shares for the benefit of the selected participants of the ESAS subject to the Trust Deeds
<b>“Trust Deeds”</b>	the trust deeds of the 2007 ESAS dated 22 August 2007 and of the 2017 ESAS dated 20 December 2017

“**Trustee Held Shares**” existing issued Shares held by the Trustee which are to be utilized 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 2,001,410 Unvested Awards

“**U.S.**” the United States of America

“**%**” per cent.

By order of the board of  
**BOWENVALE LIMITED**  
Gregory Michael ZELUCK  
*Chairman*  
LIU Zhengjun  
*Vice-Chairman*

By order of the board of  
**ASIA SATELLITE  
TELECOMMUNICATIONS HOLDINGS  
LIMITED**  
Sue Yeung  
*Company Secretary*

[24] June 2019

*As at the date of this announcement, the directors of the Offeror are:*

*Mr. LUO Ning*  
*Mr. Gregory Michael ZELUCK*  
*Mr. FAN Jui-Ying*  
*Mr. LIU Zhengjun*  
*Mr. DING Yucheng*  
*Mr. Herman CHANG Hsiuguo*

*As at the date of this announcement, the Directors are:*

*Non-executive Directors*

*Mr. LUO Ning*  
*Mr. Gregory Michael ZELUCK*  
*Mr. FAN Jui Ying*  
*Mr. LIU Zhengjun*  
*Mr. DING Yucheng*  
*Mr. Herman CHANG Hsiuguo*

*Executive Director*

*Mr. Roger Shun-hong TONG*

*Independent non-executive directors*

*Mr. Marcel Robert FENEZ*  
*Mr. Steven Robert LEONARD*  
*Ms. POON, Philana Wai Yin*

*Alternate Directors*

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

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (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 announcement (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 announcement, the omission of which would make any statement in this announcement misleading.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement (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 announcement (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 announcement, the omission of which would make any statement in the announcement misleading.*

## **SCHEDULE 2**

### **OFFEROR'S REPRESENTATIONS AND WARRANTIES**

1. The Offeror is a limited liability company duly incorporated or established under the laws of the British Virgin Islands and has been validly existing and in good standing under the laws of the British Virgin Islands since incorporation.
2. The Offeror is duly authorised, has full power and authority and has taken all actions necessary, and has obtained or satisfied all corporate and regulatory Approvals, to execute and deliver this Agreement and exercise its rights, and perform its obligations under this Agreement in accordance with its terms.
3. The Offeror's obligations under this Agreement and each document to be executed at or before the Effective Date will constitute, or where the relevant document is executed, constitutes, valid, legal and binding obligations on the Offeror enforceable in accordance with their respective terms.
4. Neither the execution nor performance of this Agreement (or a document to be executed on or before the Effective Date) nor the making, implementation and completion of the Scheme will result in or amount to, a violation or breach by the Offeror of any Applicable Law, or constitute a breach by the Offeror of any contract, agreement, articles of association, undertaking or commitment to which the Offeror is a party.
5. The Offeror has sufficient resources available to it to satisfy acceptances in full of the Proposal in accordance with the Takeovers Code and for Merrill Lynch (Asia Pacific) Limited in its capacity as financial adviser to the Offeror to give its cash confirmation in accordance with its obligations under the Takeovers Code.

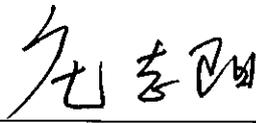
Signed by Roger Shun-hong TONG )  
duly authorised for an on behalf of )  
Asia Satellite Telecommunications )  
Holdings Limited )



Name: Roger Shun-hong TONG

Title: Director

SIGNED by CHONG Chi Yeung )  
duly authorised for and on behalf of )  
**Bowenvale Limited** )

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Name: CHONG Chi Yeung

Title: Authorised Signatory

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Name:

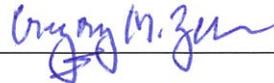
Title:

SIGNED by Gregory Michael ZELUCK )  
duly authorised for and on behalf of )  
**Bowenvale Limited** )

\_\_\_\_\_

Name:

Title:



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Name: Gregory Michael ZELUCK

Title: Director