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ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 1135

**REVISION OF ANNUAL CAPS FOR
EXISTING CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Previous Disclosures in relation to the Renewed Transponder Master Agreement entered into between AsiaSat, CITIC Networks and CITICSat, pursuant to which AsiaSat provides transponder capacity on its Satellites (the "Transponder Capacity") to CITICSat for use by its customers in the PRC (the "Capacity Transactions") on an exclusive basis during the term of the Renewed Transponder Master Agreement and CITICSat promotes the Transponder Capacity in the PRC. CITIC Networks is a wholly-owned subsidiary of CITIC Group. CITICSat is the branch established and run by CITIC Networks for its development and operation of satellite system related business. As at the date of this announcement, CITIC Group which holds approximately 77.9% of CITIC Limited (formerly known as CITIC Pacific Limited) which in turn indirectly controls 50% of the voting rights of Bowenvale, holder of approximately 74.4% of the total issued share capital of the Company. Accordingly, CITIC Group, CITIC Networks and CITICSat are connected persons of the Company.

On 18 October 2012, the Independent Shareholders approved, amongst other things, the Original Caps at (i) RMB228.9 million (equivalent to approximately HK\$274.7 million) for the year ending 31 December 2014; and (ii) RMB190.7 million (equivalent to approximately HK\$228.8 million) for the period commencing on 1 January 2015 and ending on 17 October 2015, for the total utilisation fee receivable from CITICSat for the Capacity Transactions for the relevant period.

In light of the anticipated increase in demand from CITICSat's customers in the PRC for the provision of Transponder Capacity by AsiaSat, it is expected that the Original Caps will not be sufficient to enable AsiaSat to satisfy such demand for the year ending 31 December 2014 and the period commencing on 1 January 2015 and ending on 17 October 2015. Pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the announcement and independent shareholders' approval requirements before the Original Caps are exceeded and accordingly, the Company proposes to revise the Original Caps to the Revised Caps and will seek approval of the Independent Shareholders at the SGM. One of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Revised Caps exceeds 5%.

A circular containing, among other things, (i) details of the Revised Caps; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Revised Caps; (iii) a letter from the Independent Board Committee; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 30 October 2014.

Reference is made to the Previous Disclosures in relation to the Renewed Transponder Master Agreement entered into between AsiaSat, CITIC Networks and CITICSat, pursuant to which AsiaSat provides transponder capacity on its Satellites to CITICSat for use by its customers in the PRC on an exclusive basis during the term of the Renewed Transponder Master Agreement and CITICSat promotes the Transponder Capacity in the PRC.

In light of the anticipated increase in demand from CITICSat's customers in the PRC for the provision of Transponder Capacity by AsiaSat, the Company proposes to revise the Original Caps for the year ending 31 December 2014 and the period commencing on 1 January 2015 and ending on 17 October 2015 to the Revised Caps.

BACKGROUND OF THE CAPACITY TRANSACTIONS

Under the Renewed Transponder Master Agreement entered into between AsiaSat, CITIC Networks and CITICSat on 6 September 2012, CITIC Networks and CITICSat have granted to AsiaSat a right to provide the Transponder Capacity for use by their customers in the PRC on an exclusive basis. During the Agreement Term, CITICSat, upon the requests of its customers in the PRC, places orders for the Transponder Capacity provided by AsiaSat pursuant to the terms and conditions of the Renewed Transponder Master Agreement. Upon the acceptance of any such order, AsiaSat provides the relevant Transponder Capacity to CITICSat for use by CITICSat's customers for such utilisation period as ordered, at an utilisation fee in RMB to be agreed between the parties based on the market rates or at rates similar to those AsiaSat would have offered to independent third party customers in the PRC. Pursuant to the Renewed Transponder Master Agreement, CITICSat will also promote the Transponder Capacity in the PRC.

HISTORICAL AMOUNTS AND APPROVED ORIGINAL CAPS OF THE CAPACITY TRANSACTIONS

The Directors have been closely monitoring the Capacity Transactions. The historical amount of the aggregate utilisation fee receivable by AsiaSat from CITICSat in relation to the Capacity Transactions for the six months ended 30 June 2014, and the Original Caps approved by the Independent Shareholders on 18 October 2012 for the year ending 31 December 2014 and for the period commencing on 1 January 2015 and ending on 17 October 2015 are set out as follows:

	Historical Amounts	Approved Original Caps	
	For the six months ended 30 June 2014	Financial year ending 31 December 2014	Period commencing on 1 January 2015 and ending on 17 October 2015
Capacity Transactions	RMB96.8 million	RMB228.9 million	RMB190.7 million
	(approximately US\$15.6 million)	(approximately US\$35.2 million)	(approximately US\$29.3 million)
	(approximately HK\$121.9 million)	(approximately HK\$274.7 million)	(approximately HK\$228.8 million)

THE REVISED CAPS

In light of the anticipated increase in demand from CITICSat's customers in the PRC for the provision of Transponder Capacity by AsiaSat, it is expected that the Original Caps will not be sufficient to enable AsiaSat to satisfy such demand for the year ending 31 December 2014 and the period commencing on 1 January 2015 and ending on 17 October 2015. As such, the Company proposes to revise the Original Caps to the Revised Caps as set out below:

Financial year ending 31 December 2014	Period commencing on 1 January 2015 and ending on 17 October 2015
RMB250 million	RMB247 million
(approximately US\$40.4 million)	(approximately US\$39.9 million)
(approximately HK\$315.0 million)	(approximately HK\$311.2 million)

In respect of the aggregate annual fee payable and costs to be reimbursed by AsiaSat to CITICSat in relation to the promotion of the Transponder Capacity in the PRC by CITICSat, no revision of the caps will be required.

BASIS OF THE REVISED CAPS

In determining the Revised Caps, the Directors have taken into consideration (i) the historical revenue generated from the Capacity Transactions for the six months ended 30 June 2014; (ii) the expected increase in demand from CITICSat's existing customers in the PRC; and (iii) the potential growth of the PRC market due to strong demand for video broadcasting and various applications in telecommunications services.

The Revised Caps will enable the Company to capture the growth in demand for its Transponder Capacity in the PRC market and exploit the potential growth of its revenue with the successful launches of AsiaSat 6 and AsiaSat 8 satellites in the third quarter of 2014. The Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be dispatched to the Shareholders after having taken into consideration the advice of the Independent Financial Adviser) are of the view that the Revised Caps are fair and reasonable and the Capacity Transactions are in the ordinary course of business of the Company.

AsiaSat will continue to provide the relevant Transponder Capacity to CITICSat for use by CITICSat's customers based on an utilisation fee in RMB to be agreed between the parties with reference to the market rates (including indicative rates offered by major competitors in the PRC) or at rates similar to those AsiaSat would have offered to independent third party customers in the PRC. The Company will obtain information regarding rates on other comparable services provided by other transponder providers in the PRC and make comparisons in order to allow the Company to obtain favourable rates in relation to its Capacity Transactions. The independent non-executive Directors and the Company's auditors will review annually the implementation of the Renewed Transponder Master Agreement in order to review, among other things, the fairness of the Capacity Transactions and whether the utilisation fees offered in relation to the Capacity Transactions are on terms no less favourable to AsiaSat than those offered to independent third parties.

INFORMATION ON CITICSAT, CITIC NETWORKS AND CITIC GROUP

The Company understands that CITIC Networks is a wholly-owned subsidiary of the CITIC Group, the principal business activities of which is the provision of integrated territorial and international communications network and system services; while CITICSat is the branch established and run by CITIC Networks for its development and operation of satellite system related business. CITIC Group is a business conglomerate with extensive lines of business, including but not limited to, finance, investments, engineering and contracting, resources, infrastructure, real estate development, manufacturing, information technology, trading and services. As at the date of announcement, the CITIC Group indirectly holds approximately 77.9% of CITIC Limited (formerly known as CITIC Pacific Limited) which in turn indirectly controls 50% of the voting rights of Bowenvale, holder of approximately 74.4% of the total issued share capital of the Company. Accordingly, CITIC Group, CITIC Networks and CITICSat are connected persons of the Company.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of satellite transponder capacity and satellite services to broadcasting and telecommunications markets.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the announcement and independent shareholders' approval requirements before the Original Caps are exceeded and accordingly, the Company proposes to revise the Original Caps to the Revised Caps and will seek approval of the Independent Shareholders at the SGM. One of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Revised Caps exceeds 5%.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Revised Caps. Messis Capital Limited has also been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Revised Caps. A circular containing, among other things, (i) details of the Revised Caps; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Revised Caps; (iii) a letter from the Independent Board Committee; and (iv) a notice of the SGM will be despatched to the Shareholders on or before 30 October 2014.

Bowenvale, which owns approximately 74.4% of the total issued share capital of the Company as at the date of this announcement, is interested in the proposed transactions contemplated under the Renewed Transponder Master Agreement by virtue of the fact that CITIC Group holds approximately 77.9% of CITIC Limited (formerly known as CITIC Pacific Limited) which in turn indirectly controls 50% of Bowenvale's voting rights, and is therefore required to abstain from voting at the SGM. None of the Directors was required to abstain from voting at the relevant board meeting approving the Revised Caps, but as a matter of good corporate governance, Mr. Ju Wei Min, Mr. Luo Ning, Mr. Peter Jackson (all being Directors nominated by CITIC Group), Mr. James Watkins, Mr. Stephen Lee Hoi Yin, Mr. Kenneth McKelvie and Ms. Maura Wong Hung Hung (all being members of the Independent Board Committee) voluntarily abstained from voting at the board meeting.

DEFINITIONS

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

“Agreement Term”	the three-year period commencing on 18 October 2012;
“AsiaSat”	Asia Satellite Telecommunications Company Limited, an indirect wholly-owned subsidiary of the Company incorporated under the laws of Hong Kong; the principal business of which is the provision of satellite services to the broadcasting and telecommunications markets;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Bowenvale”	Bowenvale Limited, a controlling Shareholder who owns approximately 74.4% of the total issued share capital of the Company as at the date of this announcement, and a company incorporated under the laws of British Virgin Island;
“Capacity Transactions”	the provision of Transponder Capacity by AsiaSat to CITICSat pursuant to orders placed under the Renewed Transponder Master Agreement;
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司), holding approximately 77.9% of CITIC Limited (formerly known as CITIC Pacific Limited) which in turn indirectly controls 50% of the voting rights of Bowenvale as at the date of this announcement, and an enterprise established and existing under the laws of the PRC;
“CITIC Networks”	CITIC Networks Co., Ltd (中信網絡有限公司), a wholly-owned subsidiary of the CITIC Group and a company established under the laws of the PRC;
“CITICSat”	CITIC Networks Co., Ltd. Beijing Satellite Telecommunications Branch (中信網絡有限公司北京衛星通訊分公司), the branch established and run by CITIC Networks for the development and operation of its satellite system related business;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	Asia Satellite Telecommunications Holdings Limited, an investment holding company incorporated under the laws of Bermuda, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited;

“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	a board committee, comprising Mr. James Watkins, Mr. Stephen Lee Hoi Yin, Mr. Kenneth McKelvie and Ms. Maura Wong Hung Hung, being all the independent non-executive Directors established to advise the Independent Shareholders in relation to the Revised Caps;
“Independent Financial Adviser”	Messis Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Revised Caps;
“Independent Shareholders”	Shareholders other than Bowenvale and its associates;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), formerly MII, Ministry of Information of the PRC (中華人民共和國信息產業部);
“New Permit”	the Basic Telecom Business Operating Permit (基礎電信業務經營許可證) dated 13 August 2012 issued to CITIC Networks by MIIT which will expire on 13 August 2022;
“Original Caps”	the original maximum aggregate values of the Capacity Transactions for the year ending 31 December 2014 and for the period commencing on 1 January 2015 and ending on 17 October 2015 as set out in the Previous Disclosure;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;

“Previous Disclosures”	the announcement and circular of the Company dated 6 September 2012 and 27 September 2012, respectively, in relation to the Renewed Transponder Master Agreement;
“Renewed Transponder Master Agreement”	the agreement entered into between AsiaSat, CITIC Networks and CITICSat on 6 September 2012 for, among other things, the provision of the Transponder Capacity to CITICSat, the major terms of which are set out in the Previous Disclosures;
“Revised Caps”	the revised maximum aggregate values of the Capacity Transactions for the year ending 31 December 2014 being RMB250 million (equivalent to approximately HK\$315 million) and for the period commencing on 1 January 2015 and ending on 17 October 2015 being RMB247 million (equivalent to approximately HK\$311.2 million);
“RMB”	Renminbi, the lawful currency of the PRC;
“Satellites”	the AsiaSat 3S, AsiaSat 4, AsiaSat 5 and AsiaSat 7 satellites, their respective replacement satellites, and any other future AsiaSat satellites, including but not limited to AsiaSat 6, AsiaSat 8 and AsiaSat 9, which will be subject to the approval to an amendment of the New Permit conditions by MIIT and “Satellite” shall mean any one of the Satellites;
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving the Revised Caps;
“Shareholders”	the shareholders of the Company;
“Transponder Capacity”	the transponder capacity on the Satellites;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

The conversions of RMB into US dollars and into HK dollars are for convenience and illustrations purposes only and have been made at rates of US\$1.00 to RMB6.19 and RMB1.00 to HK\$1.26, respectively as at the date of this announcement. Such conversions should not be construed as representations that the RMB amounts could be converted into US and HK dollars at that or any other rates.

By Order of the Board
Sue YEUNG
Company Secretary

Hong Kong, 9 October 2014

As at the date of this announcement, the Board comprises 11 directors. The Executive Director is Mr. William WADE. The Non-executive Directors are Mr. Sherwood P. DODGE (Chairman), Mr. JU Wei Min (Deputy Chairman), Mr. LUO Ning, Mr. Peter JACKSON, Mr. John F. CONNELLY and Ms. Nancy KU. The Independent Non-executive Directors are Mr. James WATKINS, Mr. Stephen LEE Hoi Yin, Mr. Kenneth McKELVIE and Ms. Maura WONG Hung Hung. The Alternate Director is Mr. CHONG Chi Yeung (alternate to Mr. LUO Ning).

** For identification purpose only*