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**MAJOR AND CONNECTED TRANSACTION
ESTABLISHMENT OF JOINT VENTURE
AND
SATELLITE CONTRACT IN RESPECT
OF APSTAR 6E SATELLITE
AND
NOVATION AGREEMENT IN RESPECT OF SATELLITE CONTRACT**

On 6 November 2020, APT (HK), a wholly-owned subsidiary of the Company, entered into the Investment and Cooperation Agreement with the Project Partners for the establishment of the Joint Venture, which will procure and launch the APSTAR 6E Satellite and use it to provide satellite telecommunication services in Asia Pacific region. The APSTAR 6E Satellite will be manufactured by the Contractor and will carry a high throughput satellite (HTS) payload. As the manufacturing of the APSTAR 6E Satellite needs to be commenced at an earliest possible time in order to meet the business plan and schedule of the Joint Venture, as authorised by the Project Partners, APT (HK) entered into the Satellite Contract with the Contractor on 6 November 2020 in respect of the manufacturing, delivery and launching of the APSTAR 6E Satellite pending the establishment of the Joint Venture. Pursuant to the Investment and Cooperation Agreement, it has been agreed that upon the establishment of the Joint Venture, APT (HK), the Joint Venture and the Contractor shall enter into the Novation Agreement, pursuant to which all obligations and rights of APT (HK) under the Satellite Contract shall be assigned and transferred to the Joint Venture.

Notwithstanding that the formation of the Joint Venture under the Investment and Cooperation Agreement alone does not constitute a major transaction of the Company under Chapter 14 of the Listing Rules, as one or more of the applicable percentage ratios in respect of the formation of the Joint Venture under the Investment and Cooperation Agreement and the transactions contemplated under the Satellite Contract or the Novation Agreement on an aggregate basis, and also each of the Satellite Contract and the Novation Agreement on a stand-alone basis, exceed 25% but are less than 100%, the Transactions constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

Furthermore, CASC and its associates are interested in an aggregate of approximately 52.78% equity interest in APT International, which in turn is a substantial shareholder of the Company holding approximately 51.9% of the issued share capital of the Company as at the date of this announcement. In addition to the shareholding held by APT International, CASC and its associates (including the Project Partners) are also interested in an aggregate of another approximately 2.90% of the issued share capital of the Company as at the date of this announcement. Each of the Project Partners is a subsidiary of CASC and is therefore a connected person of the Company. The Joint Venture, when established, will also be an indirectly owned subsidiary of CASC and therefore a connected person of the Company. Accordingly, the Transactions also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As such, the Transactions are subject to Independent Shareholders' approval at a special general meeting of the Company. APT International, CASC and their associates will be required to abstain from voting in respect of the resolution approving Transactions.

An Independent Board Committee will be formed to consider the terms of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement and advise the Independent Shareholders as to whether the Transactions have been entered into in the ordinary and usual course of business and the terms were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed in due course to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (i) details of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement; (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement; (iv) a notice of the special general meeting of the Company; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or about 27 November 2020.

On 6 November 2020, APT (HK), a wholly-owned subsidiary of the Company, entered into the Investment and Cooperation Agreement with the Project Partners for the establishment of the Joint Venture, which will procure and launch the APSTAR 6E Satellite and use it to provide satellite telecommunication services in Asia Pacific region. The APSTAR 6E Satellite will be manufactured by the Contractor and will carry a high throughput satellite (HTS) payload. As the establishment of the Joint Venture is subject to the fulfilment of certain conditions precedent including various governmental approvals, it is currently expected that the Joint Venture may not be established within a very short period of time. On the other hand, the manufacturing of the APSTAR 6E Satellite needs to be commenced at an earliest possible time in order to meet the business plan and schedule of the Joint Venture. As such, pending the establishment of the Joint Venture and as authorised by the Project Partners, APT (HK) entered into the Satellite Contract with the Contractor on 6 November 2020 in respect of the manufacturing, delivery and launching of the APSTAR 6E Satellite. Pursuant to the Investment and Cooperation Agreement, it has been agreed that upon the establishment of the Joint Venture, APT (HK), the Joint Venture and the Contractor shall enter into the Novation Agreement, pursuant to which all obligations and rights of APT (HK) under the Satellite Contract shall be assigned and transferred to the Joint Venture.

ESTABLISHMENT OF JOINT VENTURE

On 6 November 2020, APT (HK) and the Project Partners entered into the Investment and Cooperation Agreement for the establishment of the Joint Venture. The principal terms of the Investment and Cooperation Agreement are set out below:

- Date:** 6 November 2020
- Parties:**
- (1) CAST
 - (2) APT (HK)
 - (3) the Contractor
 - (4) CALT

The Joint Venture will procure and launch the APSTAR 6E Satellite, and will use the APSTAR 6E Satellite to provide satellite telecommunication services in Asia Pacific region. Meanwhile, the Project Partners have authorised APT (HK) to enter into the Satellite Contract with the Contractor pending the successful formation of the Joint Venture and after the establishment of the Joint Venture, all obligations and rights of APT (HK) under the Satellite Contract shall be assigned and transferred to the Joint Venture under the Novation Agreement.

Capital contribution:

The total share capital of the Joint Venture will be US\$30 million, which will be contributed by the parties in cash as follows:

- (i) US\$15,300,000 by CAST (representing 51% of the equity interest in the Joint Venture);
- (ii) US\$6,000,000 by APT (HK) (representing 20% of the equity interest in the Joint Venture);
- (iii) US\$6,000,000 by the Contractor (representing 20% of the equity interest in the Joint Venture); and
- (iv) US\$2,700,000 by CALT (representing 9% of the equity interest in the Joint Venture).

The parties shall pay their respective capital contribution within 60 days from the incorporation of the Joint Venture.

Major conditions:

The effective date of the Investment and Cooperation Agreement shall be the date after all the following conditions have been fulfilled:

- (a) the signing of the Investment and Cooperation Agreement by the respective authorized representatives of CAST, APT (HK), the Contractor and CALT;
- (b) the approval of the investment under the Investment and Cooperation Agreement by CASC and the Ministry of Finance of the PRC are obtained;
- (c) the approval of the investment under the Investment and Cooperation Agreement by the National Development and Reform Commission and the Ministry of Commerce of the PRC are obtained;
- (d) the approval of the Independent Shareholders of the Investment and Cooperation Agreement and the establishment of the Joint Venture thereunder is obtained at a special general meeting of the Company pursuant to the requirement under the Listing Rules;
- (e) the approval of the investment by other relevant government regulatory authority(ies) is obtained; and
- (f) the Satellite Contract which was entered into by APT (HK) pending the formation of the Joint Venture as authorised by the Project Partners becomes effective.

If the conditions set out above have not been satisfied within 18 months from the date of the Investment and Cooperation Agreement or such extension as to be agreed in writing by APT (HK) and the Project Partners, the Investment and Cooperation Agreement shall automatically terminate after the above period has expired.

Responsibilities of APT (HK):

Upon the establishment of the Joint Venture, APT (HK), the Joint Venture and the Contractor shall enter into the Novation Agreement, pursuant to which all obligations and rights of APT (HK) under the Satellite Contract shall be assigned and transferred to the Joint Venture.

APT (HK) and the Project Partners agree that within the full useful life of the APSTAR 6E Satellite, the Joint Venture will lease from APT (HK) one geostationary orbital position for the use by the APSTAR 6E Satellite, and the Joint Venture will enter into a separate designation agreement with APT (HK) for the lease of the geostationary orbital position (the “**Designation Agreement**”).

APT (HK) and the Project Partners agree that within the full useful life of the APSTAR 6E Satellite, the Joint Venture will use the 7x24 hours control and monitoring service provided by APT (HK), the Joint Venture will enter into a separate control and monitoring agreement with APT (HK) in relation to the usage of the control and monitoring service (the “**Control and Monitoring Agreement**”).

APT (HK) and the Project Partners agree that APT (HK) is the sole distributor of APSTAR 6E Satellite resources, the Joint Venture will enter into a separate distribution agreement with APT (HK) in relation to the authorization of APT (HK) as sole distributor of the APSTAR 6E Satellite (the “**Distribution Agreement**”). As the sole distributor of APSTAR 6E Satellite, APT (HK) will be responsible for providing the product promotion, exhibition promotion, market development, sales, performance management, pre-sales and post sales technical support, customer relationship and other services in relation to the APSTAR 6E Satellite.

It is anticipated that pursuant to the Listing Rules, the entering into of the Designation Agreement, the Control and Monitoring Agreement and the Distribution Agreement after the formation of the Joint Venture by APT (HK) and the Joint Venture and the transactions contemplated thereunder may constitute connected transaction or continuing connected transaction of the Company, the entering into of the agreements and the transactions contemplated thereunder must comply with all applicable laws and regulations, including Chapter 14A of the Listing Rules. If, in accordance with the requirements under the Listing Rules, the Company is required to obtain Shareholders’ approval for any of the above agreements or the transactions contemplated thereunder, the obtaining of the required Shareholders’ approval shall be a condition precedent to the relevant agreement(s).

Board composition of the Joint Venture:

The board of directors of the Joint Venture shall consist of 6 directors, of which 3 directors shall be appointed by CAST, and 1 director shall be appointed by each of APT (HK), the Contractor and CALT. The chairman of the board of directors of the Joint Venture shall be appointed by CAST.

Resolutions of shareholders' meeting:

Ordinary resolution of the shareholders shall be passed by the shareholders of the Joint Venture by two-third or more majority. Special resolution of the shareholders shall be passed by the shareholders of the Joint Venture by three-fourth or more majority. Matters which require special resolution are as follows:

- (i) change of Joint Venture's purpose;
- (ii) amendment to the articles of association of the Joint Venture (except the maximum number of shares);
- (iii) change of Joint Venture's name;
- (iv) share repurchase;
- (v) reduction of capital, merger or winding-up;
- (vi) appointment of an entity to investigate the Joint Venture's affairs;
- (vii) becoming dormant company;
- (viii) directing directors to perform or not perform certain actions;
- (ix) major asset disposal;
- (x) conduct any business other than the APSTAR 6E Satellite project;
- (xi) investment to other enterprises or provision of security for any entity; or
- (xii) authority and change of authority of both directors and board of directors of the Joint Venture.

Financing of Joint Venture:

The parties agree to actively support the Joint Venture to commence market-oriented financing (including but not limited to loans, financial leasing, and issue of bonds) to support the implementation of the Joint Venture's satellite projects; if the shareholders of the Joint Venture are required to provide guarantees such financing plan shall be subject to the obtaining of the unanimous approval of the shareholders of the Joint Venture, the respective board and shareholders' approval of the shareholders of the Joint Venture and such other approval as required by the relevant laws and regulations. The shareholders of the Joint Venture shall then jointly provide the guarantees on proportional basis according to their respective equity interests in the Joint Venture.

Transfer of equity:

If a shareholder intends to transfer or sell all or part of its equity in the Joint Venture (the "**Transferring Shareholder**"), the other shareholders shall have pre-emptive right to purchase the transferring equity.

Termination of Investment and Cooperation Agreement:

Prior to the novation and transfer of APT (HK)'s obligations and rights under the Satellite Contract to the Joint Venture, any party shall have the right to terminate the Investment and Cooperation Agreement by giving written notice in advance in any of the following circumstances:

- (a) the Joint Venture is not successfully established by APT (HK) and the Project Partners as a result of any force majeure event or any change of laws within 14 months from the Effective Date;
- (b) the obligations and rights of APT (HK) under the Satellite Contract are not transferred and novated to the Joint Venture as a result of any force majeure event or any change of laws within 18 months from the Effective Date; or
- (c) any significant changes in the market as mutually agreed by APT (HK) and the Contractor have occurred before Launch.

If the Investment and Cooperation Agreement is terminated prior to novation and transfer of APT (HK)'s obligations and rights under the Satellite Contract to the Joint Venture, each party shall, on proportional basis according to percentage of their respective equity interests in the Joint Venture, pay interests (according to the interest rate under the Novation Agreement) to APT (HK) on the amount paid by APT (HK) to the Contractor pursuant to the Satellite Contract before termination of the Investment and Cooperation Agreement.

If the Joint Venture has not been established at the time of termination of the Investment and Cooperation Agreement, the shareholders of the Joint Venture shall, on proportional basis according to their respective equity interests in the Joint Venture, bear the marketing expenses and project investment expenses incurred by the parties in respect of the APSTAR 6E Satellite project before termination (including but not limited to any equipment and facility procurement investment, financing expenses incurred in respect of equipment and facility procurement investment, and compensations and expenses payable by APT (HK) to the Contractor pursuant to the Satellite Contract), the necessary expenses for establishing the Joint Venture and expenses incurred by other parties in respect of the APSTAR 6E Satellite project which have been approved by all the shareholders. If the Joint Venture has been established at the time of termination of the Investment and Cooperation Agreement, all of the above expenses shall be borne by the Joint Venture.

THE SATELLITE CONTRACT

On 6 November 2020, APT (HK) entered into the Satellite Contract with the Contractor in respect of, inter alia, the manufacturing, delivery and launching of the APSTAR 6E Satellite which carries a high throughput satellite (HTS) payload. The major terms and conditions of the Satellite Contract are as follows:

Date: 6 November 2020

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

Subject matter:

The Contractor will (a) manufacture, deliver, and launch the APSTAR 6E Satellite to the Customer in accordance with the delivery schedule as set out in the Satellite Contract, including, inter alia, (i) the design, manufacture and test of the APSTAR 6E Satellite based on DFH-3E platform; (ii) launch services by Long March 2C launch vehicle; (iii) LEOP and IOT operations; and (iv) the delivery, installation and commissioning of Deliverable Items including but not limited to satellite simulator, GCS system and (b) provide other services including lifetime technical support, launch insurance and other projected related services.

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

The Customer may also order the Optional Services or Items from the Contractor.

Contract price:

The total contract price under the Satellite Contract of US\$137,590,000 (the “**Contract Price**”) comprises the price for the APSTAR 6E Satellite, launch services, and Launch plus one year on-orbit insurance, GCS system and etc and the price for optional services.

The Customer shall pay the Contract Price upon completion of each applicable milestone under the Satellite Contract.

Major conditions:

The Effective Date of the Satellite Contract shall be the date after all the following conditions have been fulfilled:

- (a) the signing of the Satellite Contract by duly authorized representatives of both APT (HK) and the Contractor;
- (b) the approval of the Independent Shareholders of the Satellite Contract and the transactions contemplated thereunder is obtained at a special general meeting of the Company in accordance with the Listing Rules; and
- (c) the approval of China Satellite Communications Company Limited, the controlling shareholder of the Company.

The Satellite Contract shall be valid from the Effective Date to the expiration of the actual Service Life of the APSTAR 6E Satellite, unless it is terminated by both parties in accordance with the terms and conditions of the Satellite Contract.

If the approval of the Independent Shareholders of the Satellite Contract and the transactions contemplated thereunder is not obtained within one year from the date of signing of the Satellite Contract or such extension as to be mutually agreed by the parties, the Customer shall immediately notify the Contractor in writing of such event and the Satellite Contract shall be deemed terminated, unless otherwise agreed by the parties.

The Contractor shall apply for and seek the approval of the Satellite Contract by the relevant PRC governmental authority as soon as possible and within 1 year from the date on which the Satellite Contract is entered into between the parties (or such extension as mutually agreed by the parties). If the Contractor shall fail to obtain such approval of the Satellite Contract within the said period of time, the Contractor shall, within 2 months after such failure, refund to the Customer all amounts of the Contract Price received by the Contractor and thereafter the Satellite Contract shall be deemed to be terminated by the parties and without prejudice to other rights and claims accrued to the parties including but not limited to interests prior to the termination of the Satellite Contract.

In-Orbit Delivery:

The Contractor shall procure the In-Orbit Delivery of the APSTAR 6E Satellite on or before 31 August 2023. The Contractor will be liable to pay liquidated damages at specific rates for delay of In-Orbit Delivery subject to the cap specified in the Satellite Contract.

Title and risk:

Title and ownership of all Deliverable Items including the APSTAR 6E Satellite together with their respective control and possession, as well as the launch and on-orbit insurance policy except for certain share of insurance beneficiary right designated for the Contractor under the launch and on-orbit insurance policy, shall be transferred from the Contractor to the Customer upon the In-Orbit Delivery of the APSTAR 6E Satellite which shall take place at the same time of final acceptance of the APSTAR 6E Satellite on the Transfer Date.

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

Novation and termination of the Satellite Contract prior to novation

The Customer may assign, transfer or novate any or all of its rights and obligations under the Satellite Contract at any time to the Joint Venture, provided that:

- (a) the Joint Venture has expressly assumed all the obligations of the Customer and all terms and condition applicable to the Customer under the Satellite Contract; and
- (b) such assignment, transfer or novation or similar transaction does not give rise to a violation of any applicable laws and regulation, including without limitation export control laws and regulations.

Under the above circumstance, the Customer shall provide the Contractor with at least 15 days' advance written notice of its intent to assign the Satellite Contract.

In any of the following events, the Customer shall be entitled to terminate the Satellite Contract by giving written notice to the Contractor in advance, provided that such event is not attributable to the Customer:

- (a) the Joint Venture is not successfully established by APT (HK) and the Project Partners within 14 months from the Effective Date;
- (b) the obligations and rights of APT (HK) under the Satellite Contract are not transferred and novated to the Joint Venture within 18 months from the Effective Date; or
- (c) any mutually agreed significant changes in the market.

If the Satellite Contract is terminated pursuant to paragraphs (a) to (c) above, the Contractor shall refund all payments that have been made by the Customer to the Contractor or under the Satellite Contract within 14 days from the date of termination of the Satellite Contract and all obligations and liabilities of the Customer and the Contractor under the Satellite Contract shall be discharged (other than the obligations and liabilities in respect of the refund of payment and costs for the completed work as set out in this paragraph and the following paragraph).

Without prejudice to the right of the Customer to the refund of all payments made by it to the Contractor above, if the Satellite Contract is terminated pursuant to paragraph (c) above, the Customer shall still be liable to pay to the Contractor for the cost incurred by the Contractor for carrying out the portion of work that has been completed by the Contractor upon termination of the Satellite Contract.

Termination:

Termination for default of the Contractor

The Customer may, before the Launch, terminate the Satellite Contract in whole or in part by written notice of default if:

- (a) the Contractor fails to deliver the APSTAR 6E Satellite into the designated orbital position within 365 days after the date of In-Orbit Delivery or such other date as may be modified under the Satellite Contract;
- (b) the Contractor fails to perform any of its material obligations to the extent that the objective of the Satellite Contract is impossible to meet (including the refusal to deliver the APSTAR 6E Satellite after Launch to the Customer other than the total loss or constructive total loss within the meanings as set out in the Satellite Contract, the default of payment of liquidated damages in due time by the Contractor, if any) under the Satellite Contract, and has not rectified such failure within 45 days after receipt from the Customer of a written notice of such default;

- (c) the Contractor becomes subject of voluntary or involuntary liquidation, insolvency, bankruptcy or other corporate reorganisation proceedings, or arrangement, if such proceeding or arrangement is not dismissed within 45 days after the filling thereof; or
- (d) the approved governmental authorization applied by the Contractor was withheld or cancelled due to the default of the Contractor.

Termination before Launch

Upon such partial or complete termination before Launch by the Customer, the Contractor shall, within 2 months refund to the Customer any amount paid to the Contractor by the Customer under the Satellite Contract up to the date of termination (except for the then paid or payable marketing service fee under the Satellite Contract) less the liquidated damages already paid by the Contractor plus 6% of such amount.

Termination after Launch

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

Termination for default of the Customer

The Contractor will be entitled, after providing written notice to the Customer, to suspend all or part of the work if:

- (a) the Customer fails to make any undisputed payment to the Contractor within 45 days after such payment has become due and payable;
- (b) if the Customer fails to perform any of its material obligations under the Satellite Contract, and has not rectified such failure within 45 days after receipt from the Contractor of a written notice of such default; or
- (c) the Customer becomes subject of voluntary or involuntary liquidation, insolvency, bankruptcy or other corporate reorganisation proceedings, or arrangement, if such proceeding or arrangement is not dismissed within 45 days after the filling thereof.

Upon such suspension of work, the Customer shall not be entitled to any refund of any amounts paid and any amounts then due to be paid to the Contractor shall continue to be payable by the Customer, and the Customer shall indemnify the Contractor against all reasonable costs and expenses, including such interests, reasonably and properly incurred by the Contractor arising from such suspension and any subsequent resumption of the work, provided that the Contractor shall take all reasonable steps to minimise the occurrence of such costs and expenses.

Basis of consideration and funding of APSTAR 6E Satellite

The contract price and the terms of the Satellite Contract have been negotiated on an arm's length basis having regard to the value of similar assets and services in the market. The contract price will be funded by bank loan and internal resources of the Company.

NOVATION AGREEMENT

Pursuant to the Investment and Cooperation Agreement, it has been agreed that upon the establishment of the Joint Venture, APT (HK), the Joint Venture and the Contractor shall enter into the Novation Agreement, pursuant to which all obligations and rights of APT (HK) under the Satellite Contract shall be assigned and transferred to the Joint Venture.

With effect from the date of novation (the "**Novation Date**"), the Contractor:

- (a) releases and discharges APT (HK) from further performance of, and all claims, demands, obligations and liabilities in relation to the Satellite Contract;
- (b) accepts the Joint Venture to perform the Satellite Contract in lieu of the liabilities of APT (HK); and
- (c) agrees to be bound by all terms, conditions, covenants, undertakings, responsibilities and obligations of the Satellite Contract in every way as if the Joint Venture were named as a party in the Satellite Contract in place of APT (HK).

With effect from the Novation Date, APT (HK) shall have no further rights, obligations and liabilities under the Satellite Contract and the terms and conditions of the Satellite Contract shall be binding only on the Joint Venture and the Contractor.

All contractual price and other fees due and payable or to become due and payable to the Contractor on and after the Novation Date under the Satellite Contract shall be settled by the Joint Venture in accordance with the terms of the Satellite Contract.

Within 30 days from the Novation Date, the Joint Venture shall:

- (i) fully reimburse all contractual price and other fees that has been paid by APT (HK) to the Contractor as of the Novation Date under the Satellite Contract (the “**Settled Contractual Price**”) to APT (HK); and
- (ii) in consideration of APT (HK)’s novation of its rights and obligations under the Satellite Contract to the Joint Venture, pay interest at the rate of one-year LIBOR + 2% of the Settled Contractual Price for the period from the date of payment of the Settled Contractual Price up to the Novation Date to APT (HK).

REASONS AND BENEFITS FOR FORMATION OF THE JOINT VENTURE AND INVESTMENT IN AND OPERATION OF SATELLITE PROJECT BY THE JOINT VENTURE

Currently, there is foreseeable demand for high-throughput satellites in the market. APSTAR 6E Satellite adopts the DFH-3E satellite platform onboard with high-throughput satellite capacities and is launched by the reliable LM-2C launch vehicle. It offers relatively high cost-performance satellite services and is competitive in the market.

Since the technical development and application of new high-throughput satellites still need to be improved continuously in response to market changes, the approach of setting up joint ventures with upstream satellite manufacturers to jointly invest in satellite projects can bring about synergistic effect on the whole satellite industry chain, which in turn enables more effective and rapid responses to market demands and changes in the technical application of high-throughput satellites, reduces project risks as well as significantly reduces the Group’s investment in satellite projects, which is conducive to a more steady development of satellite projects.

At the same time, leveraging on the Group’s own long-term experience in satellite operation, the Group will be able to generate stable income from satellite projects by providing satellite orbital position, satellite control operation, technical support and exclusive distribution services to the Joint Venture.

As disclosed above, it is currently expected that the Joint Venture may not be established within a very short period of time because certain conditions precedent (including the obtaining of various governmental approval) need to be fulfilled. On the other hand, the manufacturing of the APSTAR 6E Satellite needs to be commenced at an earliest possible time in order to meet the business plan and schedule of the Joint Venture. It has therefore been agreed by the Project Partners that APT (HK) should enter into the Satellite Contract with the Contractor pending the establishment of the Joint Venture and all obligations and rights of APT (HK) under the Satellite Contract shall be assigned and transferred to the Joint Venture pursuant to the Novation Agreement upon the establishment of the Joint Venture. The interest of APT (HK) will be protected by its right to terminate the Satellite Contract with full refund of the payments made by it under the Satellite Contract in case the Joint Venture is not successfully established or the novation of the Satellite Contract does not take place within the prescribed periods.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after reviewing the advice of the independent financial adviser) believe that the terms of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE PARTIES TO THE INVESTMENT AND COOPERATION AGREEMENT AND THE SATELLITE CONTRACT

The Company

The Company is an investment holding company. Its subsidiaries are principally engaged in the maintenance, operation, provision of satellite transponder capacity and related services; satellite-based broadcasting and telecommunications services; and other related services.

The Contractor

The Contractor is a company incorporated in Hong Kong and a wholly-owned subsidiary of CGWIC. CGWIC is a company specialised in providing design, manufacturing, launch and delivery of satellite system in orbit, which is registered under the laws of PRC and a subsidiary of CASC.

APT (HK)

APT (HK) is principally engaged in the maintenance, operation, provision of satellite transponder capacity and related services; satellite-based broadcasting and telecommunications services; and other related services.

CAST

CAST is wholly-owned subsidiary of CASC. CAST is the leading state-owned aerospace enterprise of China, which is dedicated to providing space-ground system solutions for world-wide customers. CASC is a state-owned corporation established in the PRC.

CALT

CALT is a wholly-owned subsidiary of CASC. CALT is China's oldest and largest launch vehicle development, testing and production base with the ability to launch a variety of orbit loads such as low earth orbit, solar synchronous orbit, geostationary orbit, etc. CASC is a stated-owned corporation established in the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the formation of the Joint Venture under the Investment and Cooperation Agreement and the transactions contemplated under the Satellite Contract or the Novation Agreement on an aggregate basis, and also each of the Satellite Contract and the Novation Agreement on a stand-alone basis, exceed 25% but are less than 100%, the Transactions constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

Furthermore, CASC and its associates are interested in an aggregate of approximately 52.78% equity interest in APT International, which in turn is a substantial shareholder of the Company holding approximately 51.9% of the issued share capital of the Company as at the date of this announcement. In addition to the shareholding held by APT International, CASC and its associates (including the Project Partners) are also interested in an aggregate of another approximately 2.90% of the issued share capital of the Company as at the date of this announcement. Each of the Project Partners is a subsidiary of CASC and is therefore a connected person of the Company. The Joint Venture, when established, will also be an indirectly owned subsidiary of CASC and therefore a connected person of the Company. Accordingly, the Transactions also constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As such, the Transactions are subject to Independent Shareholders' approval at a special general meeting of the Company. APT International, CASC and their associates will be required to abstain from voting in respect of the resolution approving Transactions.

APT (HK) and the Project Partners will be shareholders of the Joint Venture, while each of the Project Partners, being a connected person of the Company, is entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Joint Venture. Therefore the Joint Venture is a commonly held entity falling within the meaning of Rule 14A.27 of the Listing Rules and the entering into of the Designation Agreement, the Control and Monitoring Agreement and the Distribution Agreement and the transactions contemplated thereunder may constitute connected transaction or continuing connected transaction of the Company under the Listing Rules. In that case, the Company will comply with all applicable laws and regulations relating to the transactions contemplated under each of the agreement, including the requirements of shareholders' approval under the Listing Rules when entering into the agreement.

GENERAL

An Independent Board Committee will be formed to consider the terms of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement and advise the Independent Shareholders as to whether the Transactions have been entered into in the ordinary and usual course of business and the terms were agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed in due course to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (i) details of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement; (iii) the recommendation from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement; (iv) a notice of the special general meeting of the Company; and (v) other information as required by the Listing Rules is expected to be despatched to the Shareholders on or about 27 November 2020.

DEFINITIONS

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

“APSTAR 6E Satellite”	the APSTAR-6E satellite consisting of 25 forward link transponders and 25 return link transponders
“APT (HK)”	APT Satellite Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“APT International”	APT Satellite International Company Limited, a substantial shareholder of the Company holding approximately 51.9% of the issued share capital of the Company as at the date of this announcement
“associate(s)”	the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CALT”	中國運載火箭技術研究院(China Academy of Launch Vehicle Technology), a wholly-owned subsidiary of CASC

“CASC”	中國航天科技集團有限公司(China Aerospace Science & Technology Corporation), a state-owned corporation established in the PRC, which holds effectively in aggregate 30.29% interests in the Company, including 27.39% indirect interest of the Company by virtue of holding 52.78% interests in APT International and 2.90% direct interest in the Company as at the date of this announcement
“CAST”	中國空間技術研究院 (China Academy of Space Technology), a wholly-owned subsidiary of CASC
“CGWIC”	China Great Wall Industry Corporation, a company registered under the laws of the PRC and a subsidiary of CASC
“Company”	APT Satellite Holdings Limited, a limited liability company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Contractor”	China Great Wall Industry (Hong Kong) Corp. Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of CGWIC
“Customer”	APT (HK); upon novation, all obligations and rights of APT (HK) under the Satellite Contract will be transferred and assigned to the Joint Venture and therefore references to the “Customer” shall be construed accordingly
“Deliverable Items”	the APSTAR 6E Satellite and other deliverable items, including but not limited to, the dynamic satellite simulator, satellite control centre and base band subsystem to be delivered by the Contractor under the Satellite Contract
“Director(s)”	the director(s) of the Company
“Effective Date”	the date when all the conditions to the Satellite Contract have been fulfilled
“GCS”	the ground control system to be provided by the Contractor to the Customer which consists of the satellite control center and base band subsystems

“Ground Delivery”	the delivery of APSTAR 6E Satellite on the launch site after pre shipment review for the purpose of Launch
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement
“Independent Shareholders”	Shareholders other than APT International, CASC and their respective associates
“In-Orbit Delivery”	the handover or transfer by the Contractor to the Customer of (i) the title and ownership of the APSTAR 6E Satellite and (ii) the right of control and possession of the APSTAR 6E Satellite which shall take place at the same time of final acceptance of the APSTAR 6E Satellite on the Transfer Date
“Investment and Cooperation Agreement”	the investment and cooperation agreement (投資合作協議書) dated 6 November 2020 and entered into between APT (HK) and the Project Partners
“IOT”	the tests performed by the Contractor when the APSTAR 6E Satellite is in its designated orbital position or other orbital position selected for IOT by the Customer
“Joint Venture”	亞太星聯衛星有限公司(APSTAR Alliance Satcom Limited)(tentative name which is subject to registration in the Hong Kong Companies Registry), the joint venture to be established by APT (HK) and the Project Partners in Hong Kong pursuant to the Investment and Cooperation Agreement entered into by APT (HK) and the Project Partners on 6 November 2020

“Launch”	the point in time during the launch countdown when the engine start command is sent to the Launch Vehicle for the purpose of Launch followed by either (i) physical separation of the Launch Vehicle from the launch pad and the ground support equipment; or (ii) total loss or destruction of the spacecraft and/or the Launch Vehicle
“Launch Vehicle”	the Long March 2C (LM-2C) launch vehicle by which the APSTAR 6E Satellite is to be launched into space
“LEOP”	the phase starting when the APSTAR 6E Satellite separates from the Launch Vehicle and ending when the APSTAR 6E Satellite is injected into the IOT orbital position and/or the designated orbital position, as the case may be
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Novation Agreement”	the novation agreement to be entered into between APT (HK), the Joint Venture and the Contractor upon the establishment of the Joint Venture pursuant to the Investment and Cooperation Agreement, under which all obligations and rights of APT (HK) under the Satellite Contract shall be assigned and transferred to the Joint Venture
“Optional Services or Items”	the optional services or items to be rendered or delivered by the Contractor after the confirmation of the Customer in accordance with the schedule as set out in the Satellite Contract
“PRC”	the People’s Republic of China
“Project Partners”	the shareholders of the Joint Venture other than APT (HK), namely CAST, the Contractor and CALT
“TT&C RF Equipment”	the radio frequency equipment for tracking, telemetry and control of the APSTAR 6E Satellite
“Satellite Contract”	a contract for the procurement and launch of the APSTAR 6E Satellite dated 6 November 2020 and entered into between APT (HK) and the Contractor in respect of the manufacturing, delivery and launching of the APSTAR 6E Satellite

“Service Life”	the period of 15 years or 5,475 days from the date of final acceptance of the APSTAR 6E Satellite
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	the meaning ascribed to it in the Listing Rules
“Transactions”	(a) formation of the Joint Venture under the Investment and Cooperation Agreement; (b) the Satellite Contract and the transactions contemplated therein; and (c) the Novation Agreement and the transactions contemplated therein
“Transfer Date”	the date on which the In-Orbit Delivery of the APSTAR 6E Satellite takes place
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
APT Satellite Holdings Limited
Lau Tsui Ling Shirley
Company Secretary

Hong Kong, 6 November 2020

The Directors as at the date of this announcement are as follows:

Executive Directors:

Cheng Guangren (*President*) and Qi Liang (*Vice President*)

Non-executive Directors:

Li Zhongbao (*Chairman*), Lim Toon, Yin Yen-liang, Fu Zhiheng, Lim Kian Soon, He Xing and Tseng Ta-mon (*Alternate Director to Yin Yen-liang*)

Independent Non-executive Directors:

Lui King Man, Lam Sek Kong, Cui Liguang and Meng Xingguo