

**LICENCE GRANTED TO APT SATELLITE COMPANY LIMITED
UNDER SECTION 4 OF THE OUTER SPACE ACT 1986**

THE LICENCE

1. The Governor, in exercise of the powers conferred on him by section 4 of the Outer Space Act 1986 (“the Act”) as extended to Hong Kong by the Outer Space Act 1986 (Hong Kong) Order 1990 (S.I. 1990/ No.591) subject to the exceptions and modifications specified in the Schedule to that Order, hereby grants to APT Satellite Company Limited, a company incorporated in Hong Kong (Business Registration No. : 15583013-000) whose registered office is Rooms 3111-3112, 31st Floor, One Pacific Place, 88 Queensway, Hong Kong (hereinafter referred to as “the Licensee”) a licence, for the period specified in paragraph 2, subject to the Conditions set out in the Schedule and to revocation as set out in paragraph 2, to carry out those activities specified in paragraph 4, in relation to the satellite known as APSTAR-IA (“the Satellite”).

2. Subject to compliance with the Conditions Precedent set out in paragraph 3, this Licence shall enter into force with the Launch of the Satellite until revocation by the Governor under the Act or until termination by the Licensee by not less than six months notice in writing subject to the

provisions of Condition 2. In the event that Launch of the Satellite has not taken place before 22 June 1997 this Licence shall not enter into force and the Licensee shall return it to the Governor.

3. This Licence shall not enter into force unless the following conditions (“the Conditions Precedent”) have been complied with:

(1) unless otherwise approved by the Governor, the Licensee shall provide the Governor with full information not less than 14 days before the Launch of the Satellite as to the date and location of the proposed Launch, the intended basic orbital parameters, including nodal period, inclination, apogee and perigee of the Satellite and the Licensee will take all steps to ensure that the Launch Mission conforms with the information provided;

(2) that, immediately before the Launch of the Satellite, the policy of insurance identified in Condition 4.2 of the Schedule to this Licence remains valid and enforceable and that any amendments made to that policy have been made with the prior written consent of the Governor and that the insurer is not entitled to repudiate or disclaim liability, or withhold cover, under that policy.

4. The following activities are authorised by this Licence (hereinafter referred to as “the Licensed Activities”) -

- (1) Procuring the Launch of the Satellite and the completion of the Launch Mission.
- (2) Operation of the Satellite.

5. In this Licence-

- (a) “APSTAR-IA” refers to the satellite with export licence D219965 issued by the United States Department of Commerce on 23 June 1995;
- (b) “Condition” means a condition set out in the Schedule to this Licence;
- (c) “Governor” means the officer for the time being administering the Government of Hong Kong and includes in relation to any purpose of this Licence any person or agency who is designated for that purpose by the Governor;
- (d) “Launch” and “Launch Mission” have the same meanings as in the Launch Services Contract of 19th May 1995 between the Licensee and China Great Wall Industry Corporation;

- (e) except where the context otherwise requires, words and expressions have the same meaning as they have in the Act;
- (f) the headings are inserted for convenience only and shall not affect the interpretation or construction of this Licence;
- (g) the Schedule forms an integral part of this Licence.

Issued June 1996

Telecommunications Authority:

For and on the instructions of the Governor

June 1996

SCHEDULE

CONDITIONS INCLUDED UNDER SECTION 5 OF THE ACT

1. Inspection and testing

1.1 The Governor may at any time inspect the Licensee's facilities (and any facilities operated for the Licensee) for carrying on the Licensed Activities, and any documents in the possession, custody or power of the Licensee which relate to the Licensed Activities including the Licensee's records as required to be kept by it under the terms and conditions of this Licence and any documents relating to information requested pursuant to this Licence. Such inspection may include any plant, machinery or equipment used by the Licensee for carrying on the Licensed Activities. The Governor may take copies of any documents or records inspected under this Licence.

1.2 The Licensee shall, if requested so to do, use its best endeavours to obtain access for the Governor to any facilities, documents or records relating to the Licensed Activities not in the Licensee's direct ownership, possession, custody or power as the Governor may specify by notice in writing to the Licensee.

1.3 The Governor may conduct such tests as he considers appropriate of the Licensee's equipment (including computer software) used for carrying on the Licensed Activities.

2. Termination of Licence at Licensee's request

2.1 The Licensee may at any time terminate this Licence by giving the Governor not less than six months advance notice in writing to that effect provided that:-

2.1.1 no such termination shall take effect until the Governor is satisfied that the Licensed Activities have been terminated and the Satellite disposed of or otherwise dealt with to the satisfaction of the Governor, and

2.1.2 any such termination shall be without prejudice to any rights that may have arisen pursuant to the provisions of this Licence before the termination.

3. Licensee's obligations

3.1 The Licensee shall conduct the Licensed Activities in a proper and businesslike manner, in compliance with the laws of Hong Kong and in conformity with the obligations of the United Kingdom under international law, and in particular the Licensee shall not:-

3.1.1 so conduct its operations as to create any risk of contamination of outer space or adverse changes in the environment of the earth or jeopardise public health or the safety of persons or property in any part of the world,

- 3.1.2 interfere with the activities of others in the peaceful exploration and use of outer space,
 - 3.1.3 cause or in any way be party to any actions or defaults which may give rise to liabilities on the part of the United Kingdom under international law,
 - 3.1.4 prejudice in any way the national security of the United Kingdom or the security of Hong Kong, or
 - 3.1.5 terminate any activity to which this Licence relates or cease to control the operation of the Satellite without the prior consent in writing of the Governor.
- 3.2 The Licensee shall afford all reasonable assistance, or co-operation and compliance as may be requested or required by the Governor in the exercise of his functions under this Licence or the Act.
- 3.3 The Licensee shall keep, at an address or addresses in Hong Kong to be notified to the Governor, all records required by law, all proper technical records and all proper commercial records so far as relevant to the Licensed Activities, including such written records as are necessary to enable the Licensee's compliance with the Act and with this Licence to be verified. Such records need not be kept for more than six years.

- 3.4 The Licensee shall take all steps to ensure that the positioning of the Satellite conforms with the information provided to the Governor in accordance with paragraph 3(1) of the Licence.
- 3.5 The Licensee shall not knowingly or negligently cause or permit any material change or deviation other than that due to normal functional decay in the orbital parameters of the Satellite without the Governor's prior written consent and in the event of any such change occurring, for whatever reason, the Licensee shall notify the Governor thereof forthwith.
- 3.6 The Licensee shall, within seven business days or such other period as may be agreed by the Governor, of any request by the Governor for :-
- 3.6.1 information as to the nature, conduct, location and results of the Licensed Activities,
 - 3.6.2 any documents relevant thereto, in the possession, custody or power of the Licensee,
 - 3.6.3 the Licensee's current estimate of the remaining working life of the Satellite and its proposals for disposing of the same on termination of the Licensed Activities,
- provide the required information in writing and the required documents (if any) for inspection.

- 3.7 The Licensee shall not dispose of the Satellite or of the payload (or any part thereof), on the termination of the Licensed Activities, or otherwise without the prior written approval of the Governor.
- 3.8 The Licensee shall not without the prior written consent of the Governor transfer or otherwise dispose of all or part of the control of any of the Licensed Activities, or authorize, cause or permit performance of any of the Licensed Activities by any other person.
- 3.9 The Licensee shall not, without the prior written consent of the Governor, transfer, mortgage, charge or otherwise in any way dispose of all or part of the legal or beneficial ownership of the Satellite.
- 3.10 The Licensee shall, for the purpose of obtaining the Governor's consent under Condition 3.8 and Condition 3.9 above, provide such information as the Licensee may have in its possession, ownership or control and as the Governor may reasonably require to enable the Governor to determine whether or not the proposed transferee will require a licence under the Act.

4. Insurance

- 4.1 The Licensee shall insure and continue to insure itself against all liabilities that may arise in respect of damage or loss suffered by any person, company or state anywhere as a result of the Licensed Activities.

- 4.2 Subject to Condition 4.3, Condition 4.1 shall be satisfied by the policy of insurance issued by China Pacific Insurance Company Limited dated 8 January 1996 Policy Number PHO/STPL96001, under which the Licensee is the Named Insured and Her Majesty's Government in the United Kingdom and the Government of Hong Kong are Additional Insureds.
- 4.3 In the event that the Satellite does not reach its planned orbit as notified to the Governor in accordance with paragraph 3(1) of this Licence the Governor may require the Licensee to make additional insurance arrangements to comply with Condition 4.1 above.
- 4.4 The Licensee shall provide evidence of the policies of insurance entered into to comply with its obligations under the terms of this Licence to the Governor upon demand together with evidence of payment of the premiums in respect of such policy or policies. The Licensee shall not vary the terms of nor add any additional named insureds to the insurance effected to comply with its obligations under this Licence without the prior written consent of the Governor.
- 4.5 The Licensee shall ensure that Her Majesty's Government and the Government of Hong Kong are named insureds in any such policy of insurance or their interests are secure in a manner satisfactory to them.

4.6 The Licensee shall immediately notify the Governor of any event or other occurrence which is likely to give rise to a claim under any of the policies of insurance effected by the Licensee pursuant to the terms of this Licence.

5. Additional Condition

It shall also be a condition of this Licence that:

5.1 the Licensee has full corporate power and has taken all necessary corporate action to enable it to perform its obligations under this Licence,

5.2 the Licensee's application for a licence, its carrying on the Licensed Activities and performance of its obligations under this Licence and the Act will not to the best of its knowledge, information and belief constitute any breach or default under or in respect of any contractual, governmental or public obligation binding upon it at the date of this Licence,

5.3 the Licensee is not engaged in any litigation or arbitration proceedings which might have a materially adverse effect upon its capacity or ability to perform its obligations under this Licence and to the best of its knowledge, information and belief it does not have cause to consider that any such legal or arbitration proceedings are about to commence.

Provided always that the granting of this Licence shall in no way be construed as a waiver by the Governor of any failure on the part of the Licensee to comply with any condition hereunder prior to the date of grant.

6. Addresses for sending notices

6.1 Any notice required to be given to the Licensee shall be addressed to it at Rooms 3111-3112, 31st Floor, One Pacific Place, 88 Queensway, Hong Kong. Any notice required to be given to the Governor shall be addressed to Director-General of Telecommunications at 29/F Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong or at such other address as may from time to time be notified, by telex to telex number 70618 TAHK HX and by facsimile copier to fax number (852) 2803 5111 or such other number as may from time to time be notified to the Licensee.

6.2 The Licensee shall notify the Governor in advance in writing of any change of address for the service of notices.

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