

OUTER SPACE ORDINANCE
(Cap. 523)
LICENCE

GRANT OF LICENCE

1. IN EXERCISE OF THE POWERS conferred by section 5 of the Outer Space Ordinance (hereinafter referred to as “the Ordinance”) the CHIEF EXECUTIVE hereby grants to APT Satellite Company Limited (Company No.: 341140 and Business Registration No.: 15583013-000-01-04-0), a company incorporated in the Hong Kong Special Administrative Region of the People’s Republic of China whose registered office is at 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, N.T., Hong Kong (hereinafter referred to as “the Licensee”) a licence under the Outer Space Ordinance (hereinafter referred to as “this Licence”), for the period specified in paragraph 2, subject to the Conditions set out in the Schedule and in the Ordinance, and to revocation as set out in paragraph 2, to carry out those activities specified in paragraph 5, in relation to the satellite known as APSTAR VI (“the Satellite”).

THE LICENCE

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 and remain in force until revocation by the Chief Executive under the Ordinance 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 30 September 2005, this Licence shall not enter into force and the Licensee shall return it to the Chief Executive.
3. This Licence shall not enter into force unless the following conditions (“the Conditions Precedent”) have been complied with:
 - (1) that unless otherwise approved by the Chief Executive, the Licensee shall provide the Chief Executive with full information

not less than 14 days before the Launch of the Satellite as to the date and location of the Launch, the 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 of the Satellite conforms with the information provided;

(2) that the Licensee gives warranty and undertaking that before the launch of the Satellite an insurance policy of not less than US\$100 million should be effected covering third party liabilities arising out of the Launch of the Satellite including the launch phase and first year of the in-orbit operation of the Satellite.

4. The Licensee shall ensure that the said insurance policy mentioned in 3(2) is and shall remain valid and enforceable by the Central People's Government of the People's Republic of China and the Government of the HKSAR against the insurer until:

- (a) the elapse of the first year in-orbit operation of the Satellite; or
- (b) the Chief Executive is satisfied that the relevant Licensed Activities (as hereinafter defined) have been terminated and the Satellite disposed of or otherwise dealt with,

whichever is earlier.

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

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

6. In this Licence-

- (a) “APSTAR VI” refers to the satellite with export licence 02 020452 dated 7 March 2002 issued by the Communauté Européenne;
- (b) “Chief Executive” means the officer for the time being

administering the Government of the HKSAR and includes in relation to any purpose of this Licence any person or agency who is designated for that purpose by the Chief Executive;

- (c) “Condition” means a condition set out in the Schedule to this Licence;
- (d) “HKSAR” means the Hong Kong Special Administrative Region of the People’s Republic of China;
- (e) “Launch” has the same meaning as it is given in the “Launch Services Contract APT/CGWIC/2001-0108” between the Licensee and China Great Wall Industry Corporation effective on 8 January 2001, and the “Amendment Number 1 to Launch Services Contract” effective on 23 October 2002;
- (f) except where the context otherwise requires, words and expressions have the same meaning as they have in the Ordinance;
- (g) the headings are inserted for convenience only and shall not affect the interpretation or construction of this Licence; and
- (h) the Schedule forms an integral part of this Licence.

Issued on 4 April 2005

Telecommunications Authority:

For and on the instruction of the Chief Executive dated 16 February 2005

Signed on behalf of the)
Licensee by its)
duly authorised agent)

in the presence of
(witness)

Date :

SCHEDULE

CONDITIONS INCLUDED UNDER SECTION 6 OF THE ORDINANCE

1. Inspection and testing

- 1.1 The Chief Executive 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 Chief Executive 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 Chief Executive to any facilities, documents or records relating to the Licensed Activities not in the Licensee's direct ownership, possession, custody or power as the Chief Executive may specify by notice in writing to the Licensee.
- 1.3 The Chief Executive 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 Chief Executive 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 Chief Executive is satisfied that the Licensed Activities have been terminated and the Satellite disposed of or otherwise dealt with to the satisfaction of the Chief Executive, and

2.1.2 any such termination shall be without prejudice to any rights and liabilities 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 business-like manner, in compliance with the laws of the HKSAR and in conformity with the obligations of the People's Republic of China 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 People's Republic of China or the HKSAR under international law;

3.1.4 prejudice in any way the national security of the People's Republic of China or the security of the HKSAR; 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 Chief Executive.

3.2 The Licensee shall afford all reasonable assistance, or co-operation and compliance as may be requested or required by the Chief Executive in the exercise of his functions under this Licence or the Ordinance.

- 3.3 The Licensee shall keep, at an address or addresses in the HKSAR to be notified to the Chief Executive, 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 Ordinance 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 Chief Executive 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 Chief Executive's prior written consent and in the event of any such change occurring, for whatever reason, the Licensee shall notify the Chief Executive thereof forthwith.
- 3.6 The Licensee shall, within seven business days or such other period as may be agreed by the Chief Executive, of any request by the Chief Executive 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 Chief Executive.

- 3.8 The Licensee shall not, without the prior written consent of the Chief Executive, transfer or otherwise dispose of all or part of the control of any of the Licensed Activities, or authorise, 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 Chief Executive, 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 Chief Executive'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 Chief Executive may reasonably require to enable the Chief Executive to determine whether or not the proposed transferee will require a licence under the Ordinance.
- 3.11 The Licensee shall at all times perform and observe the laws of Hong Kong Special Administrative Region and international convention, agreement, protocol, understanding, sanction or the like to the extent that the instruments described in this paragraph impose obligations on the People's Republic of China or Hong Kong Special Administrative Region of which the Chief Executive gives notice to the Licensee, except to the extent that the Chief Executive may in writing exempt the Licensee from such compliance.

4. Insurance

- 4.1 The Licensee shall, for launching of the Satellite and in the first twelve months after launching, 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 arising out of the Licensed Activities.

- 4.2 In the event that the Satellite does not reach its planned orbit as notified to the Chief Executive in accordance with paragraph 3(1) of this Licence the Chief Executive may require the Licensee to make additional insurance arrangements forthwith to comply with Condition 4.1 above.
- 4.3 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 Chief Executive upon demand together with evidence of payment of the premiums in respect of such policy or policies. The Licensee shall not vary or permit to vary the terms of nor add or permit to add any additional named insureds other than the Licensee's financiers under the Secured Term Loan Agreement dated 16 December 2002 to the insurance effected or to be effected to comply with its obligations under this Licence without the prior written consent of the Chief Executive with the exception of any changes to the Licensee's financiers under the loan agreement which shall not be unreasonably refused or delayed.
- 4.4 The Licensee shall ensure that the Central People's Government of the People's Republic of China and the Government of the HKSAR are additional insured in any such policy of insurance or their interests are secure in a manner satisfactory to them.
- 4.5 The Licensee shall immediately notify the Chief Executive of any event or other occurrence which is likely to give rise to a liability claim by any third party.

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 Ordinance 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 Chief Executive 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 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, N.T., Hong Kong. Any notice required to be given to the Chief Executive 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 facsimile to fax number 2803 5111 or such other number as may from time to time be notified to the Licensee.
- 6.2 The Licensee shall notify the Chief Executive in advance in writing of any change of address for the service of notices.