THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in APT Satellite Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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APSTAR by APT Satellite

亞太衛星控股有限公司*

APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1045)

CONTINUING CONNECTED TRANSACTIONS

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of APT Satellite Holdings Limited

紅日资本有限公司

RED SUN CAPITAL LIMITED

A letter from the Independent Board Committee is set out on pages 20 to 21 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 42 of this circular.

A notice convening the SGM to be held at the Company's principal place of business, 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 20 November 2026 at 11:00 a.m. is set out on pages 47 to 49 of this circular. Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete and sign the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 11:00 a.m. on Wednesday, 18 November 2026 (i.e. 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be)). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

References to time and dates are to Hong Kong time and dates.

* *For identification purpose only*

28 October 2026

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

"APSTAR-6D Satellite"	the APSTAR-6D satellite owned by APT Mobile Satcom Limited, a joint venture company in which 10% is owned by CSCC and its associates and 30% is owned by the Company. Further details of the establishment of the joint venture were disclosed in the announcements of the Company dated 23 July 2016 and 14 August 2016 and the circular of the Company dated 2 September 2016;
"APSTAR-6E Satellite"	the APSTAR-6E satellite owned by APSTAR Alliance Satcom Limited, a joint venture company in which 80% is owned by CSCC and its associates and 20% is owned by the Company. Further details of the establishment of the joint venture were disclosed in the announcement of the Company dated 6 November 2020 and the circular of the Company dated 3 December 2020;
"APT International"	APT Satellite International Company Limited, a substantial shareholder of the Company holding approximately 51.90% of the issued share capital of the Company as at the Latest Practicable Date;
"associate(s)"	the meaning ascribed to it in the Listing Rules;
"Board"	the board of Directors;
"Caps"	the proposed annual caps of the Non-exempt Continuing Connected Transactions for each of the three financial years ending 31 December 2029 as set out under the section headed "PROPOSED CAPS" in the Letter from the Board in this circular;
"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 an aggregate of 26.71% interests in the Company, including (i) 23.50% effective interests in the Company by virtue of holding 45.28% effective interests in APT International and separately (ii) an aggregate of 3.21% interests in the Company as at the Latest Practicable Date;
"CCT Agreement"	the satellite communication and related services master agreement dated 10 September 2026 entered into between the Company and CSCC in respect of the provision of satellite communication service and other related professional and management services between the Group and CSCC and/or its associates;

"Company"	APT Satellite Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
"Company's Satellite Services"	the meaning ascribed thereto in the section headed "THE CCT AGREEMENT" in the Letter from the Board in this circular;
"connected person(s)"	the meaning ascribed to it in the Listing Rules;
"CSCC"	中國衛通集團股份有限公司 (China Satellite Communications Company Limited), a corporation listed on the Shanghai Stock Exchange in the PRC;
"CSCC's Satellite Services"	the meaning ascribed thereto in the section headed "THE CCT AGREEMENT" in the Letter from the Board in this circular;
"Director(s)"	the director(s) of the Company;
"Existing Satellite Transmission and Communication Services Master Agreement"	the satellite transmission and communication services master agreement entered into between the Company and CSCC dated 28 September 2023 in respect of the provision of satellite transmission service, value-added service for satellite telecommunication and other related professional and management services between the Group and CSCC and/or its associates for the three years ending 31 December 2026;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	an independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Cui Liguo, Dr. Meng Xingguo, Ms. Yim Ka Man and Mr. Xu Jianhong to advise the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the Caps;
"Independent Financial Adviser"	Red Sun Capital Limited, a corporation licensed under the SFO for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the Caps;
"Independent Shareholders"	Shareholders other than APT International, CASC, CSCC and any of their respective associates;

"Latest Practicable Date"	23 October 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Non-exempt Continuing Connected Transactions"	the transactions in respect of the Company's Satellite Services and the CSCC's Satellite Services contemplated under the CCT Agreement;
"normal commercial terms or better"	the meaning ascribed to it in the Listing Rules;
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of the Company to be held at the Company's principal place of business, 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 20 November 2026 at 11:00 a.m. to approve the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps, notice of which is set out on pages 47 to 49 of this circular;
"Share(s)"	the ordinary share(s) of HK$0.10 each in the issued capital of the Company;
"Shareholders"	the holders of the Shares;
"Specific Contract(s)"	the specific contract(s) to be entered into between the Company (or its subsidiaries) and CSCC (or its associates) in respect of the Company's Satellite Services or the CSCC's Satellite Services;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial shareholder"	the meaning ascribed to it in the Listing Rules;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent; and
"*"	for identification purposes only.

亞太衛星控股有限公司*
APT SATELLITE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1045)

Executive Directors:
Mr. Wang Hongbin *(President)*
Mr. Lu Zheng *(Vice President)*

Non-executive Directors:
Mr. Sun Jing *(Chairman)*
Mr. Fu Zhiheng
Mr. Lim Kian Soon
Ms. Li Xiaomei
Mr. Leong Kah Fai Keith

Independent Non-executive Directors:
Mr. Cui Liguo
Dr. Meng Xingguo
Ms. Yim Ka Man
Mr. Xu Jianhong

Registered office:
Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

Head office and Principal Place of Business in Hong Kong:
22 Dai Kwai Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong

28 October 2026

To the Shareholder(s)

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the announcement of the Company dated 10 September 2026 in relation to the CCT Agreement. The purpose of this circular is (i) to provide you with further information on the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps; (ii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) to set out the recommendation of the Independent Board Committee; and (iv) to give the Shareholders the notice of the SGM and other information required by the Listing Rules.

* *For identification purpose only*

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement dated 28 September 2023 and the circular dated 22 November 2023 in relation to the Existing Satellite Transmission and Communication Services Master Agreement entered into between the Company and CSCC.

As the Existing Satellite Transmission and Communication Services Master Agreement will expire in December 2026 and in view of the need to maintain the provision of services to customers and to strengthen the benefits of synergy between the parties, on 10 September 2026, the Company entered into the CCT Agreement with CSCC in respect of, amongst other things, the provision of satellite communication service and other related professional and management services between the Group and CSCC and/or its associates for the next three years on terms and conditions stipulated in the CCT Agreement.

THE CCT AGREEMENT

Date: 10 September 2026

Parties: The Company
CSCC

Duration: From 1 January 2027 to 31 December 2029, subject to renewal by negotiation between the parties

Service to be provided:

Subject to the terms and conditions of the CCT Agreement, the Company and CSCC have agreed to provide to each other the following services:

1. Based on the actual requirements of CSCC or its associates, the Company or its subsidiaries shall use their satellite resources, telecommunication facilities and industry experience to provide the following services to CSCC or its associates: (i) satellite communication service and (ii) other related professional and management services for satellite and communication, including but not limited to consultancy services in relation to satellite project construction, services in relation to orbital position coordination and licensing services for use of orbital position and communication equipment and facilities (the "**Company's Satellite Services**").

2. Based on the actual requirements of the Company or its subsidiaries, CSCC or its associates shall use their satellite resources, telecommunication facilities and industry experience to provide the following services to the Company or its subsidiaries: (i) satellite communication service and (ii) other related professional and management services for satellite and communication, including but not limited to consultancy services in relation to satellite project construction, services in relation to orbital position coordination and licensing services for use of orbital position and communication equipment and facilities (the "**CSCC's Satellite Services**").

Service fees and pricing basis:

Pursuant to the CCT Agreement, in respect of the Company's Satellite Services or the CSCC's Satellite Services, the Company (or its subsidiaries) and CSCC (or its associates) shall enter into Specific Contract(s) which set out the specific terms including the technical requirements or service fees in accordance with the guidelines set out in the CCT Agreement.

Service fees payable for the Company's Satellite Services or the CSCC's Satellite Services and the commercial terms in the Specific Contracts shall be determined:

(i) based on market-oriented, fair and reasonable principles;

(ii) based on normal commercial terms or better; and

(iii) in accordance with the Company's or CSCC's (as the case may be) prevailing pricing policy or CSCC's or the Company's (as the case may be) prevailing procurement policy.

The services fees for the Company's Satellite Services are determined after the parties have negotiated the terms and conditions of the Specific Contract, making reference to the market price, historical services fees of similar services provided to CSCC or its associates and the service fees of the same or similar services provided to independent third parties (if any) in the same region to ensure that the services fees offered to CSCC or its associates are no less favourable to the Group than those available to independent third parties for the same or similar services in the same region.

Company's Satellite Services

The pricing bases applicable to all end-users across different categories of services are summarized below.

1. Unit Price

For standardized satellite communication services and related services provided from the Group's own resources (such as transponder services, Multiple Channels Per Carrier services, teleport services and co-location services), the service fees are charged at the applicable unit price per month (the "**Unit Price**"), which varies depending on the type of service.

In general, the Unit Price should fall within the applicable pre-approved range reviewed by the Company regularly (at least once a year). The pre-approved range of Unit Price in respect of a particular type of service is determined by taking into account prevailing market price for the relevant service, existing contract prices for similar services offered by the Company, and current capacity utilization rates, while also aligning with the Company's strategic development plans and revenue expectations. In order to determine the pre-approved range of Unit Price, the Company gathers prevailing market prices from different market channels (such as end-users and related vendors from the satellite industry, industry reports, exhibitions and forums attended), as well as the sales department and market consultants of the Company, and analyzes the market prices of similar services in our principal regions. The Company also collects historical prices of similar services provided by the Company and observes the trends. The most recent average price and utilization rate will be the primary consideration.

Although the Company operates in a relatively niche market, the Board is of the view that there are readily observable prevailing market prices for the relevant services that can be used as a reliable benchmark. More specifically, the Company collects market data and price fluctuations from its sales personnel and consultants in target countries. Such information is reported to the Company and updated whenever there are significant changes in market prices. Furthermore, the Company obtains industry reports from independent consulting and market intelligence organizations within the global space sector, such as Novaspace and Northern Sky Research. Such reports deliver a comprehensive analysis of the satellite communication market by combining qualitative insights with quantitative analysis, covering market trends in demands, supplies, prices and revenue across various regions and applications over specific periods of time. To ensure the reliability of the prevailing market prices and avoid potential bias or deviation from any single source, the Company does not rely on a single industry report or market consultant. Instead, the Company adopts a holistic approach by comparing data gathered from independent information channels and resources and taking cross-reference against its own recent transaction prices for similar services to ensure there is no material deviation. Such verification process will ensure the reliability of prevailing market prices obtained.

The pre-approved ranges of Unit Price are reviewed at least once a year by the Company with reference to the regional market conditions, the business trend and the development strategy plan of the Company. In addition to regular annual review, the Company will conduct ad-hoc and targeted reviews for specific service types or geographic regions as and when appropriate in response to any significant changes in market conditions, thereby ensuring the pre-approved ranges are in line with the latest market conditions.

2. Cost-plus pricing

For non-standardized services, the service fees are charged on a cost-plus basis, based on the cost of services or products and a net profit margin which shall be determined by the Company after taking into account the type of service and the prevailing market rate. Such services include satellite project management and consultancy services; system integration services; services in relation to the use of communication equipment and facilities; services involving the use of intangible assets, such as licensing service for the use of orbital slot and frequency; services in relation to operation of teleport stations; services in relation to the telemetry, tracking and control and operation of satellites; and technical support services.

Given the diverse nature of the non-standardized services, the net profit margin is not a fixed percentage but varies depending on the specific service type, service scope, internal and external resources deployed, and prevailing market conditions. The basis for determining the margin is market-driven and correlates with the level of value-added contribution provided by the Group. Generally, a higher margin will be applied to services that require a higher degree of professional knowledge, specialized technical skills, extensive project management, and additional human resource commitments. The Company also takes into consideration the market supply and the substitutability of the services. For instance, if the Group is among the very few suppliers capable of meeting specific technical requirements, a higher margin would be justified reflecting the Group's specialized expertise.

To ensure that the margin imposed by the Company is fair and reasonable, the Company assesses the commercial reasonableness of the transaction as a whole by ensuring both the service fee charged and the procurement costs are in line with the market. Under this market-driven approach, on one hand, service fee is determined by reference to the customers' target price and budget. On the other hand, the procurement costs of the services are sourced at prevailing market rates. Since both the final service fee and the procurement costs align with prevailing market rates, the Company considers that the resulting net profit margin derived from the difference between the two is fair and reasonable. The Group will only proceed with the provision of non-standardized services if the derived margin represents a commercially acceptable and reasonable return to the Group.

CSCC's Satellite Services

1. Utilization of CSCC's Satellite Services

In general, the Group may utilize the CSCC's Satellite Services under the following scenarios:

(i) the end-customer designates CSCC as the supplier of certain specific products and/or service provider for a particular service, as part of the Group's overall solution provided to the end-customer;

(ii) CSCC is a qualified supplier or service provider that meets the technical specifications and demand set by the end-customer for a specific part of the overall solution provided by the Group; and/or

(iii) CSCC can deliver certain services at a lower price than the estimated costs to be incurred by the Group if carried out in-house.

End-customers may demand satellite resources from the Group instead of CSCC directly even where CSCC is the only qualified service provider. This is because end-customers increasingly demand end-to-end, one-stop solutions and whole service package rather than standalone satellite capacity. A comprehensive solution encompasses network access, equipment readiness, and operational support. By engaging the Group as a single integrated solution provider, end-customers can significantly enhance efficiency, reduce project complexity, and mitigate overall execution risks compared to dealing with multiple separate suppliers. Furthermore, the Group has competitive advantages in its marketing and business development channels, with strong capabilities in resource integration and deep insights into the specific, customized needs of the end-customers, allowing it to offer flexible and tailored commercial and technical solutions.

2. Pricing basis

The prices of the CSCC's Satellite Services will be determined through arm's length negotiations between the parties, taking into account the end-customer's target price and the prevailing market conditions. To ensure the rate charged by CSCC is reasonable, where the satellite resources are not specifically designated by the end-customer, the Group will obtain quotations from at least two independent third-party service providers for similar services (if any) for comparison. In circumstances where such quotations are unavailable (for instance, where CSCC is the only qualified service provider, its satellite resources are designated by the end-customer, independent third parties are reluctant to provide fee quotations due to competition concerns, or it is commercially sensitive for the Group to provide end-customers' information when seeking quotations), the Group will ensure that the price charged by CSCC falls within the price range as set out in the market price list compiled by the Group through input/research from external consultants, industry reports and the sales and marketing team of the Group. In the event that none of these measures is practicable, a reasonable net profit margin shall be retained for the Group. The Group does not adopt a fixed percentage range for the net profit margin as it is market-driven. Instead, the Group adopts a holistic assessment by comparing the end-customer's target price against the supplier's quotation and will only proceed with the procurement and the provision of the relevant services if the resulting net profit margin (derived from the difference between the final service fee to the end-customer and the cost of the supplier's services) represents a commercially acceptable and reasonable return for the Group.

3. Internal procedures

The Company has adopted the following internal procedures to ensure the procurement contracts are properly reviewed and approved:

(i) the staff in-charge is required to ensure that the proposed procurement of services and goods meets the technical specifications of the Company's customer; the finance department and the legal and compliance department are responsible for reviewing the payment terms of the procurement contract, the prices or fees proposed compared to the respective budget of the Company, and the other terms and conditions of the procurement contract;

(ii) the staff of business support department is responsible for reviewing the terms and conditions of the procurement contract to ensure that the same are in line with normal market practices and the standard terms are no less favourable to the Company than those available from independent suppliers, based on certain evaluation criteria of supplier(s), including quality of the services or goods, the prices, reputation, experience, financial soundness, and post-sale services or support provided;

(iii) the procurement contract will be finally reviewed and approved by the head of the department which requires the procurement and, in the event that the procurement amount exceeds certain specified thresholds (the "**Specified Thresholds**"), further approved by the vice president in-charge and/or president. Specifically, approval from the vice president-in-charge is required if the procurement amount exceeds HK$700,000 and further approval from the president is required if the procurement amount exceeds HK$10 million. In case the procurement amount is below the Specified Thresholds, the procurement contract will only be examined and approved by the head of the department which requires the procurement. The Specified Thresholds are regulated by the current authority delegation policy of the Company as approved by the Board and were determined by reference to the professional competence at each management level, the frequency of procurement transactions across different thresholds, and the associated risk ratings; and

(iv) the business support department is responsible for monitoring the accumulated amount of continuing connected transactions entered into by the Company to ensure that the Caps will not be exceeded.

Payment terms:

Under normal circumstances, the parties shall also agree the payment terms based on the principle of fairness and reasonableness and on normal commercial terms in the Specific Contract(s). Such payment terms may include monthly, quarterly, semi-annual or annual payments or lump-sum payment arrangements.

Condition:

The CCT Agreement is conditional upon the approval by the Independent Shareholders at the SGM.

If any Specific Contracts amount to related party transactions of CSCC under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the entering into of such Specific Contracts will be further subject to any necessary approval of the board of directors and/or the shareholders of CSCC from time to time.

Other terms:

Each party shall pay compensation to the other party (including but not limited to compensation for service interruption) if the Company's Satellite Services or CSCC's Satellite Services (as the case may be) provided by such party do not meet the service quality undertaken in the Specific Contracts.

PROPOSED CAPS

Caps in respect of the provision of the Company's Satellite Services and the CSCC's Satellite Services

The Board proposes to set the Caps in respect of the provision of the Company's Satellite Services and the CSCC's Satellite Services pursuant to the CCT Agreement for the three financial years ending 31 December 2029 as follows:

	2027	**2028**	**2029**
	HK$	*HK$*	*HK$*
Aggregate transaction amount in respect of the provision of the Company's Satellite Services by the Group to CSCC and/or its associates			
Caps	535,000,000	582,000,000	595,000,000
Aggregate transaction amount in respect of the provision of the CSCC's Satellite Services by CSCC and/or its associates to the Group			
Caps	233,000,000	278,000,000	302,000,000

Historical amounts:

The historical annual caps under the Existing Satellite Transmission and Communication Services Master Agreement are as follows:

	2024	**2025**	**2026**
	HK$	*HK$*	*HK$*
Aggregate transaction amount in respect of the provision of the Company's Satellite Services by the Group to CSCC and/or its associates			
Caps	518,000,000	576,000,000	590,000,000
Aggregate transaction amount in respect of the provision of the CSCC's Satellite Services by CSCC and/or its associates to the Group			
Caps	210,000,000	280,000,000	294,000,000

For the two financial years ended 31 December 2025 and the six months ended 30 June 2026, the actual aggregate transactions amounts in respect of the provision of satellite communication service and other related professional and management services for satellite and communication by the Group to CSCC and/or its associates under the Existing Satellite Transmission and Communication Services Master Agreement were approximately HK$359.9 million, HK$375.4 million and HK$192.7 million (unaudited) respectively.

For the two financial years ended 31 December 2025 and the six months ended 30 June 2026, the actual aggregate transactions amounts in respect of the provision of satellite communication service and other related professional and management services for satellite and communication by CSCC and/or its associates to the Group under the Existing Satellite Transmission and Communication Services Master Agreement were approximately HK$18.9 million, HK$61.7 million and HK$28.6 million (unaudited) respectively.

Basis of determination of the proposed Caps:

(i) Company's Satellite Services

The proposed Caps in respect of the Company's Satellite Services are determined by the Board by reference to (i) the historical transactions amounts of the relevant services of the existing in-orbit satellites of the Group for the past two years and the current year; (ii) the value of contracts on hand; (iii) the estimates on service contract value and on the potential growth in demand for satellite communication services; (iv) the additional professional and management services for satellite and communication to be provided by the Group to CSCC's associate in relation to APSTAR-6D Satellite and new satellite project(s). In particular, the Proposed Caps are primarily based on the following:

(1) Satellite communication services:

(a) estimated demand in the PRC market (approximately HK$330 million), taking into account:

(i) contracts on hand (approximately HK$280 million); and

(ii) existing contracts subject to renewal, upgrades and potential growth driven by new projects across various sectors (such as specific projects, government related projects, television and other related broadcasting projects, and commercial industries related projects) (approximately HK$50 million); and

(b) estimated demand in the international market (approximately HK$42 million), taking into account:

(i) contracts on hand (approximately HK$35 million); and

(ii) potential growth (approximately HK$7 million).

(2) Other related professional and management services for satellite and communication:

(a) historical transaction amounts (approximately HK$79 million); and

(b) potential growth (approximately HK$31 million) primarily due to:

(i) expected upgrade of the gateway of the APSTAR-6D Satellite; and

(ii) the new CS-27 satellite project, which includes possible overseas gateway construction, operation and maintenance services that the Group may offer and compete for.

(3) Contingency of no more than 10% to the above estimates to accommodate changes in demand and/or service scope.

While the proposed Cap in respect of the Company's Satellite Services for the financial year ended 31 December 2029 amounts to HK$595 million (representing approximately 80.5% of the Company's revenue for the year ended 31 December 2025), the Board considers that the Company's Satellite Services would not give rise to any undue reliance on CSCC and/or its associates for the following reasons:

(i) Revenue contribution from CSCC and/or its associates: From 2024 to the present, the transaction amounts under the Company's Satellite Services represent 46% to 52% of the Group's total revenue. Should the transaction amounts under the Company's Satellite Services approach the proposed Caps, the Group's total revenue is expected to experience a corresponding substantial increase, driven by the anticipated overall market growth in satellite communication services and related professional and management services, coupled with a concurrent growth in revenue generated from independent third parties. The actual proportion of revenue derived from CSCC and/or its associates is therefore estimated to remain within the range of 50% to 60%, which is lower than the percentage derived by comparing the proposed Caps against the historical revenue figures.

(ii) Measures to mitigate potential reliance risks: The Group will continue to dedicate resources to expanding its international business footprint, with strategic priority given to high-growth regions including Southeast Asia, the Middle East, Africa, and Central Asia. The Group will actively develop and cultivate relationships with independent third-party customers, distributors and suppliers in these markets. Through such geographical diversification and continuous expansion of independent customer and supplier base, the Group aims to broaden its income streams, strengthen its bargaining power and reduce the revenue proportion attributable to connected transactions, thereby safeguarding the interests of the Company and its shareholders as a whole.

(ii) CSCC's Satellite Services

The proposed Caps in respect of the CSCC's Satellite Services are determined by the Board by reference to (i) the historical transactions amounts of the relevant services of the existing in-orbit satellites of CSCC and/or its associates for the past two years and the current year; (ii) the value of contracts on hand; (iii) the estimates on service contract value and on the potential growth in demand for satellite communication services, including CSCC's new satellites launched and to be launched; and (iv) the estimates of satellite communication services in relation to backup and recovery to the Group's end-user customers under the circumstance of satellite failure or other emergency situation.

The substantial increase from the historical transaction amounts (in the region of HK$60 million) to the proposed Caps in respect of the CSCC's Satellite Services is primarily driven by anticipated growth in market demand as well as the pipeline and scale-up of the satellites launched and to be launched by CSCC and/or its associates. In particular, the proposed Caps are derived after taking into account:

(i) contracts on hand (approximately HK$64 million, HK$52 million and HK$52 million for 2027, 2028 and 2029 respectively);

(ii) transponder services of the APSTAR-6E Satellite (estimated at approximately HK$37 million, HK$56 million and HK$61 million for 2027, 2028 and 2029 respectively);

(iii) transponder services of CS-26, CS-27, CS-6E and CS-10R Satellites (estimated at a total of approximately HK$56 million, HK$118 million and HK$161 million for 2027, 2028 and 2029 respectively, with the notable increase in 2028 and 2029 mainly driven by the CS-27 Satellite to be launched in 2027, which is expected to account for transaction amounts of approximately HK$59 million and HK$101 million in 2028 and 2029 respectively based on rising demand, while no service utilization from the CS-27 Satellite is expected in 2027);

(iv) satellite services in relation to backup and recovery to the Group's end-customers in the event of satellite failure or other emergency situation (estimated at approximately a total of HK$60 million, HK$30 million and nil for 2027, 2028 and 2029 respectively); and

(v) a contingency allowance of 10% and an estimated increase in the existing usage of transponder and related services (estimated at approximately HK$16 million, HK$22 million and HK$28 million for 2027, 2028 and 2029 respectively).

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The principal businesses of both the Group and CSCC include the provision of satellite transponder services, but each of them possesses its own satellites fleet having different footprint coverage and transponder specifications (including but not limited to link performance/quality, frequency band, transponder bandwidth and power, beam type and payload architecture, which determine the quality, capacity, cost and reliability of the services which may be provided). Due to operating conditions relating to communication and satellite related business in the Chinese Mainland, there are situations where the Group by itself may not be able to satisfy its customers' requirements. As a renowned satellite operator in the Chinese Mainland, CSCC is able to facilitate the Group in satisfying its Chinese Mainland customers' requirements so that the Group can not only strengthen its business relationship with its Chinese Mainland customers, but also pursue new business opportunities in the Chinese Mainland as a result of expanding the availability of satellite transponders.

On the other hand, the Group may, from time to time when its own satellite transponder capacity or specification is unable to meet the requirements of its end-user customers in markets outside the Chinese Mainland, exploit the available satellite transponder of CSCC for provision of service to its customers outside the Chinese Mainland. Meanwhile, the Group may also increase its revenue by providing the transponder service outside the Chinese Mainland to CSCC under the CCT Agreement.

The other related professional and management services for satellite and telecommunication are essential telecommunication services which can help the Group and CSCC provide solution-based services to their respective end-user customers thereby increasing the competitive edges and synergic effect for both the Group and CSCC in market competition.

If the resolution in respect of the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps is not approved by the Independent Shareholders, insofar as the CSCC's Satellite Services are concerned, the Group will have to source other suppliers in the market who provide similar services and can meet the specific requirement of the Group's customers. However, it is expected that in many cases the use of CSCC's satellite resources is designated by the Group's customers and thus the Group will no longer be able to accept the relevant orders from such customers and the scope of services which the Group can offer to its customers will be reduced. Further, the Group will no longer receive revenue from the provision of the Company's Satellite Services to CSCC. As a result, the operating performance of the Group will be adversely affected.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the CCT Agreement will be entered into in the ordinary and usual course of business of the Group and will be on normal commercial terms and the terms thereof and the Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND CSCC

The Group

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

CSCC

CSCC is a company which is owned as to 72.31% by CASC. CASC is a state-owned corporation and is a holding group company whose members are respectively engaged in the research, design, manufacture and launch of aerospace products. CSCC is a renowned satellite operator in the Chinese Mainland providing satellite communication services.

IMPLICATIONS OF THE LISTING RULES

CASC and its associates are effectively interested in an aggregate of approximately 45.28% interests in APT International, which in turn is a substantial shareholder of the Company holding approximately 51.90% of the issued share capital of the Company as at the Latest Practicable Date. Furthermore, CASC and its associates (including a subsidiary of CSCC) are interested in an aggregate of approximately 3.21% of the issued share capital of the Company as at the Latest Practicable Date.

CSCC, being a subsidiary of CASC, is therefore a connected person of the Company. Accordingly, the CCT Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Caps are more than 5%, the Non-exempt Continuing Connected Transactions and the Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of CSCC's interests in the transactions contemplated under the CCT Agreement, APT International, CASC, CSCC and their respective associates will abstain from voting at the SGM in respect of the resolution to approve the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps. As at the Latest Practicable Date, APT International, CASC, CSCC and their respective associates were interested in, controlled and were entitled to exercise control over 511,800,750 Shares, representing approximately 55.12% of the issued share capital of the Company.

As (i) Mr. Wang Hongbin, an executive Director and the President of the Company, is concurrently the chairman of APT Mobile Satcom Limited (an associate of CASC under Chapter 14A of the Listing Rules); (ii) Mr. Lu Zheng, an executive Director and the Vice President of the Company, is concurrently the director of APT Mobile Satcom Limited (an associate of CASC under Chapter 14A of the Listing Rules); (iii) Mr. Sun Jing, a non-executive Director and the chairman of the Company, is concurrently the chairman of CSCC; (iv) Mr. Fu Zhiheng, a non-executive Director, is concurrently president of China Great Wall Industry Corporation (an associate of CASC under Chapter 14A of the Listing Rules); and (v) Ms. Li Xiaomei, a non-executive Director, is concurrently the assistant general manager and head of corporate strategy department of CSCC, they have abstained from voting on the relevant board resolutions for approving the CCT Agreement and the transactions contemplated thereunder to avoid any conflict of interest. Save for the above, none of the Directors has any material interest or conflict of interest in the CCT Agreement and the transactions contemplated and none of them is required to abstain from voting on the relevant board resolutions.

The SGM will be convened for the Independent Shareholders to approve the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps by poll.

The Independent Board Committee comprising four independent non-executive Directors has been appointed to advise the Independent Shareholders on whether the Non-exempt Continuing Connected Transactions and the Caps are in the interest of the Company and the Shareholders as a whole and whether the terms of the Non-exempt Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Financial Adviser, Red Sun Capital Limited, has also been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the Non-exempt Continuing Connected Transactions and the Caps.

SGM

There is set out on pages 47 to 49 of this circular a notice convening the SGM to be held at the Company's principal place of business at 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 20 November 2026 at 11:00 a.m. at which an ordinary resolution will be proposed for the approval by the Independent Shareholders by poll the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps.

Whether or not you are able to attend the SGM in person, you are requested to complete and sign the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 11:00 a.m. on Wednesday, 18 November 2026 (i.e. forty-eight (48) hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be)). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

In compliance with the Listing Rules, the votes to be taken at the SGM in respect of the resolution proposed for approval of the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps will be taken by poll, the results of which will be announced after the SGM.

Under the bye-laws of the Company, a poll can be demanded at the SGM by:

(a) at least three members present in person or by proxy for the time being entitled to vote at the SGM; or

(b) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the SGM; or

(c) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the SGM being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

The Company will procure the chairman of the SGM to demand for voting on poll and Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

For the purpose of determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 17 November 2026 to Friday, 20 November 2026 (both days inclusive), during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Friday, 20 November 2026 will be entitled to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 16 November 2026.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps 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.

The Independent Board Committee therefore recommends the Independent Shareholders to vote in favour of the resolution to be proposed in the SGM to approve the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser which are respectively set out on pages 20 to 21 and 22 to 42 of this circular. Additional information is also set out in the Appendix of this circular for your information.

By Order of the Board
APT Satellite Holdings Limited
Sun Jing
Chairman



亞太衛星控股有限公司*
APT SATELLITE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1045)

28 October 2026

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 28 October 2026 issued by the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Non-exempt Continuing Connected Transactions and the Caps and to advise the Independent Shareholders as to the fairness and reasonableness of the same. The Independent Financial Adviser, Red Sun Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 19 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the Caps as set out on pages 22 to 42 of the Circular.

Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in its letter of advice, we concur with the views of the Independent Financial Adviser and consider that the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps 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.

* *For identification purpose only*

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed in the SGM to approve the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps.

Yours faithfully,
For and on behalf of
APT Satellite Holdings Limited
Independent Board Committee

Cui Liguo	**Meng Xingguo**	**Yim Ka Man**	**Xu Jianhong**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and Independent Shareholders in respect of the CCT Agreement and the transactions contemplated thereunder (including the Caps) for inclusion in this circular.

紅日资本有限公司
RED SUN CAPITAL LIMITED

Room 2703, Floor 27
China Insurance Group Building
141 Des Voeux Road Central
Central, Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

28 October 2026

To: The Independent Board Committee and the Independent Shareholders of APT Satellite Holdings Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT Agreement and the transactions contemplated thereunder (including the proposed annual caps thereunder for each of the three financial years ending 31 December 2029, i.e. the Caps), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 28 October 2026 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement dated 28 September 2023 and the circular dated 22 November 2023 in relation to the Existing Satellite Transmission and Communication Services Master Agreement entered into between the Company and CSCC. As the Existing Satellite Transmission and Communication Services Master Agreement will expire in December 2026, on 10 September 2026, the Company entered into the CCT Agreement with CSCC in respect of, amongst other things, the provision of satellite communication service and other related professional and management services between the Group and CSCC and/or its associates for the next three years on terms and conditions stipulated in the CCT Agreement.

CASC and its associates are effectively interested in an aggregate of approximately 45.28% interests in APT International, which in turn is a substantial shareholder of the Company holding approximately 51.90% of the issued share capital of the Company as at the Latest Practicable Date. Furthermore, CASC and its associates (including a subsidiary of CSCC) are interested in an aggregate of approximately 3.21% of the issued share capital of the Company as at the Latest Practicable Date. CSCC, being a subsidiary of CASC, is therefore a connected person of the Company. Accordingly, the CCT Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Caps are more than 5%, the Non-exempt Continuing Connected Transactions and the Caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of CSCC's interests in the transactions contemplated under the CCT Agreement, APT International, CASC, CSCC and their respective associates will abstain from voting at the SGM in respect of the resolution to approve the CCT Agreement, the Non-exempt Continuing Connected Transactions and the Caps.

II. THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Cui Liguo, Dr. Meng Xingguo, Ms. Yim Ka Man and Mr. Xu Jianhong, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders whether the CCT Agreement and the Caps are fair and reasonable, and whether the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Our appointment has been approved by the Independent Board Committee. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders as to (i) whether the CCT Agreement (including the Caps) are entered in the ordinary and usual course of business, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution to approve the CCT Agreement and the Caps at the SGM.

III. OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. In the previous two years, save for this appointment, Red Sun Capital Limited has not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for any other transaction.

Apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

IV. BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management (for which they are solely and wholly responsible), were true and accurate at the time they were made and continue to be so as at the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the statements, information and representations contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information in order to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have not, however, for the purpose of this exercise, conducted any independent verification, investigation or audit into the information provided by the Directors and the Management, business or affairs or future prospects of the Company, CSCC and their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the CCT Agreement (including the Caps) and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the CCT Agreement (including the Caps), we have taken into consideration the following principal factors and reasons:

1. Information of the Group

1.1 Background information of the Group

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

1.2 Overview of the historical financial information of the Group

With a view to provide background information on the historical financial performance of the Group, we set out the following financial information of the Group as extracted and summarised from the Group's published annual report for the year ended 31 December 2025 (the "**2025 Annual Report**") and the interim report for the six months ended 30 June 2026 (the "**2026 Interim Report**").

Summary of the Group's consolidated statement of profit or loss

	For the six months ended 30 June		**For the year ended 31 December**	
	2026	**2025**	**2025**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Revenue	357,077	379,673	739,092	784,650
Cost of services	(261,262)	(276,416)	(537,233)	(500,521)
Gross profit	95,815	103,257	201,859	284,129
Profit for the period/year attributable to owners of the Company	69,644	77,383	141,392	205,221

*Consolidated financial performance for the six months ended 30 June 2026 ("**1H2026**") compared to the six months ended 30 June 2025 ("**1H2025**")*

Based on the 2026 Interim Report, the Group recorded revenue of approximately HK$357.1 million for 1H2026, which represented a decrease of approximately 6.0% from revenue of approximately HK$379.7 million for 1H2025. Such decrease was primarily attributable to a decrease in income from the provision of satellite transponder capacity due to changes in the market environment outside the PRC, including that Low Earth Orbit (LEO) operators Starlink have launched services, which increased competition and had a greater impact on the transponder leasing business. Nonetheless, we noted that the Group strives to overcome the difficulties brought about by the said issues and has been actively exploring new markets and businesses, and that progress has been made in the Mainland China market and the Southeast Asia market, and fulfilled the positive growth in business volume.

The Group's cost of services decreased slightly to approximately HK$261.3 million in 1H2026 as compared to approximately HK$276.4 million in 1H2025, representing a decrease of approximately 5.5%. The profit attributable to equity shareholders of the Company was approximately HK$69.6 million in 1H2026, representing a decrease of approximately 10.1% from approximately HK$77.4 million in 1H2025. Such decrease was primarily attributable to the net effect of the decrease in gross profit, the increase in share of loss of associate and the decrease in income tax.

*Consolidated financial performance for the year ended 31 December 2025 ("**FY2025**") compared to the year ended 31 December 2024 ("**FY2024**")*

We noted from the 2025 Annual Report, the Group reported a revenue of approximately HK$739.1 million for FY2025, which was broadly in line with revenue of approximately HK$784.7 million for FY2024. This fluctuation was primarily attributable to a decrease in income from the provision of satellite transponder capacity due to market competition, in particular, competition from Low Earth Orbit (LEO) operators, such as Starlink. Nonetheless, we noted that the Greater China region (which includes Mainland China, Taiwan and Macau but excludes Hong Kong for the purpose of this disclosure) remained to the largest revenue contributor by geographic region, the revenue of which amounted to approximately HK$342.8 million for FY2025 (FY2024: approximately HK$341.8 million), representing approximately 46.4% of the Group's total revenue.

The cost of services of the Group increased to approximately HK$537.2 million in FY2025 as compared to approximately HK$500.5 million in FY2024, representing an increase of approximately 7.3%. The profit attributable to equity shareholders of the Company was approximately HK$141.4 million in FY2025, a decrease of approximately 31.1% from approximately HK$205.2 million in FY2024. This fluctuation was primarily attributable to the net effect of the decrease in gross profit and other net gains, the increase in administrative expenses and the decrease in share of loss of associate.

2. Overview of the PRC industry landscape

Based on industry research performed by us, the PRC government has announced a number of policies and/or guidance in 2025 in relation to the commercialisation and continued development of its space sector. We noted from a publication by the State Council of the PRC dated 27 August 2025 titled "China to promote high-quality development of satellite communication industry"[1] that the PRC will promote high-quality development of the satellite communication industry by optimising business access, according to a set of guidelines (the "**Guidelines**") unveiled by the Ministry of Industry and Information Technology ("**MIIT**"). The Guidelines aim to promote the launch of satellite communication services, stimulate the vitality of innovation in the commercial space sector and foster new drivers of productivity in an orderly manner. In summary, the PRC will support the accelerated development of low-orbit satellite internet as well as the application of satellite communication in various industries and fields, including agriculture, transportation, energy and urban governance. They promote the cross-integration of satellite communication with new-generation information infrastructure, including areas such as the industrial internet, vehicle networking and air-borne communication.

We also noted from the "Action Plan of the China National Space Administration for Advancing the High-Quality and Safe Development of Commercial Aerospace (2025-2027)"[2]《國家航天局推進商業航天高品質安全發展行動計劃(2025-2027年)》issued by the China National Space Administration (the "**CNSA**") in November 2025 that key measures announced including, among others, (i) improve the support mechanism for the construction and operation of commercial satellites; (ii) research and formulate policies and regulations for commercial satellite launch, tracking and control, on-orbit operation management, transfer, deorbiting, and re-entry, and establish relevant mechanisms and processes to promote the efficient construction and utilisation of satellite resources; and (iii) make full use of state-owned and commercial monitoring facilities and space-based control systems.

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1 Publication by the State Council of the PRC titled "China to promote high-quality development of satellite communication industry" (source: english.www.gov.cn/news/202508/27/content_WS68af0c13c6d0868f4e8f51e4.html)

2 Notice on Issuing the "Action Plan of China National Space Administration for Promoting High-Quality and Safe Development of Commercial Spaceflight (2025-2027)" as published by China National Space Administration (source: www.cnsa.gov.cn/n6758823/n6758839/c10719382/content.html)

Furthermore, as per "Regulations on the Administration of Direct-to-terminal Satellite Services"《終端設備直連衛星服務管理規定》related publication[3] jointly issued by, among others PRC government bodies/authorities, the State Internet Information Office* (國家互聯網資訊辦公室), National Development and Reform Commission (國家發展和改革委員會), MIIT (工業和資訊化部), Ministry of Public Security (公安部), it is specified that any direct satellite connection services for terminal equipment will be subject to relevant licenses and approvals as required under the PRC Telecommunications Regulations (and the related Telecom Business Classification Catalogue). Under the Telecommunications Regulations, the state must hold at least 51% interest in a licensee which is authorised to provide basic telecom service[4] (the "**Regulatory Requirement**"). On this basis, such would mean that only state-owned enterprises (or institutions) will be eligible to provide satellite communications services in the PRC.

With the aforementioned supportive PRC government policies towards the continuous development of the space sector, there are notable medium to long-term growth potentials for existing market participants. Furthermore, given the Regulatory Requirement that the market participants must adhere to, growth in the number of PRC domestic market participants in the near term maybe limited. In this connection, the Group intends to continue providing/procuring satellite communication service and other related professional and management services for satellite and communication, where appropriate, from/to CSCC with a view to strengthen its overall market position.

3. Reasons for and benefits of the Non-exempt Continuing Connected Transactions

We have summarised the following reasons for and benefits of the Non-exempt Continuing Connected Transaction from the Letter from the Board.

Each of the Group and CSCC possesses its own satellites fleet with a different footprint coverage and transponder specification (including but not limited to link performance/quality, frequency band, transponder bandwidth and power, beam type and payload architecture, which determine the quality, capacity, cost and reliability of the services which may be provided). Due to operating conditions relating to communication and satellite related business in the Chinese Mainland, there are situations where the Group by itself may not be able to satisfy its customers' requirements. As a renowned satellite operator in the Chinese Mainland, CSCC is able to facilitate the Group in satisfying its Chinese Mainland customers' requirements so that the Group can not only strengthen its business relationship with its Chinese Mainland customers, but also pursue new business opportunities in the Chinese Mainland as a result of expanding the availability of satellite transponders.

On the other hand, the Group may, from time to time when its own satellite transponder capacity or specification is unable to meet the requirements of its end-user customers in markets outside the Chinese Mainland, exploit the available satellite transponder of CSCC for provision of service to its customers outside the Chinese Mainland. Meanwhile, the Group may also increase its revenue by providing the transponder service outside the Chinese Mainland to CSCC under the CCT Agreement.

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[3] 關於印發《終端設備直連衛星服務管理規定》的通知 (source: www.cac.gov.cn/2025-04/30/c_1747719075774684.htm)

[4] 中華人民共和國電信條例 (source: www.beijing.gov.cn/zhengce/zhengcefagui/qtwj/202306/t20230609_3128623.html)

The other related professional and management services for satellite and telecommunication are essential telecommunication services which can help the Group and CSCC provide solution-based services to their respective end-user customers thereby increasing the competitive edges and synergic effect for both the Group and CSCC in market competition.

Having considered, among others, (i) the Group principally engages in, amongst others, the maintenance, operation, and provision of satellite transponder capacity; satellite-based broadcasting and telecommunications services; and other satellite-based related services; (ii) CSCC possess a fleet of satellites and is an established satellite transponder service provider in the PRC, which can from time to time satisfy the requirements from the Group's PRC customers; (iii) the Non-exempt Continuing Connected Transactions are a furtherance of the Group's core businesses and will broaden the income base of the Group; (iv) the Caps, if approved, would continue to facilitate the Non-exempt Continuing Connected Transactions for the three years ending 31 December 2027, 2028 and 2029; and (v) the Group has the right but not the obligation to seek or provide the relevant services from/to CSCC at terms to be determined in accordance with the Group's relevant pricing policies, we concur with the Directors' view that the CCT Agreement and the Caps are in the interests of the Company as a whole.

4. Principal terms of the CCT Agreement

Based on information as set out in the Letter from the Board, we have summarised the principal terms of the CCT Agreement below:

Date: 10 September 2026

Parties: The Company
CSCC

Duration: From 1 January 2027 to 31 December 2029, subject to renewal by negotiation between the parties

Service to be provided:

Subject to the terms and conditions of the CCT Agreement, (i) based on the actual requirements of CSCC or its associates, the Company may provide Company's Satellite Services (as defined in the Letter from the Board) to CSCC from time to time; and (ii) based on the actual requirements of the Company or its subsidiaries, CSCC may provide CSCC's Satellite Services (as defined in the Letter from the Board) to the Group from time to time.

Service fees and pricing basis:

Pursuant to the CCT Agreement, in respect of the Company's Satellite Services or the CSCC's Satellite Services, the Company (or its subsidiaries) and CSCC (or its associates) shall enter into Specific Contract(s) which set out the specific terms including the technical requirements or service fees in accordance with the guidelines set out in the CCT Agreement.

Service fees payable for the Company's Satellite Services or the CSCC's Satellite Services and the commercial terms in the Specific Contracts shall be determined:

(i) based on market-oriented, fair and reasonable principles;

(ii) based on normal commercial terms or better; and

(iii) in accordance with the Company's or CSCC's (as the case may be) prevailing pricing policy or CSCC's or the Company's (as the case may be) prevailing procurement policy.

For further details on, among others, service fees and pricing basis, payment terms, condition and other terms, please refer to the section headed "THE CCT AGREEMENT" as set out in the Letter from the Board.

5. Our analysis on the principal terms of the CCT Agreement and work performed on the internal control procedures

With a view to assess the fairness and reasonableness of the principal terms of the CCT Agreement, we have carried out the following work and analysis.

5.1 Company's Satellite Services

For the Company's Satellite Services, we understand from the Management that the Group provides standardised services, such as, transponder service and co-location service, as well as non-standardised services, such as sub-license of orbital slot, gateway integration and operation service. For non-standardised services, services fees would take into account factors including, where applicable, (i) the nature and complexity of the project; (ii) the scope of services; and (iii) the cost of such services and market fee rate.

In this connection, we have obtained and review not less than 30 sampled contracts, which included transactions between the Group and (i) independent third parties (the "**I3P Income Samples**"), totalling to 20 transactions; and (ii) CSCC and/or its associates (the "**Connected Income Samples**"), totalling to 13 transactions, covering standardised services and non-standardised services.

For standardised services, the unit price charged to CSCC and/or its associates under the Connected Income Samples are not less favourable than that of the unit price charged to independent third parties under the I3P Income Samples of a comparable nature.

For non-standardised services, we noted that the profit margin derived by the Group from the Connected Income Samples are not less than the profit margin derived by the Group from the I3P Income Samples. Based on information obtained and as discussed with the Management, the profit margin of the Group's service may vary from project to project as the scope, requirements and internal and external resources deployed are different. In this connection, when comparing the profit margin of the aforesaid samples, we have also reviewed the scope of work of the subject Connected Income Samples and the I3P Income Samples to ensure that the Connected Income Samples and the corresponding I3P Income Samples for comparison purposes are in similar line/category of services.

In addition, we also reviewed the payment terms of the transactions with CSCC and/or its associates under the Company's Satellite Services and we noted that these payment terms are not less favourable than payment terms transacted with independent third parties under transaction of a similar nature.

Based on our work performed as set out above, the terms of the sampled transactions with CSCC and/or its associates are not less favourable to the Company than the terms of the sampled transactions with independent third parties of a similar nature. On this basis, we noted that the terms in connection with the Company's Satellite Services provided to CSCC and/or its associates were on normal commercial terms and considered to be fair and reasonable.

5.2 CSCC's Satellite Services

For the CSCC's Satellite Services, we understand from the Management that the Group may seek services and satellite resources from CSCC from time to time. In general, the Company utilises services and satellite resources from CSCC as part of its services and/or solutions provide to its customers.

In general, the Group may utilise CSCC's Satellite Services under the following scenarios, including, the subject end-customer of the Group designates CSCC as the supplier of certain specific products and/or service provider for a particular services, which formed part of the Group's overall solution provided to the end-customer. We understand from the Management that the Group has a proven track record of satellite services project management and solution implementation skills accumulated from a variety of domestics and overseas projects. Furthermore, the Group has, where applicable, (i) local team in overseas location(s) to support the implementation and operations of the subject projects; (ii) an established overseas network of services providers and contractors which are able to offer a range of services that may be required for different aspects/tasks of a project; and (iii) formulated and advised on holistic solutions for its customers based on their needs and requirements, which are considered to be an important part of the Group's value-added services to its customers. On the other hand, CSCC has a vast range of satellite resources which may be sought-after by the end-customers to meet their project requirements (i.e. coverage and locations, where applicable), we considered that (i) it is not uncommon for end-customers to engage a project manager to oversee a project and implement a solution that involves certain project resources to be sourced from other vendor/service providers; (ii) CSCC is a qualified supplier/service provider that meets the technical specifications (including but not limited to link performance/quality, frequency band, transponder bandwidth and power, beam type and payload architecture, which determine the quality, capacity, cost and reliability of the services which may be provided, where applicable) and demand set by the end-customer for a specific part of the overall solution provided by the Group; and/or (iii) certain services which CSCC can deliver at a lower price than the estimated costs to be incurred by the Group if carried out in-house (each referred to a "**Subject Project**").

The Group maintains a price list for a range of services (the "**Market Price List**"), which was compiled by input/research from external consultants, such as Novaspace, being an international consultancy firm in the space industry with offices in Asia, Europe and North America, as well as other local consultant(s) in overseas country(ies), industry reports and sales and marketing team of the Group. Prior to engaging a supplier for services, to ensure the rate charged is reasonable, in the absence of any direct quotation from independent third party service provider/supplier, the Management would ensure the price charged by such supplier, whether it is a connected or independent third party, to be within the price range as set out in the Market Price List, the relevant price(s) of which are monitored by the Management on an ongoing basis, but in any event not less than once every year and the Market Price List would be updated when material fluctuations to the price(s) thereunder are noted, typically being not less than 10%, and the Management will also take into consideration, where applicable, the subject contract size, geographical location, resources / quantity requirements, specifications, with reference to updated market information gathered at the material time. Based on our review of the relevant documents related to 15 historical sample transactions/projects, we noted that (i) the end-customers of the Subject Projects were independent third parties; and (ii) the fees/charges were within the price range of the Market Price List and payment terms under the Subject Projects were determined after arm's length negotiations and were approved by the authorised personnel of the Company. Based on our work on the sampled transactions/projects as set out above, we are of the view that the terms of the CSCC's Satellite Services are fair and reasonable.

5.3 Internal control procedures

As set out in the Letter from the Board, the Group has adopted the following internal procedures to ensure the procurement contracts are properly reviewed and approved:

(i) the staff in-charge is required to ensure that the proposed procurement of services and goods meets the technical specifications of the Company's customer; the finance department and the legal and compliance department are responsible for reviewing the payment terms of the procurement contract, the prices or fees proposed compared to the respective budget of the Company, and the other terms and conditions of the procurement contract;

(ii) the staff of business support department is responsible for reviewing the terms and conditions of the procurement contract to ensure that the same are in line with normal market practices and the standard terms are no less favourable to the Company than those available from independent suppliers, based on certain evaluation criteria of supplier(s), including quality of the services or goods, the prices, reputation, experience, financial soundness, and post-sale services or support provided; and

(iii) the procurement contract will be finally reviewed and approved by the head of the department which requires the procurement and, in the event that the procurement amount exceeds certain specified thresholds (the "**Specified Thresholds**"), further approved by the vice president in-charge and/or president. Specifically, approval from the vice president-in-charge is required if the procurement amount exceeds HK$700,000 and further approval from the president is required if the procurement amount exceeds HK$10 million. In case the procurement amount is below the Specified Thresholds, the procurement contract will only be examined and approved by the head of the department which requires the procurement. The Specified Thresholds are regulated by the current authority delegation policy of the Company as approved by the Board and were determined by reference to the professional competence at each management level, the frequency of procurement transactions across different thresholds, and the associated risk ratings; and

(iv) the business support department of the Company is responsible for monitoring the accumulated amount of continuing connected transactions the Company enters into to ensure the relevant annual caps will not be exceeded.

In addition, the finance department of the Company is responsible for reporting data and information on the Company's connected transactions to the Board, and disclosures in the Company's interim report (if required) and annual report. The department of the Company in charge of risk management is responsible for reviewing connected transaction activities to ensure that the transactions comply with the approved transaction caps and established policies and procedures. If irregularities or non-compliance incidents are identified, such will be reported to the relevant management personnel and the Company Secretary. Upon completion of the transactions or at year-end, the results of the review of the implementation of connected transaction contracts will be reported to the Company's Internal Control and Risk Management Committee.

As part of our work performed on the internal procedures of the Group governing the Non-exempt Continuing Connected Transactions, we have reviewed the relevant internal procedures and obtained supporting documents from the Group for the Connected Income Samples and the procurement of CSCC as a service provider under the CSCC Projects, including supporting information and documents for the approval by the relevant personnel/ management from different departments. Based on our work performed in relation to the sampled transactions and the internal monitoring procedures as set out above, we considered that the effective implementation of the internal approval procedures adopted by the Group would safeguard the interests of the Independent Shareholders.

5.4 Summary

Based on our work performed as set out above, we consider the terms of the sampled transactions entered into under the Existing Satellite Transmission and Communication Services Master Agreement to be no less favourable than the similar transactions the Group entered into with independent third parties. On this basis, we are of the view that (i) the Company's Satellite Services provided by the Group to CSCC and/or its associates; and (ii) the CSCC's Satellite Services provided by CSCC and/or its associates to the Group, under the Existing Satellite Transmission and Communication Services Master Agreement are fair and reasonable.

6. Our analysis on the basis and rationale for determining the Caps

As set out in the Letter from the Board, the historical transaction amount and the Caps for the provision of (i) the Company's Satellite Services (the "**Income Caps**"); and (ii) the CSCC's Satellite Services (the "**Services Caps**"), by/to the Group to/by CSCC are set out below:

	Historical amount For the year ended/ending 31 December			**Caps For the year ending 31 December**		
	2024	**2025**	**2026**	**2027**	**2028**	**2029**
		(HK$'million)			*(HK$'million)*	
Income cap for the corresponding year	518.0	576.0	590.0	535.0 (the "**2027 Income Cap**")	582.0 (the "**2028 Income Cap**")	595.0 (the "**2029 Income Cap**")
Historical transaction amount for the Company's Satellite Services by the Group to CSCC and/or its associates	359.9	375.4	192.7 (for six months ended 30 June 2026) *(Annualised amount: 385.4) (Note 1)*	N/A	N/A	N/A
Historical utilisation rate	69.5%	65.2%	65.3%	N/A	N/A	N/A
Services cap for the corresponding year	210.0	280.0	294.0	233.0 (the "**2027 Services Cap**")	278.0 (the "**2028 Services Cap**")	302.0 (the "**2029 Services Cap**")
Historical transaction amount for the CSCC's Satellite Services by CSCC and/or its associates to the Group	18.9	61.7	28.6 (for six months ended 30 June 2026) *(Annualised amount: 57.1) (Note 1)*	N/A	N/A	N/A
Historical utilisation rate	9.0%	22.0%	19.4%	N/A	N/A	N/A

Note:

1. The annualised amount is calculated based on the actual transaction amount for the six months ended 30 June 2026.

Basis for determining the Caps

In determining the Caps, the Company has considered a range of factors which have been summarised from the Letter from the Board below:

Company's Satellite Services

The proposed Caps in respect of the Company's Satellite Services (i.e. the Income Caps) are determined by the Board by reference to (i) the historical transactions amounts of the relevant services of the existing in-orbit satellites of the Group for the past two years and the current year; (ii) the value of contracts on hand; (iii) the estimates on service contract value and on the potential growth in demand for satellite communication services; and (iv) the additional professional and management services for satellite and communication to be provided by the Group to CSCC's associate in relation to the APSTAR-6D and new satellite project(s).

CSCC's Satellite Services

The proposed Caps in respect of the CSCC's Satellite Services (i.e. the Services Caps) are determined by the Board by reference to (i) the historical transactions amounts of the relevant services of the existing in-orbit satellites of CSCC and/or its associates for the past two years and the current year; (ii) the value of contracts on hand; (iii) the estimates on service contract value and on the potential growth in demand for satellite communication services, including CSCC's new satellite launched and to be launched; and (iv) the estimates of satellite communication services in relation to backup and recovery to the Group's end-user customers under the circumstance of satellite failure or other emergency situation.

The substantial increase from the historical transaction amounts (in the region of HK$60 million) to the proposed Caps in respect of the CSCC's Satellite Services is primarily driven by anticipated growth in market demand as well as the pipeline and scale-up of the satellites launched and to be launched by CSCC and/or its associates. In particular, the proposed Caps are derived after taking into account factors, including contracts on hand, estimated transponder services of certain satellites, satellite services in relation to backup and recovery to the Group's end-customers and a contingency allowance.

For further information in relation to the basis of the Caps, please refer to the section headed "Caps in respect of the provision of the Company's Satellite Services and the CSCC's Satellite Services" in the Letter from the Board.

Our analysis on the proposed Caps

In assessing the reasonableness of the Income Caps and Services Caps under the CCT Agreement for the three financial years ending 31 December 2029, we considered a number of factors, including, among others, historical transaction amounts, existing contracts on hand, potential projects (under tenders or negotiation), analysis on the overall industry and market trends. Further details of which are set out below.

Income Caps for Company's Satellite Services

We have performed the following work and analysis when assessing the fairness and reasonableness of the Income Caps, including:

(i) our review of the historical transaction amount (including the annualised amount for the year ending 31 December 2026[5]) for Company's Satellite Services and noted that such fluctuated between approximately HK$359.9 million (2024) to HK$385.4 million (2026, annualised amount) during the three years ended/ending 31 December 2026, representing an average of approximately HK$373.6 million per year;

(ii) we have obtained and reviewed the annual caps supporting schedules (the "**Annual Caps Schedules**"), which sets out, among others, information on ongoing and potential projects of CSCC which may require the Company's Satellite Services. Based on the Annual Caps Schedules and information provided by the Management, as at the end of July 2026, the 2027 Income Cap is estimated primarily based on contracts for Company's Satellite Services comprising the following:

(a) satellite communication service, such as transponder and related services, with contract amounts totalling to (aa) in the region of RMB125 million for specific projects (特定項目); (bb) in the region of RMB45 million for government related projects (政府項目); (cc) in the region of RMB60 million for television and other related broadcasting (廣電項目); (dd) in the region of RMB35 million for commercial industries related projects* (行業項目); (ee) other projects in the region of RMB20 million (together the "**PRC Transponder Projects**"), which comprised of contracts on hand, existing contracts that are subject to renewal, upgrades and new projects, total contract sum of which is estimated to be in the region of HK$330 million; and (ff) transponder and related services to be conducted for projects out of the PRC totalling in the region of HK$40 million.

[5] The calculated annualised amount is based on the actual transaction amount for the six months ended 30 June 2026 of approximately HK$192.7 million, such is used for illustration purposes only and does not purport to be the actual transaction amount for the year ending 31 December 2026.

As part of our work performed, in addition to the analysis on the PRC projects above, we have obtained from the Management information on potential projects related to various satellite projects/services covering certain Africa region, Southeast Asia region and maritime related projects. We also obtained and reviewed bandwidth order forms entered into between the Company and CSCC, as well as sales orders* (銷售訂單) along with evidence of relevant internal approvals of the Company. The service period of these contracts ranged from approximately three months to 12 months, indicating that CSCC requires the Company's Satellite Services across different types of projects as set out in the preceding paragraph from time to time. The Management expects the size of these potential projects to range from not less than HK$1.5 million per annum to over HK$15.0 million per annum, subject to, where applicable, the Group's scope of services, extensiveness/complexity of services and usage/capacity utilised. In this connection, we have reviewed a sample of eight ongoing contracts during the year ending 31 December 2026 which will subject to renewal during the year ending 31 December 2027 or beyond, including contracts in relation to satellite communication services provided by the Group, of which the Management estimated to contribute approximately HK$50.0 million towards the annual cap amount for the year ending 31 December 2027, information provided by the sales department and operations department of the Group in connection with the potential projects, including, among others, the counter-party, the subject satellite, potential scope of work, the estimated satellite usage as well as the estimated contract and/or transaction amount;

(b) other related professional and management services for satellite and communication, such as co-location services, teleport station operation services, satellite project management and consultancy services, licensing services for use of orbital slot and frequency and communication equipment and facilities, telemetry, tracking and control and operation of satellites and technical support services, is expected to amount in the region of HK$110 million. The historical transaction amount (including the annualised amount for the year ending 31 December 2026[6]) for these technical services fluctuated between approximately HK$74.4 million (2024) to HK$78.6 million (2025) during the three years ended/ending 31 December 2026, the differences of around HK$35 million between the estimated amount of HK$110 million and the aforesaid historical range was primarily related to (aa) the expected upgrade of the gateway of APSTAR-6D; and (bb) the new CS-27 satellite* (中星27) project, including possible overseas gateway construction, operation and maintenance services that the Group may offer and compete for, details of the CS-27 satellite project are set out in the CSCC annual report for the year ended 31 December 2025, which supports the estimates of the Management for the aforesaid services;

[6] The calculated annualised amount is based on the actual transaction amount for the six months ended 30 June 2026, such is used for illustration purposes only and does not purport to be the actual transaction amount for the year ending 31 December 2026.

(c) given the scope, complexity, usage of resources and length of services required may vary from time to time, the Management also incorporated certain contingency of no more than 10% to the above estimates to ensure the annual caps have a degree of flexibility to cater for unforeseen changes in demand and/or service scope.

(iii) we noted that the 2028 Income Cap and the 2029 Income Cap represents a year-on-year increase of approximately 8.8% and 2.2% respectively. Given (a) we noted from, among others, the Guidelines issued by MIIT and the "Action Plan of the China National Space Administration for Advancing the High-Quality and Safe Development of Commercial Aerospace (2025-2027)" issued by CNSA, details of which are set out under the paragraph headed "2. Overview of the PRC industry landscape" in this letter, demonstrating the PRC government's support towards the continued development of the PRC's low-orbit satellite and satellite communication industries and applications; (b) a publication in 2025 by an international investment bank[7] setting out that, on its base case scenario, the satellite market is estimated to grow to approximately US$108 billion by 2035 from approximately US$15 billion at the time of the publication, representing an average year-on-year rate of growth of over 15%; (c) the historical transaction amount (including the annualised amount for the year ending 31 December 2026[8]) for Company's Satellite Services from 2024 to 2026 recorded year-on-year fluctuation of approximately 4.3% and 2.7%, respectively, thus before taking into account GDP growth and inflation as represented by the CPI (defined hereafter), the aforementioned year-on-year growth rates need to take into account the natural fluctuations in transaction amount from year to year; (d) the target GDP growth of the PRC for 2026 is between 4.5% to 5.0%, and the PRC consumer price index ("**CPI**") from January to August 2026 increased by approximately 0.9% year on year[9]; and (e) the number and size of projects may vary from year to year and the Income Caps need to have sufficient flexibility and/or buffer to cater for additional projects which may become available for the Group to compete for subsequent to the Latest Practicable Date, unforeseen changes in project schedule, ad hoc expansion of work scope and/or contract extension which would increase the actual transaction amount as compared to the amount originally estimated, we are of the view that the rate of increase as represented by each of the 2028 Income Cap and 2029 Income Cap is reasonable;

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[7] Publication titled "The global satellite market is forecast to become seven times bigger" (source: www.goldmansachs.com/insights/articles/the-global-satellite-market-is-forecast-to-become-seven-times-bigger)

[8] The calculated annualised amount is based on the actual transaction amount for the six months ended 30 June 2026 of approximately HK$192.7 million, such is used for illustration purposes only and does not purport to be the actual transaction amount for the year ending 31 December 2026.

[9] Consumer Price Index (January to August 2026) as published by the National Bureau of Statistics of the PRC (source: www.stats.gov.cn/english/PressRelease/202609/t20260910_1965275.html)

(iv) it is further noted that the Company needs to incorporate sufficient flexibility to accommodate unforeseen increase in market demand and potential variations between the estimated and actual timing of procurement and provision of Company's Satellite Services to CSCC. In addition, the Income Caps shall facilitate the efficient execution of the Non-exempt Continuing Connected Transactions in relation to the Company's Satellite Services, which would broaden the income base of the Group, during the relevant periods rather than having to obtain relevant Shareholders' approval on a transaction-by-transaction basis; and

(v) for the three years ended/ending 31 December 2024 to 31 December 2026, the transaction amount for the provision of the Company's services to CSCC represents approximately 46% to 52% of the Group's revenue. Having considered the growth potential in the market as further analysed under section headed "2. Overview of the PRC industry landscape" in this letter as well as under (iii)(a) above as well as the expected growth of satellite communication services and related professional and management services provided by the Company, in the event that revenue of the Group attains its historical level back in 2022, the 2029 Income Cap would account for in the region of 60% of such revenue level, which is not considered to be excessive.

Furthermore, we noted from the Management that the Company will focus on expanding its international business, with priority given to the Southeast Asia region, the Middle East, Africa, and Central Asia region, by developing business opportunities with independent third-party customers, distributors and suppliers. Through this geographical diversification and the expansion of an independent customer and supplier base, the Group aims to broaden its income streams and reduce the revenue proportion in relation to connected transactions over time, thereby safeguarding the interests of the Company and its Shareholders as a whole.

Based on the above factors, we considered the basis for determining the Income Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Services Caps for CSCC's Satellite Services

We have performed the following work and analysis when assessing the fairness and reasonableness of the Services Caps, including:

(i) the historical transaction amount for CSCC's Satellite Services during the three years ended/ending 31 December 2026 (including the annualised amount for the year ending 31 December 2026[10] (the "**2026 Annualised CSCC Services Amount**") fluctuated from year to year from approximately HK$18.9 million for the year ended 31 December 2024 to approximately HK$61.7 million for the year ended 31 December 2025 (the "**2025 CSCC Services Amount**") as market demand varied.

[10] The calculated annualised amount is based on the actual transaction amount for the six months ended 30 June 2026 of approximately HK$28.6 million, such is used for illustration purposes only and does not purport to be the actual transaction amount for the year ending 31 December 2026.

Given the amount for the year ended 31 December 2024 is the furthest dated data point out of the above and that it is notably lower than the 2025 CSCC Services Amount and the 2026 Annualised CSCC Services Amount, it is considered to be less relevant for the purpose of our analysis as compared to the two more recent historical transaction amounts. On this basis, we have compared the 2027 Services Cap against that of the average of the 2025 CSCC Services Amount and the 2026 Annualised CSCC Services Amount, being HK$59.4 million, and noted a difference of approximately HK$173.6 million (the "**Additions**"). Furthermore, we have noted from the Letter from the Board that the Group estimates the annual caps to comprise of contracts on hand of approximately HK$64 million, HK$52 million and HK$52 million for 2027, 2028 and 2029, respectively, which we have conducted sample review under (ii) below;

(ii) after discussion with the Management and having obtained and reviewed the Annual Caps Schedules, we noted that the basis of the Additions is mainly related to the satellite communication services, such as transponder and related services, including new contracts relating to (a) APSTAR-6E Satellite which may total to approximately HK$37 million, which may involve multi-contracts; (b) CS-26, CS-27, CS-6E and CS-10R Satellites which may total to approximately HK$56 million, each satellite of which may involve multi-contracts; (c) satellite services in relation to backup and recovery to the Group's end-users, in relation to satellite failure or other emergency situations which may total to in the region of HK$60 million; and (d) a continency allowance of 10% and an estimated increase to the existing usage of transponder and related services in the region of HK$16 million based on the estimated usage calculated by the Management. The aforesaid contracts under (a) and (b) may cover, among others, where applicable, available satellite capacity, utilisation plan and fee rate. In this connection, we have reviewed a sample of eight ongoing contracts during the year ending 31 December 2026 which may subject to renewal during the year ending 31 December 2027 or beyond, information provided by the sales department and operations department of the Group in relation to the potential projects, including, where applicable, the counter-party, the subject satellite, potential scope of work, i.e. transponder services, satellite related project management services, technical services as well as the estimated contract and/or transaction amount;

(iii) in connection with (ii) above, as part of our work performed, we have obtained from the Management, among others, (a) signed memorandum of understandings ("**MOU**") and related services contracts for a service period of two years commenced from 1 January 2026 with certain Indonesian company; (b) signed MOU with overseas companies, covering certain satellite services to be provided by the Group into a number of Asian countries; (c) signed master service agreements with certain member of CSCC group under the Existing Satellite Transmission and Communication Services Master Agreement; and (d)

MOUs under negotiation with various overseas companies, for the provision of, where applicable, satellite capacity, satellite technical and operational support to be provided by the Group, covering potential and ongoing projects, including that, (a) with the Group's customers, part of the Group's services of which may require CSCC's Satellite Services; and (b) between the Group and CSCC for the provision of CSCC's Satellite Services. These projects, subject to the award of the contract by the customers, where applicable, are expected to generate revenue for the Group for the year ending 31 December 2027 and beyond. Based on internal assessment by the Management, the aforesaid contract size would typically range from HK$1.0 million to HK$30.0 million per annum, subject to, where applicable, their scope of services, capacity utilised and service fee rate;

(iv) we noted that the 2028 Services Cap and the 2029 Services Cap represent a year-on-year increase of approximately 19.3% and 8.6%, respectively. Given the historical transaction amount (including the annualised amount for the year ending 31 December 2026) for CSCC's Satellite Services for the financial years/period from 2021 to 2026 recorded year-on-year fluctuation of approximately 226.5% and -68.3% (the "**Historical Fluctuation Range**") respectively, with an average year-on-year fluctuation of approximately 79.0%, of which each of the subject percentage increase of the respective Services Caps (i.e. approximately 19.3% and 8.6%) is below the aforesaid average and falls within the Historical Fluctuation Range. The fluctuations in historical transaction amount were driven by, among others, the volume and scope of services provided by CSCC as well as market demand at the material time, and certain of these factors, which are external to the Group and beyond its control, will continue to affect the actual transaction amounts for CSCC's Satellite Services going forward. Given the above, we are of the view that the rate of increase as represented by each of the 2028 Services Cap and 2029 Services Cap is reasonable; and

(v) it is further noted that the Company needs to incorporate sufficient flexibility to accommodate unforeseen increase in market demand and potential variations between the estimated and actual timing of procurement and provision of CSCC's Satellite Services as the Group is required to follow its customers' project schedule which may change from time to time. In addition, the Services Caps shall facilitate the efficient execution of the Non-exempt Continuing Connected Transactions in relation to the CSCC's Satellite Services, which may form part of the Group's services/solutions to its customers, such would in turn broaden the income base of the Group, during the relevant periods.

Based on the above factors, we considered the basis for determining the Services Caps to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

VI. RECOMMENDATION

Having considered the factors as set out in this letter above, in particular, (i) the reasons for and benefits of the CCT Agreement; (ii) the provision of the Company' Satellite Services and the procurement and utilisation of the CSCC's Satellite Services, where applicable, under the CCT Agreement is a furtherance and continuance of the Group's existing principal businesses; (iii) based on our work performed, the sampled transactions under the Existing Satellite Transmission and Communication Services Master Agreement were conducted on terms not less favourable to the Group than those terms transacted with the independent third parties; and (iv) the amount of, and the basis for determining, the proposed Caps are reasonable as discussed in this letter above, we are of the view that the transactions contemplated under the CCT Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which, including the Caps of the CCT Agreement, are fair and reasonable so far as the Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to approve the CCT Agreement (including the Caps) at the SGM.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Lewis Lai
Managing Director

Mr. Lewis Lai is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has around 20 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interest of Directors

As at the Latest Practicable Date, interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executive of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director/ chief executive of the Company	Nature of Interest	Total number of Shares interested as at the Latest Practicable Date	Approximate percentage of total issued share capital of the Company as at the Latest Practicable Date
Dr. Meng Xingguo ("**Dr. Meng**")	Interest of spouse *(Note)*	438,000	0.05%

Note: Dr. Meng's wife held 438,000 Shares. Pursuant to the SFO, Dr. Meng was deemed to be interested in the same parcel of Shares held by his wife.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short position in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed herein, as at the Latest Practicable Date:

(a) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group taken as a whole; and

(b) none of the Directors had any direct or indirect interest in any assets acquired or disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, the Company or any of its subsidiaries since 31 December 2025, the date up to which the latest published audited consolidated financial statements of the Group were made.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, save and except that (i) Mr. Wang Hongbin, an executive Director and the President of the Company, is concurrently the chairman of APT Mobile Satcom Limited (an associate of CASC under Chapter 14A of the Listing Rules); (ii) Mr. Lu Zheng, an executive Director and the Vice President of the Company, is concurrently the director of APT Mobile Satcom Limited (an associate of CASC under Chapter 14A of the Listing Rules); (iii) Mr. Sun Jing, a non-executive Director and the chairman of the Company, is concurrently the chairman of CSCC; (iv) Mr. Fu Zhiheng, a non-executive Director, is concurrently president of China Great Wall Industry Corporation (an associate of CASC under Chapter 14A of the Listing Rules); and (v) Ms. Li Xiaomei, a non-executive Director, is concurrently the assistant general manager and head of corporate strategy department of CSCC.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there has been no material adverse change in the financial or trading positions of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. EXPERT'S QUALIFICATIONS AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Red Sun Capital Limited	a corporation licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser:

(a) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, being the date up to which the latest published audited consolidated financial statements of the Group were made up; and

(c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which they respectively appear.

The letter of advice given by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders was made on 28 October 2026 for incorporation in this circular.

7. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.apstar.com) for a period of not less than 14 days from the date of this circular:

(i) the CCT Agreement;

(ii) the Existing Satellite Transmission and Communication Services Master Agreement;

(iii) letter from the Independent Board Committee dated 28 October 2026, the text of which is set out on pages 20 to 21 of this circular;

(iv) letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 28 October 2026, the text of which is set out on pages 22 to 42 of this circular; and

(v) the consent letter issued by the Independent Financial Adviser referred to in the paragraph headed "Expert's qualifications and consent" in this Appendix.

亞太衛星控股有限公司*
APT SATELLITE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1045)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of APT Satellite Holdings Limited (the "**Company**") will be held at its principal place of business in Hong Kong, 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 20 November 2026, at 11:00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the satellite communication and related services master agreement dated 10 September 2026 (the "**CCT Agreement**") entered into between the Company and 中國衛通集團股份有限公司 (China Satellite Communications Company Limited) ("**CSCC**") in respect of the provision of satellite communication service and other related professional and management services between the Company and/or its subsidiaries and CSCC and/or its associates, as defined and described in the circular of the Company dated 28 October 2026 (the "**Circular**"), a copy of the Circular marked "A" together with a copy of the CCT Agreement marked "B" being tabled before the meeting and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder and in connection therewith be and are hereby approved, confirmed and ratified;

(b) the Caps (as defined in the Circular) for each of the three financial years ending 31 December 2029 as contemplated under the CCT Agreement be and are hereby approved; and

(c) the directors of the Company be and are hereby authorised to do all such further acts and things and sign, seal, execute, perfect and deliver all such documents on behalf of the Company as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of and in connection with the implementation and/or give full effect to any matters relating to the CCT Agreement and the transactions contemplated thereunder."

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

Hong Kong, 28 October 2026

* *For identification purpose only*

Registered office:
Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

Head office and principal place of business:
22 Dai Kwai Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong

Notes:

1. The ordinary resolution to be considered at the special general meeting will be determined by poll pursuant to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. On voting by poll, each member shall have one vote for each share held in the Company. The results of the poll will be published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.apstar.com) respectively.

2. A member of the Company who is entitled to attend and vote at the special general meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy. A proxy need not be a member of the Company.

3. A form of proxy for use at the special general meeting is enclosed herewith and such form is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.apstar.com) respectively.

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 11:00 a.m. on Wednesday, 18 November 2026 (i.e. 48 hours before the time appointed for holding the special general meeting or any adjourned meeting thereof) and in default thereof the form of proxy shall not be treated as valid.

5. For the purpose of determining the entitlement to attend and vote at the special general meeting, the register of members of the Company will be closed from Tuesday, 17 November 2026 to Friday, 20 November 2026 (both days inclusive), during which period no transfer of shares will be effected. Members of the Company whose names appear on the register of members of the Company on Friday, 20 November 2026 will be entitled to attend and vote at the special general meeting. In order to be entitled to attend and vote at the special general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 16 November 2026.

6. Completion and return of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the special general meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

7. As at the date of this notice, the board of the Company are Mr. Wang Hongbin (President) and Mr. Lu Zheng (Vice President) as Executive Directors; Mr. Sun Jing (Chairman), Mr. Fu Zhiheng, Mr. Lim Kian Soon, Ms. Li Xiaomei and Mr. Leong Kah Fai Keith as Non-executive Directors and Mr. Cui Liguo, Dr. Meng Xingguo, Ms. Yim Ka Man and Mr. Xu Jianhong as Independent Non-executive Directors.

8. If tropical cyclone warning signal number 8 or above, a black rainstorm warning signal and/or "extreme conditions" announced by the Government of Hong Kong is/are in force any time and remains in force 2 hours before the time of the special general meeting on the date of the special general meeting, the special general meeting will be postponed. The Company will publish an announcement on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.apstar.com) respectively to notify the shareholders of the Company of the date, time and place of the rescheduled meeting.

9. References to time and dates are to Hong Kong time and dates.