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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 licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in Asia Satellite Telecommunications Holdings Limited, you should at once hand this circular with the enclosed proxy form to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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ASIASAT

Asia Satellite Telecommunications Holdings Limited

亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1135)

PROPOSED CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF TRANSPONDER MASTER AGREEMENT

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



紅日資本有限公司
RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from Red Sun Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 30 of this circular.

A notice convening the SGM to be held at 12th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Friday, 5 October 2018 at 10:00 a.m. is set out on pages 35 to 36 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

* for identification purpose only

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DEFINITIONS

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

“2008 Permit”	基礎電信業務經營許可證 (the Basic Telecom Business Operating Permit) issued to CITIC Networks by MIIT with a term from 8 January 2008 to 22 October 2012;
“2015 Transponder Master Agreement”	the transponder master agreement entered into amongst AsiaSat, CITIC Networks and CITICSat on 4 September 2015 whereby AsiaSat agreed to, among other things, provide satellite transponder capacity of some of AsiaSat’s satellites to CITICSat and promotion of AsiaSat’s satellite transponder capacity by CITICSat, (such agreement being amended and supplemented by the Novation Agreement);
“Agreement Term”	the three-year term of the Transponder Master Agreement commencing from the Effective Date;
“AsiaSat”	Asia Satellite Telecommunications Company Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company, the principal business of which is the provision of satellite services to the broadcasting and telecommunications markets;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Bowenvale”	Bowenvale Limited, a company incorporated under the laws of the British Virgin Islands, and a controlling shareholder who owns approximately 74.43% of the total issued share capital of the Company as at the Latest Practicable Date;
“Carlyle”	The Carlyle Group L.P. and its affiliates (as the context may require);
“CITIC Digital Media”	中信數字媒體網絡有限公司 (CITIC Digital Media Networks Co., Ltd), a company incorporated under the laws of the PRC, which is a wholly-owned subsidiary of the CITIC Group;
“CITIC Digital Media Branch”	中信數字媒體網絡有限公司衛星通信分公司 (CITIC Digital Media Networks Co., Ltd. Satellite Telecommunications Branch), the branch established and run by CITIC Digital Media for the development and operation of its satellite system related business;

DEFINITIONS

“CITIC Group”	中國中信集團有限公司 (CITIC Group Corporation), the controlling shareholder of CITIC Limited as at the Latest Practicable Date, and an enterprise established and existing under the laws of the PRC;
“CITIC Limited”	中國中信股份有限公司 (CITIC Limited), a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (stock code: 00267), and an indirect shareholder controlling 50% of the voting rights of Bowenvale as at the Latest Practicable Date;
“CITIC Networks”	中信網絡有限公司 (CITIC Networks Co., Ltd), a wholly-owned subsidiary of the CITIC Group and a company established under the laws of the PRC;
“CITICSat”	中信網絡有限公司北京衛星通信分公司 (CITIC Networks Company Limited, Beijing Satellite Telecommunications Branch), the branch established and run by CITIC Networks for the development and operation of its satellite system related business;
“Company”	Asia Satellite Telecommunications Holdings Limited, an investment holding company incorporated under the laws of Bermuda, the shares of which are listed on the main board of the Stock Exchange (stock code: 1135);
“Condition Precedent”	the condition precedent more particularly described under the section of this circular, entitled “Condition Precedent and Effective Date”;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company, including the independent non-executive directors and the alternate director;
“Effective Date”	18 October 2018, subject to the fulfillment of the Condition Precedent;
“Group”	the Company and its subsidiaries;
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders on the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps;
“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps;
“Independent Shareholders”	Shareholders other than Bowenvale;
“Latest Practicable Date”	10 September 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MIIT”	中華人民共和國工業和信息化部 (the Ministry of Industry and Information Technology of the PRC);
“Novation Agreement”	the novation agreement entered into amongst AsiaSat, CITIC Networks, CITICSat, CITIC Digital Media and CITIC Digital Media Branch on 31 October 2016 pursuant to which CITIC Digital Media and CITIC Digital Media Branch have replaced CITIC Networks and CITICSat respectively as parties to the 2015 Transponder Master Agreement and have assumed all obligations and liabilities on the part of CITIC Networks and CITICSat respectively under the 2015 Transponder Master Agreement;
“Permit”	基礎電信業務經營許可證 (the Basic Telecom Business Operating Permit) issued to CITIC Digital Media by MIIT on 25 July 2016 with a term from 25 July 2016 to 13 August 2022;
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules;

DEFINITIONS

“PRC”	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“Previous Disclosures”	the announcement and circular of the Company dated 4 September 2015 and 25 September 2015, respectively, in relation to the 2015 Transponder Master Agreement;
“Proposed Caps”	collectively the Proposed Fee Caps and the Proposed Marketing Caps;
“Proposed Fee Caps”	the maximum aggregate annual utilisation fee payable by CITIC Digital Media and CITIC Digital Media Branch for each of the three years of the Agreement Term;
“Proposed Marketing Caps”	the maximum aggregate annual marketing consulting fee payable by AsiaSat for each of the three year of the Agreement Term;
“Proposed Transactions”	collectively, the transactions(s) contemplated under the Transponder Master Agreement, namely, the provision of AsiaSat’s Transponder Capacity to CITIC Digital Media and/or CITIC Digital Media Branch and the promotion of AsiaSat’s Transponder Capacity by CITIC Digital Media Branch pursuant to the Transponder Master Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Satellites”	the AsiaSat 5, AsiaSat 6, AsiaSat 7 and AsiaSat 9 satellites, their respective replacement satellites, and any other future AsiaSat satellites which will be subject to the approval for an amendment to the Permit conditions by MIIT and “ Satellite ” shall mean any one of the Satellites;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving, among other matters, the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps;
“Shareholder(s)”	the shareholder(s) of the Company;

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transponder Capacity”	the transponder capacity of the Satellites;
“Transponder Master Agreement”	the transponder master agreement dated 24 August 2018 entered into among AsiaSat, CITIC Digital Media and CITIC Digital Media Branch for, among other things, the provision of AsiaSat’s Transponder Capacity to CITIC Digital Media and/or CITIC Digital Media Branch and promotion of AsiaSat’s Transponder Capacity by CITIC Digital Media Branch, the major terms of which are set out in this circular;
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

The conversions of RMB into US dollars and into HK dollars are for convenience only and have been made at rates of US\$1.00 to RMB6.773 and RMB1.00 to HK\$1.152, respectively. Such conversions should not be construed as representations that the RMB amounts could be converted into US and HK dollars at that or any other rates.

ASIASAT

Asia Satellite Telecommunications Holdings Limited

亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1135)

Chairman:

Gregory M. ZELUCK

Deputy Chairman:

JU Wei Min

Executive Director:

Roger Shun-hong TONG

Non-executive Directors:

LUO Ning

DING Yucheng

Herman CHANG Hsiuguo

FAN Jui-Ying

Independent Non-executive Directors:

Marcel R. FENEZ

Steven R. LEONARD

Philana Wai Yin POON

Maura WONG Hung Hung

Alternate Director:

CHONG Chi Yeung (alternate to LUO Ning)

Company Secretary:

Sue YEUNG

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Principal Office in Hong Kong:

12th Floor, Harbour Centre

25 Harbour Road

Wanchai

Hong Kong

14 September 2018

To the Shareholders

Dear Sir or Madam,

PROPOSED CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF TRANSPONDER MASTER AGREEMENT

* for identification purpose only

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Previous Disclosures in relation to the 2015 Transponder Master Agreement, which will expire on 17 October 2018.

On 24 August 2018, the Company announced that AsiaSat entered into a new Transponder Master Agreement with CITIC Digital Media and CITIC Digital Media Branch. Pursuant to the Transponder Master Agreement, AsiaSat will, subject to the fulfillment of the Condition Precedent, continue to provide transponder capacity of its Satellites to CITIC Digital Media and/or CITIC Digital Media Branch in the PRC on an exclusive basis and CITIC Digital Media Branch will continue to promote the provision of AsiaSat's Transponder Capacity in the PRC during the Agreement Term. The Transponder Master Agreement was entered into between the parties on substantially the same terms as the 2015 Transponder Master Agreement, other than revisions of certain payment terms after arm's length negotiations.

The purpose of this circular is to provide you with, among other things, (i) further information on the Transponder Master Agreement; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of SGM.

TRANSPONDER MASTER AGREEMENT

Date

24 August 2018

Agreement Term

For the period of three years starting from the Effective Date, i.e. 18 October 2018, subject to the fulfillment of the Condition Precedent.

Parties

- (1) AsiaSat, an indirect wholly-owned subsidiary of the Company;
- (2) CITIC Digital Media, a wholly-owned subsidiary of CITIC Group and a connected person of the Company; and
- (3) CITIC Digital Media Branch, a branch established by CITIC Digital Media, a wholly-owned subsidiary of the CITIC Group and a connected person of the Company.

LETTER FROM THE BOARD

Transaction Details and Pricing Policy

CITIC Digital Media and CITIC Digital Media Branch have granted to AsiaSat a right to provide the Transponder Capacity for use by their customers in the PRC on an exclusive basis under the Transponder Master Agreement. Accordingly, AsiaSat would not provide Transponder Capacity to other Basic Telecom Business Operating Permit holders in the PRC, so as to maintain the strong and long-standing business relationship between AsiaSat and CITIC Digital Media and CITIC Digital Media Branch. During the Agreement Term, CITIC Digital Media or CITIC Digital Media Branch will conduct their due diligence to ascertain the independence of the end-user customers before placing orders for the Transponder Capacity from AsiaSat on their requests. Upon the confirmation on the availability of the Transponder Capacity and the acceptance of any such order, AsiaSat will provide the relevant Transponder Capacity to CITIC Digital Media and/or CITIC Digital Media Branch for use by their customers for such utilisation period as ordered, at a utilisation fee in RMB to be agreed with CITIC Digital Media and CITIC Digital Media Branch based on the market comparable rate or at a rate similar to those AsiaSat would have offered to independent third party customers in the PRC with a discount of no more than 5%, to be determined with reference to the projected sales for the relevant year and any discount that AsiaSat would have offered to other bulk customer(s) in the PRC for its transponder capacity. The discount is determined in the relevant year of its sales, normally once in a year, and the discount will not be subject to further negotiation once agreed. In arriving at the market comparable rate, the sales and marketing team of AsiaSat would (i) compare the pricing of the Transponder Capacity demanded by and offered to independent third party customers on similar transactions; (ii) obtain market data and industry information from time to time including the pricing of competitors through market research, industry websites and public information available; and (iii) keep regular contact with established customers to better understand the market price trend. Also, the price of provision of the Transponder Capacity was determined with reference to (i) the historical price offered to end-user customers; (ii) costs of provision of Transponder Capacity; and (iii) internal profit margin, and there were no difficulties in determining the price of provision of Transponder Capacity in similar transactions during the term of the 2015 Transponder Master Agreement. Without the Permit, AsiaSat by itself is unable to provide Transponder Capacity to end-user customers in the PRC. Therefore, when determining the utilisation fee, no reference could be made from the similar rate AsiaSat would have offered to independent third party customers in the PRC. Accordingly, the utilisation fee is determined with reference to the market comparable rate.

To ensure that the terms of the individual Transponder Capacity orders are fair and reasonable and are on normal commercial terms or better so far as the Group is concerned, the sales and marketing team of AsiaSat will recommend the utilisation fee and discount for the orders placed by CITIC Digital Media and CITIC Digital Media Branch with reference to those offered to independent third party customers on recent similar transactions. The finance department of AsiaSat will then review the recommended utilisation fee and discount and cross check with the pricing of all previous transactions offered to independent third party customers for the relevant year to ensure that the recommended utilisation fee and the discount are no more favourable than those offered to independent third party customers. The finance team head will be responsible for approving the individual Transponder Capacity orders.

LETTER FROM THE BOARD

During the Agreement Term, CITIC Digital Media Branch will promote the provision of AsiaSat's Transponder Capacity in the PRC and provide marketing consulting services to AsiaSat at a marketing consulting fee, being an annual fixed fee of RMB1 million plus a variable fee of 0.25% over any recognised sales by CITIC Digital Media Branch of AsiaSat's Transponder Capacity in excess of RMB200 million per year. The marketing consulting fee was determined based on arms' length negotiations between the parties and the commission payable by AsiaSat to its third party sales agents.

Payment Terms

CITIC Digital Media and CITIC Digital Media Branch shall pay to AsiaSat the utilisation fee less any applicable tax(es) with respect to the provision of the Transponder Capacity at the end of each even month of each calendar year in lieu of on a quarterly basis under the 2015 Transponder Master Agreement.

AsiaSat shall pay the marketing consulting fee to CITIC Digital Media Branch annually within 30 days after the end of each calendar year.

Any risk associated with foreign exchange fluctuation will be borne by AsiaSat under the Transponder Master Agreement. The utilisation fee receivable from CITIC Digital Media and/or CITIC Digital Media Branch was agreed to be settled in RMB which is different from the presentation currency of the Company which is in HK\$. In the event that the exchange rate for RMB is subject to any fluctuation, the agreed utilisation fee in RMB would not be subject to any amendment due to exchange loss incurred by the receipt of the utilisation fee.

Termination

In the event that the Permit is revoked, cancelled, terminated or modified by the PRC government to the effect to preclude either CITIC Digital Media or CITIC Digital Media Branch from conducting the provision of Transponder Capacity to end-user(s) during the Agreement Term, the Transponder Master Agreement will be terminated.

LETTER FROM THE BOARD

Historical Caps and Proposed Caps

Historical Caps

(a) *Utilisation Fee*

The historical caps for utilisation fees under the 2015 Transponder Master Agreement were as follows:

Period commencing from 18 October 2015 and ending on 31 December 2015	Financial year ending 31 December 2016	Financial year ending 31 December 2017	Period commencing on 1 January 2018 and ending on 17 October 2018
RMB78.0 million (approximately US\$12.0 million) (approximately HK\$93.6 million)	RMB370.5 million (approximately US\$57.0 million) (approximately HK\$444.6 million)	RMB422.5 million (approximately US\$65.0 million) (approximately HK\$507.0 million)	RMB390.0 million (approximately US\$60.0 million) (approximately HK\$468.0 million)

The actual amount of utilisation fees for the period commencing on 1 January 2018 up to the Latest Practicable Date was approximately HK\$240 million.

(b) *Marketing Consulting Fee*

The historical caps for market consulting fees under the 2015 Transponder Master Agreement were as follows:

Period commencing from 18 October 2015 and ending on 31 December 2015	Financial year ending 31 December 2016	Financial year ending 31 December 2017	Period commencing on 1 January 2018 and ending on 17 October 2018
RMB0.40 million (approximately US\$0.062 million) (approximately HK\$0.48 million)	RMB1.50 million (approximately US\$0.231 million) (approximately HK\$1.80 million)	RMB1.60 million (approximately US\$0.246 million) (approximately HK\$1.92 million)	RMB1.60 million (approximately US\$0.246 million) (approximately HK\$1.92 million)

The actual amount of market consulting fees paid under the 2015 Transponder Master Agreement for the period from 18 October 2015 to 31 December 2015, the financial years ended 31 December 2016 and 2017, and the period commencing on 1 January 2018 up to the Latest Practicable Date were HK\$0.29 million, HK\$1.33 million, HK\$1.32 million and HK\$0.84 million respectively.

LETTER FROM THE BOARD

Proposed Caps

There is no commitment from AsiaSat, CITIC Digital Media or CITIC Digital Media Branch on the amount of Transponder Capacity to be ordered or provided under the Transponder Master Agreement. However, the Directors believe that the total utilisation fee receivable from CITIC Digital Media and CITIC Digital Media Branch for the provision of AsiaSat's Transponder Capacity and the total marketing consulting fee payable to CITIC Digital Media Branch for the promotion of AsiaSat's Transponder Capacity and for CITIC Digital Media Branch's marketing consulting services in each of the financial reporting periods under the Agreement Term will not exceed their respective annual caps as set out below:

(a) Utilisation Fee

The aggregate annual utilisation fee receivable by AsiaSat from CITIC Digital Media and CITIC Digital Media Branch in relation to the provision of AsiaSat's Transponder Capacity, i.e. the Proposed Fee Caps, for each of the following financial reporting periods under the Agreement Term are stated as follows:

Period commencing from the Effective Date and ending on 31 December 2018	Financial year ending 31 December 2019	Financial year ending 31 December 2020	Period commencing on 1 January 2021 and ending on 17 October 2021
RMB74.5 million (approximately US\$11.0 million) (approximately HK\$85.8 million)	RMB331.9 million (approximately US\$49.0 million) (approximately HK\$382.3 million)	RMB345.4 million (approximately US\$51.0 million) (approximately HK\$397.9 million)	RMB304.8 million (approximately US\$45.0 million) (approximately HK\$351.1 million)

The determination of the Proposed Fee Caps has taken into consideration (i) the annual revenue generated from the provision of AsiaSat's Transponder Capacity to CITIC Digital Media and CITIC Digital Media Branch in the PRC in the previous three financial years ended 31 December 2017, in the amount of approximately HK\$270.5 million in 2015, approximately HK\$301.0 million in 2016 and approximately HK\$304.9 million in 2017; (ii) the potential growth of the PRC market due to strong demand for video broadcasting and various applications in telecommunications services; and (iii) potential for further growth as AsiaSat 9 became fully operational at 122 degrees East longitude in the fourth quarter of 2017, which has brought additional 12 Ku-band transponders to generate additional utilisation fee.

LETTER FROM THE BOARD

(b) *Marketing Consulting Fee*

The aggregate annual marketing consulting fee payable by AsiaSat to CITIC Digital Media Branch in relation to the promotion of AsiaSat's Transponder Capacity in the PRC and for CITIC Digital Media Branch's marketing consulting services, i.e. the Proposed Marketing Caps, for each of the following financial reporting periods under the Agreement Term are stated as follows:

Period commencing from the Effective Date and ending on 31 December 2018	Financial year ending 31 December 2019	Financial year ending 31 December 2020	Period commencing on 1 January 2021 and ending on 17 October 2021
RMB0.44 million (approximately US\$0.064 million) (approximately HK\$0.50 million)	RMB1.33 million (approximately US\$0.196 million) (approximately HK\$1.53 million)	RMB1.37 million (approximately US\$0.201 million) (approximately HK\$1.58 million)	RMB1.27 million (approximately US\$0.186 million) (approximately HK\$1.47 million)

The determination of the Proposed Marketing Caps has taken into consideration the maximum sales of AsiaSat's Transponder Capacity to CITIC Digital Media Branch under the Proposed Fee Caps.

Condition Precedent and Effective Date

The Transponder Master Agreement will take effect from the Effective Date, i.e. from 18 October 2018, subject to the fulfillment of the Condition Precedent (namely, the approval by the Independent Shareholders of the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps).

In the event that the Independent Shareholders' approval is not obtained at the SGM, AsiaSat will not continue with the Transponder Master Agreement or the transactions contemplated thereunder.

INFORMATION ON CITIC DIGITAL MEDIA, CITIC DIGITAL MEDIA BRANCH AND CITIC GROUP

The Company understands that CITIC Digital Media is a wholly-owned subsidiary of CITIC Group, with the principal business activities of CITIC Digital Media being to provide integrated territorial and international communications network and system services; while CITIC Digital Media Branch is the branch established by CITIC Digital Media for its development and operation of satellite system related business. CITIC Group is a business conglomerate with extensive lines of business, including but not limited to, finance, investments, engineering and contracting, resources, infrastructure, regional and real estate development, manufacturing, information technology, trading

LETTER FROM THE BOARD

and services. As at the Latest Practicable Date, CITIC Group is the controlling shareholder of CITIC Limited and CITIC Limited indirectly controls 50% of the voting rights of Bowenvale, which in turn holds approximately 74.43% of the total issued share capital of the Company.

INFORMATION ON THE GROUP

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

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS

The Group first discussed with the MIIT on the licensing for operating satellite transponder capacity service in the PRC on the promulgation of the Telecommunication Ordinance in the PRC back in 2000. When CITIC Networks obtained the 2008 Permit in 2008, the Group entered into a transponder agreement with CITIC Networks for the facilitation of its business pursuits in respect of leasing and sale of satellite transponder capacity in the PRC through the 2008 Permit obtained by CITIC Networks. The 2008 Permit has since been renewed for CITIC Networks for successive years and the Group has been renewing its transponder master agreements with CITIC Networks alongside each permit renewal to carry out its business pursuits in the PRC. The latest permit, (i.e. the Permit) was granted to CITIC Digital Media on 25 July 2016 with a term from 25 July 2016 to 13 August 2022, allowing it to provide basic telecommunications services, including the provision of communications networks and the leasing and sales of certain satellite transponder capacity to customers in the PRC. A new Transponder Master Agreement, being the renewal of the transponder master agreement alongside the renewal of the permit (i.e. the Permit), has enabled the Group to indirectly provide satellite transponder services to the extensive and established business network of CITIC Digital Media in the PRC. As the 2015 Transponder Master Agreement is due to expire on 17 October 2018, the Company considers it necessary to enter into a new Transponder Master Agreement to continue to facilitate such arrangement with CITIC Digital Media. Save as disclosed in this circular, AsiaSat does not have other customers in the PRC.

LISTING RULES IMPLICATION

CITIC Digital Media Branch is the branch established and run by CITIC Digital Media for the development and operation of its satellite system related business. CITIC Digital Media is a wholly-owned subsidiary of CITIC Group. As at the Latest Practicable Date, CITIC Group is the controlling shareholder of CITIC Limited and CITIC Limited indirectly controls 50% of the voting rights of Bowenvale, which in turn holds approximately 74.43% of the total issued share capital of the Company. Accordingly, CITIC Group, CITIC Digital Media and CITIC Digital Media Branch are connected persons of the Company and the transactions contemplated under the Transponder Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since some of the applicable percentage ratios in respect of the maximum aggregate annual value of the Proposed Transactions calculated with reference to the Proposed Caps exceed 5% and the Proposed Caps exceed HK\$10 million, the Transponder Master Agreement and the transactions

LETTER FROM THE BOARD

contemplated thereunder (including the Proposed Transactions and the Proposed Caps) are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of Listing Rules.

Bowenvale, which owns approximately 74.43% of the total issued share capital of the Company as at the Latest Practicable Date, is interested in the Proposed Transactions contemplated under the Transponder Master Agreement, and is therefore required to abstain from voting at the SGM.

SGM

A notice convening the SGM to be held at 12th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Friday, 5 October 2018 at 10:00 a.m. is set out on pages 35 to 36 of this circular. An ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps.

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution put to the vote at the SGM will be taken by way of poll.

A proxy form for use at the SGM is enclosed with this circular. If you are not able to attend and/or vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

An announcement will be made by the Company following the conclusion of the SGM to inform you of the poll results.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining members' entitlement to attend and vote at SGM, the register of members of the Company will be closed from Tuesday, 2 October 2018 to Friday, 5 October 2018 (both days inclusive), during which no transfer of shares will be effected. In order to be eligible to attend and vote at the SGM, all duly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Friday, 28 September 2018. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) consider the terms of the Transponder Master Agreement and the Proposed Transactions to be on normal commercial terms and in the ordinary and usual course of business of the Company. Such Directors also consider that the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps are fair and reasonable and in the interest and benefit of the Company and the Shareholders as a whole. Accordingly, the Board (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps.

None of the Directors had a material interest in the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps or was required to abstain from voting on the Board resolutions in relation to the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps. However, as a matter of good corporate governance, Mr. Ju Wei Min, Mr. Luo Ning and Dr. Ding Yucheng, being Directors nominated by CITIC Group, the parent company of CITIC Digital Media and CITIC Digital Media Branch, and Mr. Marcel R. Fenez, Mr. Steven R. Leonard, Ms. Philana Wai Yin Poon and Ms. Maura Wong Hung Hung, being members of the Independent Board Committee, had voluntarily abstained from voting on the Board resolutions in relation to the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps.

ADDITIONAL INFORMATION

The Independent Board Committee comprising all the independent non-executive Directors has been formed to consider the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps. Your attention is drawn to its letter of recommendation set out on pages 16 to 17 of this circular.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps. Your attention is drawn to its letter of recommendation set out on pages 18 to 30 of this circular.

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
Asia Satellite Telecommunications Holdings Limited
Gregory M. ZELUCK
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of the letter from the Independent Board Committee to the Independent Shareholders in connection with the Proposed Transactions contemplated under the Transponder Master Agreement which has been prepared for the purpose of inclusion in this circular:

ASIASAT

Asia Satellite Telecommunications Holdings Limited

亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1135)

14 September 2018

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF TRANSPONDER MASTER AGREEMENT

Reference is made to the circular dated 14 September 2018 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as the Independent Board Committee to advise you on the fairness and reasonableness of the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps, details of which are set out in the letter from the Board contained in the Circular.

Red Sun Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders on the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps.

We wish to draw your attention to the letter from the Board on pages 6 to 15 of the Circular, which sets out information in connection with the Proposed Transactions contemplated under the Transponder Master Agreement. We also wish to draw your attention to the letter from Red Sun Capital to the Independent Board Committee and the Independent Shareholders, which contains its advice in respect of the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps, set out on pages 18 to 30 of the Circular.

* *for identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, its opinion and recommendation, we concur with the view of the Independent Financial Adviser and consider the terms of the Transponder Master Agreement and the Proposed Transactions to be on normal commercial terms and in the ordinary and usual course of business of the Company, and take the view that the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps.

Yours faithfully,

For and on behalf of

The Independent Board Committee

Marcel R. FENEZ	Steven R. LEONARD	Philana Wai Yin POON	Maura WONG Hung Hung
<i>Independent</i>	<i>Independent</i>	<i>Independent</i>	<i>Independent</i>
<i>Non-executive Director</i>	<i>Non-executive Director</i>	<i>Non-executive Director</i>	<i>Non-executive Director</i>

LETTER FROM RED SUN CAPITAL

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 the Independent Shareholders for inclusion in this circular.



红日资本有限公司
RED SUN CAPITAL LIMITED

14 September 2018

*To: The Independent Board Committee and
the Independent Shareholders of the Company*

Dear Sirs,

PROPOSED CONTINUING CONNECTED TRANSACTIONS RENEWAL OF TRANSPONDER MASTER AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of whether the entering into of the Transponder Master Agreement described herein by the Company and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps), which constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules, are in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned, 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 14 September 2018 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context of this letter otherwise requires.

On 24 August 2018, the Company announced that AsiaSat entered into a new Transponder Master Agreement with CITIC Digital Media and CITIC Digital Media Branch. Pursuant to the Transponder Master Agreement, AsiaSat will, subject to the fulfillment of the Condition Precedent, continue to provide transponder capacity of its Satellites to CITIC Digital Media and/or CITIC Digital Media Branch in the PRC on an exclusive basis and CITIC Digital Media Branch will continue to promote the provision of AsiaSat’s Transponder Capacity in the PRC during the Agreement Term. The Transponder Master Agreement was entered into between the parties on substantially the same terms as the 2015 Transponder Master Agreement, other than revisions of certain payment terms after arm’s length negotiations.

LETTER FROM RED SUN CAPITAL

CITIC Digital Media Branch is the branch established and run by CITIC Digital Media for the development and operation of its satellite system related business. CITIC Digital Media is a wholly-owned subsidiary of CITIC Group. As at the Latest Practicable Date, CITIC Group is the controlling shareholder of CITIC Limited and CITIC Limited indirectly controls 50% of the voting rights of Bowenvale, which in turn holds approximately 74.43% of the total issued share capital of the Company. Accordingly, CITIC Group, CITIC Digital Media and CITIC Digital Media Branch are connected persons of the Company under the Listing Rules. The transactions contemplated under the Transponder Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since some of the applicable percentage ratios in respect of the maximum aggregate annual value of the Proposed Transactions calculated with reference to the Proposed Caps exceed 5% and the Proposed Caps exceed HK\$10 million, the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) are subject to reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Marcel R. FENEZ, Mr. Steven R. LEONARD, Ms. Philana Wai Yin POON and Ms. Maura WONG Hung Hung, has been formed to consider the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps and to advise the Independent Shareholders on the fairness and reasonableness of the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps. All members of the Independent Board Committee have confirmed to the Company that they are independent with respect to the Proposed Transactions and the Proposed Caps and are thus suitable to give advice and recommendation to the Independent Shareholders.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion on the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

BASIS OF OUR OPINION AND RECOMMENDATION

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 information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and 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.

LETTER FROM RED SUN CAPITAL

The Directors jointly and severally accept full responsibility for the accuracy of the information 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 on which 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 fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent investigation into the business and affairs of the Group, CITIC Group and the respective associates. 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.

Pursuant to the Listing Rules, we have taken reasonable steps to satisfy ourselves which include the following:

- (a) obtained all the information and documents relevant to an assessment of the fairness and reasonableness of the terms of the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps), including but not limited to, the Letter from the Board, the Transponder Master Agreement, the 2015 Transponder Master Agreement, the announcement of the Company dated 24 August 2018, the annual report of the Company for the year ended 31 December 2017 and the interim results announcement of the Company for the six months ended 30 June 2018;
- (b) reviewed the reasons and background as well as the terms of the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps);
- (c) reviewed the fairness and reasonableness of the assumptions and projections relevant to the Proposed Caps; and
- (d) confirmed that no third party expert opinion is relevant to the Transponder Master Agreement.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Transponder Master Agreement and the transactions contemplated thereunder, together with the Proposed 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.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interests in, the Company or any other parties that could reasonably be regarded as relevant to our independence. Save for our appointment as Independent Financial Adviser, we did not act as an independent financial adviser to the Group in the past two years.

Apart from normal professional fees payable to us in connection with this appointment 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 to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of whether the terms of the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) are fair and reasonable, within the ordinary course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, we have considered the principal factors and reasons set out below:

1. Background of and reasons for entering into the Transponder Master Agreement

On 24 August 2018, the Company announced that AsiaSat entered into a new Transponder Master Agreement with CITIC Digital Media and CITIC Digital Media Branch. Pursuant to the Transponder Master Agreement, AsiaSat will, subject to the fulfillment of the Condition Precedent, continue to provide transponder capacity of its Satellites to CITIC Digital Media and/or CITIC Digital Media Branch in the PRC on an exclusive basis and CITIC Digital Media Branch will continue to promote the provision of AsiaSat's Transponder Capacity in the PRC during the Agreement Term. The Transponder Master Agreement was entered into between the parties on substantially the same terms as the 2015 Transponder Master Agreement, other than revisions of certain payment terms after arm's length negotiations.

1.1 *Principal business and the financial information of the Group*

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

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Set out below is a summary of the Group's operating results extracted from the latest published annual report of the Company for the year ended 31 December 2017 (the "2017 Annual Report")

	Financial year ended	
	31 December	
	2017	2016
	HK\$'000	HK\$'000
	(audited)	(audited)
Revenue	1,353,913	1,272,385
Income from provision of satellite transponder capacity	1,308,549	1,216,783
Sales of satellite transponder capacity	13,224	13,363
Other revenue	32,140	42,239

Based on the 2017 Annual Report, revenue for the year ended 31 December 2016 and 2017 was approximately HK\$1.3 billion and HK\$1.4 billion, respectively. We understand from the Management and the transactions contemplated under the Transponder Master Agreement are mainly related to services between the Group and CITIC Digital Media and CITIC Digital Media Branch for the provision of satellite transponder capacity. As set out in the table above, we noted that the revenue generated from provision of satellite transponder capacity accounted for approximately 95.6% and 96.6% of the Group's total revenue for the two years ended 31 December 2016 and 2017, respectively.

1.2 CITIC Digital Media, CITIC Digital Media Branch and CITIC Group

As at the Latest Practicable Date, CITIC Digital Media is a wholly-owned subsidiary of CITIC Group, the principal business activities of which are the provision of integrated territorial and international communications network and system services; while CITIC Digital Media Branch is the branch established by CITIC Digital Media for its development and operation of satellite system related business. CITIC Group is a business conglomerate with extensive lines of business, including but not limited to, finance, investments, engineering and contracting, resources, infrastructure, regional and real estate development, manufacturing, information technology, trading and services.

1.3 Reasons for entering into the Transponder Master Agreement

The Group first discussed with the MIIT on the licensing for operating satellite transponder capacity service in the PRC on the promulgation of the Telecommunication Ordinance in the PRC back in 2000. When CITIC Networks obtained the 2008 Permit in 2008, the Group entered into a transponder agreement with CITIC Networks for the facilitation of its business pursuits in respect of leasing and sale of satellite transponder capacity in the PRC through the 2008 Permit obtained by CITIC Networks. The 2008

LETTER FROM RED SUN CAPITAL

Permit has since been renewed for CITIC Networks for successive years and the Group has been renewing its transponder master agreements with CITIC Networks alongside each permit renewal to carry out its business pursuits in the PRC. The latest permit, (i.e. the Permit) was granted to CITIC Digital Media on 25 July 2016 with a term from 25 July 2016 to 13 August 2022, allowing it to provide basic telecommunications services, including the provision of communications networks and the leasing and sales of certain satellite transponder capacity to customers in the PRC. A new Transponder Master Agreement, being the renewal of the transponder master agreement alongside the renewal of the permit (i.e. the Permit), has enabled the Group to indirectly provide satellite transponder services to the extensive and established business network of CITIC Digital Media in the PRC. As the 2015 Transponder Master Agreement is due to expire on 17 October 2018, the Company considers it necessary to enter into a new Transponder Master Agreement to continue to facilitate such arrangement with CITIC Digital Media. Save as disclosed in this circular, AsiaSat does not have other customers in the PRC.

Having considered that (i) the Group is principally engaged in the provision of satellite transponder capacity and satellite services to the broadcasting and telecommunications markets; and (ii) the entering into the Transponder Master Agreement will enable the Group to continue to indirectly provide satellite transponder services to the extensive and established business network of CITIC Digital Media and CITIC Digital Media Branch in the PRC, we are of the view that entering into the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions) are within the ordinary and usual course of business of the Company.

2. Commercial terms of the Transponder Master Agreement

2.1. Major terms of the Transponder Master Agreement

Date

24 August 2018

Agreement Term

For the period of three years starting from the Effective Date, i.e. 18 October 2018, subject to the fulfillment of the Condition Precedent.

Parties

- (1) AsiaSat, an indirect wholly-owned subsidiary of the Company;
- (2) CITIC Digital Media, a wholly-owned subsidiary of CITIC Group and a connected person of the Company; and

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- (3) CITIC Digital Media Branch, a branch established by CITIC Digital Media, a wholly-owned subsidiary of CITIC Group and a connected person of the Company.

2.2. Transaction details and pricing basis

CITIC Digital Media and CITIC Digital Media Branch have granted to AsiaSat a right to provide the Transponder Capacity for use by their customers in the PRC on an exclusive basis under the Transponder Master Agreement. Accordingly, AsiaSat would not provide Transponder Capacity to other Basic Telecom Business Operating Permit holders in the PRC, so as to maintain the strong and long-standing business relationship between AsiaSat and CITIC Digital Media and CITIC Digital Media Branch. During the Agreement Term, CITIC Digital Media or CITIC Digital Media Branch will conduct their due diligence to ascertain the independence of the end-user customers before placing orders for the Transponder Capacity from AsiaSat on their requests. Upon the confirmation of the availability of the Transponder Capacity and the acceptance of any such order, AsiaSat will provide the relevant Transponder Capacity to CITIC Digital Media and/or CITIC Digital Media Branch for use by their customers for such utilisation period as ordered, at a utilisation fee in RMB to be agreed with CITIC Digital Media and CITIC Digital Media Branch based on the market comparable rate or at a rate similar to those AsiaSat would have offered to independent third party customers in the PRC with a discount of no more than 5%, to be determined with reference to the projected sales for the relevant year and any discount that AsiaSat would have offered to other bulk customer(s) in the PRC for its transponder capacity. The discount is determined in the relevant year of its sales, normally once in a year, and the discount will not be subject to further negotiation once agreed. Having discussed with the Management, we understand that (i) without the Basic Telecom Business Operating Permit, AsiaSat by itself is unable to provide Transponder Capacity to end-user customers in the PRC, therefore, when determining the utilisation fee, no reference could be made from the similar rate AsiaSat would have offered to independent third party customers in the PRC and accordingly, the utilisation fee is determined with reference to the market comparable rate based a number of factors considered by the sales and marketing team of AsiaSat as set out in the “Letter from the Board”; and (ii) CITIC Digital Media and CITIC Digital Media Branch will conduct their due diligence to ascertain the independence of the end-user customers in PRC. Also, the price of provision of Transponder Capacity was determined with reference of (i) historical price offered to end-user customers; (ii) costs of provision of Transponder Capacity; and (iii) internal profit margin, and there were no difficulties in determining the price of provision of Transponder Capacity in similar transactions during the term of the 2015 Transponder Master Agreement.

During the Agreement Term, CITIC Digital Media Branch will promote the provision of AsiaSat’s Transponder Capacity in the PRC and provide marketing consulting services to AsiaSat at a marketing consulting fee, being a fixed fee of RMB1 million plus a variable fee of 0.25% over any recognised sales by CITIC Digital

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Media Branch of AsiaSat's Transponder Capacity in excess of RMB200 million per year. The marketing consulting fee was determined based on arms' length negotiations between the parties and the commission payable by AsiaSat to its third party sales agents.

We have reviewed the analysis of the direct and indirect costs provided by the Company in relation to the provision of the Transponder Capacity for the period from January 2015 to June 2018, and noted that net profit has been generated between 2015 and the first half of 2018 and is expected to be generated in the coming years from the Proposed Transactions. We are of the view that the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) will enable the Company to capture both revenue and net profit in the coming years which is in the interest of the Company and the Shareholders as a whole.

We have obtained and reviewed (i) the extract of a market survey published by a global consulting firm subscribed by the Company in relation to the pricing of the provision of satellite service in the PRC; (ii) the historical pricing data of the Company from 2015 to June 2018. We are satisfied that the analysis has provided a reasonable basis for the utilisation fee offered by AsiaSat to CITIC Digital Media and CITIC Digital Media Branch in relation to the Proposed Transactions. We had also reviewed agreements of CITIC Digital Media Branch with Independent Third Parties and the corresponding order forms CITIC Digital Media Branch placed to the Company by sampling basis and we are of the view that it is fair and reasonable for AsiaSat to provide the relevant Transponder Capacity to CITIC Digital Media and CITIC Digital Media Branch, at a utilisation fee in RMB to be agreed between CITIC Digital Media, CITIC Digital Media Branch and AsiaSat based on the market comparable rate or at a rate similar to those AsiaSat would have offered to independent third party customers in the PRC with a discount of no more than 5% to be determined with reference to the projected sales for the relevant year and the discount that AsiaSat would have offered to other bulk purchaser(s) of its Transponder Capacity in the PRC. We have discussed with the Management and understand that, the discount is determined in the relevant year of its sales, normally once in a year, and the discount will not be subject to further negotiation once agreed.

Having considered (i) the principal activities of the Company; (ii) cost analysis of provision of Transponder Capacity; and (iii) utilisation fee determined closely at market comparable rate, the Directors are of the view and we concur that the terms of the Transponder Master Agreement are on normal commercial terms and are fair and reasonable to the Company.

Please refer to our analysis under the section headed "Marketing Consulting Fee" in relation the fairness of the abovementioned marketing consulting fee.

2.3 Payment Terms

CITIC Digital Media and CITIC Digital Media Branch shall pay to AsiaSat the utilisation fee less any applicable tax(es) with respect to provision of the Transponder Capacity at the end of each even month of each calendar year in lieu of on a quarterly basis under the 2015 Transponder Master Agreement.

AsiaSat shall pay the marketing consulting fee to CITIC Digital Media Branch annually within 30 days after the end of each calendar year.

Any risk associated with foreign exchange fluctuations will be borne by AsiaSat under the Transponder Master Agreement. We have discussed with the Management and understand that the utilisation fee receivable from CITIC Digital Media and/or CITIC Digital Media Branch was agreed to be settled in RMB which is different from the presentation currency of the Company being HK\$. In the event that the exchange rate for RMB is subject to any fluctuation, the agreed utilisation fee in RMB would not be subject to any amendment due to exchange loss incurred by the receipt of the utilisation fee.

We are of the view that the risk associated with foreign exchange fluctuation to be borne by AsiaSat under the Transponder Master Agreement is fair as AsiaSat is the only party involved in foreign exchange in the provision of the satellite transponder services to the business network of CITIC Digital Media and CITIC Digital Media Branch's customers in the PRC under the Transponder Master Agreement.

2.4 Termination

In the event that the Permit is revoked, cancelled, terminated or modified by the PRC government to the effect to preclude either CITIC Digital Media or CITIC Digital Media Branch from conducting the provision of Transponder Capacity to end-user(s) during the Agreement Term, the Transponder Master Agreement will be terminated.

We are of the view that it is fair and reasonable to terminate the Transponder Master Agreement as a result of the event, such as if the Permit is revoked, cancelled, terminated or modified by the PRC government, which is beyond the control of the parties to the Transponder Master Agreement and precluding the parties to perform their obligations under the Transponder Master Agreement.

2.5 Proposed Caps

There is no commitment from AsiaSat, CITIC Digital Media or CITIC Digital Media Branch on the amount of Transponder Capacity to be ordered or provided under the Transponder Master Agreement. However, the Directors believe that the total utilisation fee receivable from CITIC Digital Media and CITIC Digital Media Branch for the provision of AsiaSat's Transponder Capacity and the total marketing consulting fee

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payable to CITIC Digital Media Branch for the promotion of AsiaSat's Transponder Capacity and for CITIC Digital Media Branch's marketing consulting services in each of the financial reporting periods under the Agreement Term will not exceed their respective annual caps as set out below:

(a) Utilisation Fee

The aggregate annual utilisation fee receivable by AsiaSat from CITIC Digital Media and CITIC Digital Media Branch in relation to the provision of AsiaSat's Transponder Capacity, i.e. the Proposed Fee Caps, for each of the following financial reporting periods under the Agreement Term are stated as follows:

Period commencing from the Effective Date and ending on 31 December 2018	Financial year ending 31 December 2019	Financial year ending 31 December 2020	Period commencing on 1 January 2021 and ending on 17 October 2021
RMB74.5 million (approximately US\$11.0 million) (approximately HK\$85.8 million)	RMB331.9 million (approximately US\$49.0 million) (approximately HK\$382.3 million)	RMB345.4 million (approximately US\$51.0 million) (approximately HK\$397.9 million)	RMB304.8 million (approximately US\$45.0 million) (approximately HK\$351.1 million)

The determination of the Proposed Fee Caps has taken into consideration (i) the annual revenue generated from the provision of AsiaSat's Transponder Capacity to CITICSat and CITIC Digital Media Branch in the PRC in the previous three financial years ended 31 December 2017, in the amount of approximately HK\$270.5 million in 2015, approximately HK\$301.0 million in 2016 and approximately HK\$304.9 million in 2017; (ii) the potential growth of the PRC market due to strong demand for video broadcasting and various applications in telecommunications services and the forecasted PRC real gross domestic productivity growth from 2019 to 2021 ranging from approximately 6.0% to 6.4% according to International Monetary Fund Country Report No.18/240; and (iii) potential for further growth as AsiaSat 9 became fully operational at 122 degrees East longitude in the fourth quarter of 2017 which has brought additional 12 Ku-band transponders to generate additional utilisation fee.

We have reviewed the Proposed Fee Caps along with the Company's internal forecast based on the aggregate amount of existing orders, forecast renewals and orders under negotiation and noted the rationale and key assumptions adopted by the Company in preparing the forecast, including but not limited to: (i) CITIC Digital Media and CITIC Digital Media Branch continuing to use the Transponder Capacity of the Satellites; (ii) the outlook of the PRC market for video broadcasting

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and various applications in telecommunications services with forecasted PRC real gross domestic productivity growth at approximately 6.0% to 6.4% growth from 2019 to 2021 according to International Monetary Fund Country Report No.18/240; (iii) the exclusive basis of CITIC Digital Media and CITIC Digital Media Branch's leasing of transponder capacity from AsiaSat in the PRC; and (iv) a period of modest growth with the proper execution of sales strategies attributable to the addition of the powerful AsiaSat 9 with additional 12 Ku-band transponders to provide more Transponder Capacity. Having considered abovementioned key assumptions and the annual sales records in 2015, 2016 and 2017 in relation to the Transactions, we are of the view that the Proposed Fee Caps are adequate as well as fair and reasonable to Company and the Independent Shareholders.

(b) Marketing Consulting Fee

The aggregate annual marketing consulting fee payable by AsiaSat to CITIC Digital Media Branch in relation to the promotion of AsiaSat's Transponder Capacity in the PRC and for CITIC Digital Media Branch's marketing consulting services, i.e. the Proposed Marketing Caps, for each of the following financial reporting periods under the Agreement Term are stated as follows:

Period commencing from the Effective Date and ending on 31 December 2018	Financial year ending 31 December 2019	Financial year ending 31 December 2020	Period commencing on 1 January 2021 and ending on 17 October 2021
RMB0.44 million (approximately US\$0.064 million) (approximately (HK\$0.50 million)	RMB1.33 million (approximately US\$0.196 million) (approximately HK\$1.53 million)	RMB1.37 million (approximately US\$0.201 million) (approximately HK\$1.58 million)	RMB1.27 million (approximately US\$0.186 million) (approximately HK\$1.47 million)

The determination of the Proposed Marketing Caps has taken into consideration the maximum sales of AsiaSat's Transponder Capacity to CITIC Digital Media Branch under the Proposed Fee Caps.

We have reviewed the Proposed Marketing Caps along with the Company's internal forecast and noted the rationale and key assumptions adopted by the Company in preparing the forecast, including but not limited to: (i) CITIC Digital Media and CITIC Digital Media Branch will obtain the necessary business licences in the PRC for leasing AsiaSat's Satellite Transponder Capacity to end users in the PRC; (ii) the previous expenses of the same nature under the 2015 Transponder Master Agreement in 2015, 2016 and 2017; and (iii) the competitive market situation in the PRC with the recent launch of new satellites by other PRC service

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providers. We are of the view that the forecast based on the previous expenses and the key assumptions is relevant and the Proposed Marketing Caps are adequate as well as fair and reasonable to Company and the Independent Shareholders.

Condition Precedent and Effective Date

The Transponder Master Agreement will take effect from the Effective Date, i.e. from 18 October 2018, subject to the fulfillment of the Condition Precedent (namely, the approval by the Independent Shareholders of the terms of the Transponder Master Agreement, the Proposed Transactions and the Proposed Caps).

In the event that the Independent Shareholder's approval is not obtained at the SGM, AsiaSat will not continue with the Transponder Master Agreement or the transactions contemplated thereunder.

CONCLUSION

Based on the totality of all of the factors mentioned above and having considered in particular that:

- (a) the entering into by AsiaSat of the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) will enable the Group to capture the potential growth of both revenue and net profit which is in the interest of the Company and the Shareholders as a whole;
- (b) the entering into by AsiaSat of the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) are within the ordinary and usual course of business of the Company and are on normal commercial terms;
- (c) the utilisation fees offered by AsiaSat to CITIC Digital Media and CITIC Digital Media Branch in relation to the Transponder Capacity are on terms no less favourable to AsiaSat than those offered to independent third parties for the services covering the PRC, which are fair and reasonable so far as the Independent Shareholders are concerned;
- (d) the Proposed Caps, based on the historical revenue, the expected increase in demand from CITIC Digital Media and CITIC Digital Media Branch's existing customers in the PRC and new demand from new target customers, are adequate as well as fair and reasonable to the Company and the Independent Shareholders; and
- (e) all the terms of the Transponder Master Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

We are of the view that the Transponder Master Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

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RECOMMENDATION

Having taken into consideration the factors and reasons stated above, we are of the view that entering into the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) are within the ordinary course of business of the Company, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Transponder Master Agreement and the transactions contemplated thereunder (including the Proposed Transactions and the Proposed Caps) at the SGM.

Yours faithfully,

For and on behalf of

Red Sun Capital Limited

Robert Siu

Angel Ip

Managing Director

Director

Note: Mr. Robert Siu 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 over 20 years of experience in corporate finance industry.

Ms. Angel Ip is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 7 years of experience in 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 Company. The Directors, having made all reasonable enquires, 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 herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions 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) 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 they were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers or which were required to be entered in the register required to be kept under section 352 of the SFO.

Long positions in shares of the Company

Name of Director	Personal interests	Family interests	Other interests	Total	Approximate
					percentage of the total issued share capital
Roger Shun-hong TONG	216,696	59,500	526,714 [^]	802,910	0.21% [#]

[^] This amount represented the shares awarded under the Company's Share Award Schemes adopted on 22 August 2007 and 20 December 2017 respectively which was not vested as at the Last Practicable Date.

[#] The percentage is based on the total number of ordinary shares of the Company in issue as at the Latest Practicable Date (i.e. 391,195,500 ordinary shares).

As at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to, any member of the Group, or were proposed to be acquired or disposed of by or leased to, any member of the Group; and (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

Saved as disclosed below, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had 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.

Name of Director	Names of companies which had such discloseable interest or short position	Position within such companies
Gregory M. ZELUCK	Bowenvale Carlyle	Director Managing Director
JU Wei Man	Bowenvale Able Star Associates Limited	Director Director
LUO Ning	Bowenvale CITIC Corporation Limited CITIC Group	Director Assistant President Assistant President
DING Yucheng	Bowenvale	Director
Herman CHANG Hsiuguo	Bowenvale Carlyle	Director Managing Director
FAN Jui-Ying	Bowenvale	Director
CHONG Chi Yeung	Able Star Associates Limited	Director

3. SERVICE CONTRACTS

Dr. Roger Shun-hong Tong, an Executive Director and the Chief Executive Officer of the Company had a service contract which can be terminated by either party by giving the other six months' notice in writing.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group.

5. EXPERT AND CONSENT

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

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

Red Sun Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

6. EXPERT'S INTEREST IN ASSETS

As at the Latest Practicable Date, Red Sun Capital:

- (a) did not have any shareholding, directly or indirectly, in any member of the Group or any 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 since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (c) the letter from Red Sun Capital is given as of the date of this circular for incorporation herein.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Company were made up.

8. GENERAL

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at 12th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong during normal business hours on any day other than a Saturday, Sunday and a public holiday from the date of this circular up to and including the date of the SGM:

- (a) the service contract referred to in the paragraph headed “Service Contract” in this Appendix;
- (b) the Transponder Master Agreement;
- (c) the 2015 Transponder Master Agreement; and
- (d) the Novation Agreement.

ASIASAT

Asia Satellite Telecommunications Holdings Limited

亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1135)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (“SGM”) of Asia Satellite Telecommunications Holdings Limited (the “Company”) will be held at 12th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Friday, 5 October 2018 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (A) the Transponder Master Agreement (as defined in the circular of the Company dated 14 September 2018 (the “Circular”) of which this notice forms part) (a copy of which is tabled at the meeting and initialled by the chairman of the meeting for identification purpose) and the Proposed Transactions (as defined in the Circular of which this notice forms part) contemplated thereunder and the implementation thereof be and are hereby approved;
- (B) the Proposed Caps (as defined and detailed in the Circular of which this notice forms part) for each of the four financial reporting periods under the Agreement Term (as defined in the Circular of which this notice forms part) be and are hereby approved; and
- (C) any one director of the Company, or any two directors of the Company if affixation of the common seal is necessary, be and is/are hereby authorised to execute and deliver the Transponder Master Agreement (as defined in the Circular of which this notice forms part) for and on behalf of the Company or its subsidiaries, and to execute and deliver all such other documents, instruments or agreements and to do all such acts or things which he/she/they may in his/her/their discretion consider necessary or incidental in connection with the matters contemplated under the Transponder Master Agreement (as defined in the Circular of which this notice forms part).”

By Order of the Board
Asia Satellite Telecommunications Holdings Limited
Gregory M. ZELUCK
Chairman

Hong Kong, 14 September 2018

* for identification purpose only

NOTICE OF SGM

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal office in Hong Kong

12th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for the SGM is enclosed and such form is also published on the website of the Stock Exchange (www.hkexnews.hk).
3. To be valid, a form of proxy must be delivered to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the meeting or adjourned meeting. If a proxy form is signed under a power of attorney, the power of attorney or other authority relied on to sign (or a copy which has been certified by a notary or an office copy) must be delivered to the Company's branch share registrar with the proxy form, except that a power of attorney which has already been registered with the Company need not be so delivered. Proxy forms sent electronically or by any other data transmission process will not be accepted. **Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof should he so wish, and in such event, the form of proxy shall be deemed to be revoked.**
4. For the purpose of ascertaining members' entitlement to attend and vote at SGM, the register of members of the Company will be closed from Tuesday, 2 October 2018 to Friday, 5 October 2018 (both days inclusive), during which no transfer of shares will be effected. In order to be eligible to attend and vote at the SGM, all duly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on Friday, 28 September 2018. The address of Computershare Hong Kong Investor Services Limited is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
5. The ordinary resolution as set out above will be determined by way of a poll pursuant to the Listing Rules.