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**亞太衛星控股有限公司\***

**APT SATELLITE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1045)

## **2021 ANNUAL RESULTS ANNOUNCEMENT**

### **CHAIRMAN'S STATEMENT**

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021.

### **RESULTS**

#### **Revenue**

In 2021, the Group's revenue amounted to HK\$927,807,000 (2020: HK\$889,231,000), representing an increase of 4.3% amounting to HK\$38,576,000 as compared to 2020.

#### **Profit before taxation**

In 2021, the Group's profit before taxation amounted to HK\$318,910,000 (2020: HK\$281,447,000), representing an increase of 13.3% amounting to HK\$37,463,000 as compared to 2020.

#### **Profit attributable to equity shareholders**

In 2021, the Group's profit attributable to equity shareholders amounted to HK\$263,382,000 (2020: HK\$231,462,000), representing an increase of 13.8% amounting to HK\$31,920,000 as compared to 2020. Basic earnings per share and diluted earnings per share were HK28.36 cents (2020: HK24.88 cents).

\* For identification purpose only

## **DIVIDENDS**

During the year, the Company has declared and paid an interim dividend in cash of HK4.00 cents per ordinary share. The Board has resolved to declare a final dividend in cash of HK20.50 cents per ordinary share for the financial year ended 31 December 2021 (2020: HK19.00 cents per ordinary share).

The final dividend is conditional upon the passing of the relevant resolution at the forthcoming annual general meeting (the “Annual General Meeting”) which will be held on Tuesday, 24 May 2022. The final dividend will be paid on or about Friday, 17 June 2022 to shareholders whose names appear on the register of members at the close of business on Wednesday, 8 June 2022.

## **BUSINESS REVIEW**

### **In-Orbit Satellites**

During the year the Group’s in-orbit satellites namely, APSTAR-5C, APSTAR-6C, APSTAR-7, APSTAR-9, APSTAR-6D (operated by APT Mobile SatCom Limited (“APT Mobile”), an associate of the Group) and their corresponding ground TT&C (telemetry, tracking and command) systems and earth station have been operating under good condition and continued to provide reliable and high quality services to the Group’s customers.

The Group’s in-orbit satellites integrated to form the super wide and strong satellite service capability provided to Asia, Oceania, Middle East, Africa, Europe, and the Pacific region, covering more than 75% of the world’s population.

#### *APSTAR-5C Satellite*

APSTAR-5C, positioned at 138 degree East Longitude in geostationary orbit, is equipped with 63 transponders (include C, Ku and Ka band), with footprints covering the whole Asia Pacific region. It carries high throughput satellite (“HTS”) capacities covering the Southeast Asia region, and provides high quality broadband telecommunication services for that region. APSTAR-5C was jointly built by the Group and Telesat Canada. The Group holds approximately 57% interest in the satellite.

#### *APSTAR-6C Satellite*

APSTAR-6C, positioned at 134 degree East Longitude in geostationary orbit, is equipped with 45 transponders (include C, Ku and Ka band), with footprints covering the whole Asia Pacific region.

#### *APSTAR-7 Satellite*

APSTAR-7, positioned at 76.5 degree East Longitude in geostationary orbit, is equipped with 56 transponders (include C and Ku band) with footprints covering the Asia Pacific region, Middle East, Africa and partial area in Europe.

### *APSTAR-9 Satellite*

APSTAR-9, positioned at 142 degree East Longitude in geostationary orbit, is equipped with 46 transponders (include C and Ku band) with footprints covering the whole Asia Pacific region.

### *APSTAR-6D Satellite*

APSTAR-6D (operated by APT Mobile), positioned at 134 degree East Longitude in geostationary orbit. APSTAR-6D Satellite is the first HTS satellite optimized for satellite broadband mobility services in the region, the satellite is equipped with high throughput multiple spot beams and other unique and advanced features to meet the market demand in China and the whole Asia Pacific region.

## **New Satellite Project**

### *APSTAR-6E Satellite*

The Group has been entered into an agreement with other investors to establish an entity for developing the APSTAR-6E Satellite in 2020. An entity, APSTAR Alliance Satcom Limited (“APSTAR Alliance”) was established in Hong Kong in 2021 as an associate of the Group. All obligations and rights of the Group under the APSTAR-6E Satellite Contract (the “Satellite Contract”), which entered into by the Group with the authorization of other investors has been assigned and transferred to APSTAR Alliance. APSTAR-6E satellite is based on DFH-3E platform and equipped with high throughput payload, which is expected to be suitable for broadband communication with good cost effectiveness. The development of APSTAR-6E is in line with the schedule and the satellite is expected to be put into service in the year of 2023.

## **Ground Facilities**

In line with its HTS satellite development strategy, the Group completed the construction or acquired full service capacity of multiple gateway station in Hong Kong, Australia, Indonesia and Malaysia providing gateway services to the customers. As gateway station is a key facility connecting HTS satellites and terrestrial networks, it carries out the transmission and processing of customer traffic in HTS system, support the in orbit APSTAR HTS satellites and reserves the ability to expand and support other satellite systems. The gateway station facilities will greatly enhance the Group’ service capabilities in both satellite and terrestrial network in the Asia Pacific region and will conducive to maintaining the Group’s competitive advantages in satellite qualities and overall services capabilities.

The Group has started the construction of a satellite earth station at Chung Hom Kok in Hong Kong (“CHK Station”), the ground facilities in CHK Station will further enhance the Group’s ground facility service capabilities. Furthermore, it can also be used as a backup of the Group’s TT&C station in Tai Po, and eliminate the risk of 5G signal interference in Tai Po in the future.

## **TRANSPONDER LEASE SERVICES**

In 2021 satellite transponder market conditions in the global and Asia Pacific region continued to be on the downturn. The demand growth for satellite broadcasting and satellite telecommunication business had been sluggish while the situation of oversupply has not been improved and satellite transponder bandwidth lease price still in a relatively significant decline trend. Changes in the market environment, in particular, the impact of COVID-19 pandemic for the global economy resulted in some satellite communication projects being postponed, delayed and cancelled, which had a greater impact on the transponder leasing business.

To cope with the difficult market conditions, the Group strives to overcome the difficulties brought about by the COVID-19 and has been actively exploring new markets and businesses, and continued to enrich its service contents and varieties and intensified its market development efforts while providing high quality services to the customers. It has made remarkable progress in the Mainland China market and the Southeast Asia market, and fulfilled the positive growth in business volume.

## **SATELLITE TV BROADCASTING SERVICES, SATELLITE-BASED TELECOMMUNICATION SERVICES, DATA CENTRE SERVICES AND GATEWAY STATIONS SERVICES**

With the Non-domestic Television Programme Service Licence, the Unified Carrier Licence, the satellite earth station facilities, data centre facilities and gateway stations facilities, the Group will continue to expand the scope of services and provide customers with services such as satellite TV broadcasting and transmission services, satellite telecommunication services, data centre services and gateway stations services.

## **BUSINESS PROSPECTS**

In 2022, the situations of oversupply and keen competition in the global and Asia Pacific region satellite transponder market will not be changed. The COVID-19 pandemic will continue to have a great impact on the market. The Group will face greater market expansion pressure for its transponder lease business. While expanding its traditional satellite capacity leasing business on APSTAR-5C, APSTAR-6C, APSTAR-7 and APSTAR-9 with great efforts, the Group will further expand its market and business on a larger scale, including the variety of businesses such as on-stop broadcasting services, satellite project management services, spectrum resources and satellite TT&C services as well as gateway operation services, etc. Meanwhile, the Group will continue to fully leverage its strengths of healthy financial position and sufficient capital and on the basis of completing the APSTAR-6E satellite project and the construction of satellite ground facilities in CHK Station to actively explore and increase investment in new satellite projects and emerging business areas, further enhance its competitiveness and service capabilities, expand its business areas and business scope, so as to maintain its stable and sustainable business development.

## FINANCIAL REVIEW

As at 31 December 2021, the Group's financial position remains sound. The table below sets out the financial performance for the years ended 31 December 2021 and 31 December 2020:

### Financial Highlights

	<b>2021</b>	2020	
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	Changes
Revenue	<b>927,807</b>	889,231	+4.3%
Gross profit	<b>446,396</b>	393,819	+13.4%
Profit before taxation	<b>318,910</b>	281,447	+13.3%
Profit attributable to equity shareholders	<b>263,382</b>	231,462	+13.8%
Basic earnings per share ( <i>HK cents</i> )	<b>28.36</b>	24.88	+14.0%
EBITDA ( <i>Note 1</i> )	<b>733,826</b>	676,106	+8.5%
EBITDA Margin (%)	<b>79.1%</b>	76.0%	+3.1 percentage points

	<b>At 31 December</b>		
	<b>2021</b>	2020	
	<b>HK\$'000</b>	HK\$'000	Changes
Total cash and bank balance	<b>1,363,964</b>	1,291,345	+5.6%
Total assets	<b>7,295,364</b>	7,195,891	+1.4%
Total liabilities	<b>1,161,255</b>	1,255,384	-7.5%
Net assets per share (HK\$)	<b>6.61</b>	6.40	+3.3%
Gearing ratio (%) (Note 2)	<b>15.9%</b>	17.4%	-1.5 percentage point
Liquidity ratio	<b>6.65 times</b>	5.16 times	+1.49 times

*Note 1:* EBITDA is defined as profit from operations before other net income, valuation loss on investment properties, gain on disposal of property, plant and equipment, depreciation and amortisation', finance costs, share of loss of associates and fair value changes on financial assets.

*Note 2:* Gearing ratio is calculated as total liabilities divided by total assets.

## Revenue

	<b>2021</b>	2020	
	<b>HK\$'000</b>	HK\$'000	Changes
Income from provision of satellite transponder capacity	<b>847,388</b>	842,050	+0.6%
Income from provision of satellite- based broadcasting and telecommunications services	<b>4,684</b>	8,277	-43.4%
Other satellite-related service income	<b>75,735</b>	38,904	+94.7%
Total	<b>927,807</b>	889,231	+4.3%

For the year ended 31 December 2021, the Group's revenue amounted to HK\$927,807,000 (2020: HK\$889,231,000), representing 4.3% increase as compared with 2020. The increase was mainly attributable to: i) business transfer from certain customers in a region to the Group due to the satellite failure; and (ii) the increase in demand for satellite-related equipment, management and operation services after the official operation of the satellite of the Group's associate in 2021. The profit attributable to shareholders increased by 13.8% to HK\$263,382,000.

## Other net income

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	Changes
Interest income on bank deposits and other interest income	<b>19,043</b>	19,196	-0.8%
Foreign currencies exchange gain	<b>17,681</b>	19,677	-10.1%
Government grants	-	5,762	-100.0%
Rental income in respect of properties less direct outgoing expenses	<b>1,433</b>	1,339	+7.0%
Insurance and other compensations	<b>3,870</b>	14,304	-72.9%
Dividend income	-	78	-100.0%
Gain on disposal of property, plant and equipment	<b>21</b>	-	+100.0%
Other income	<b>1,909</b>	2,714	-29.7%
Total	<b>43,957</b>	63,070	-30.3%

Total other net income for the year ended 31 December 2021 decreased to HK\$43,957,000. The decrease was mainly because the decrease in insurance and other compensations income and no wage subsidies received from government (2020: HK\$5,762,000) under the Employment Support Scheme during the year.

## Finance costs

Finance costs of HK\$6,189,000 were recognised for the year ended 31 December 2021 (2020: HK\$6,797,000). The decrease was mainly attributable to decrease in interest on lease liabilities.

## Fair value changes on financial assets measured at fair value through profit or loss

Based on the market price as at 31 December 2021, the balance of 141,651,429 ordinary shares of CNC Holdings Limited was remeasured at a fair value of HK\$1,983,000, with fair value loss of HK\$425,000 recognised in profit or loss. The details of financial assets measured at fair value through profit or loss of the Group are set out in note 13 of this announcement.

## **Income tax**

Income tax expenses for the year ended 31 December 2021 increased to HK\$55,528,000, as compared to HK\$49,985,000 in 2020. The increase was mainly due to the increase in provision for Hong Kong profits tax for the current year. The details of income tax of the Group are set out in note 8 of this announcement.

## **EBITDA**

As a result of the increase in revenue, EBITDA for the year ended 31 December 2021 increased to HK\$733,826,000, with the margin increased from 76.0% to 79.1%.

## **CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

For the year ended 31 December 2021, the Group's capital expenditure incurred for property, plant and equipment was HK\$114,190,000 (2020: HK\$40,222,000). The capital expenditure was mainly for the addition of equipment (2020: the payment of leasehold improvement and addition of equipment). The above capital expenditures were financed by internally-generated funds and cash flows from operating activities.

APT Satellite Company Limited ("APT HK"), as borrower, and the Company, as guarantor, entered into a facility agreement with Bank of China (Hong Kong) Limited in respect of facilities not exceeding an aggregate loan amount of US\$215,600,000 (equivalent to HK\$1,681,680,000) (the "2016 Facility"). The 2016 Facility comprises three components, including term loan facilities of up to US\$130,000,000 (equivalent to HK\$1,014,000,000) (the "Term Loan Facility"), revolving loan facility of up to US\$70,000,000 (equivalent to HK\$546,000,000) and a facility of up to US\$15,600,000 (equivalent to HK\$121,680,000) on certain commercial arrangements. During the year ended 31 December 2019, the Group has fully repaid the 2016 Facility and the Term Loan Facility has expired thereupon.

In addition, APT HK, as borrower, and the Company, as guarantor, entered into a facility agreement with The Hong Kong and Shanghai Banking Corporation Limited in respect of a revolving loan facility up to US\$12,000,000 (equivalent to HK\$93,600,000). There was no outstanding balance of the revolving bank facility at 31 December 2021 (2020: HK\$Nil).

APT HK, as borrower, and the Company, as guarantor, entered into a facility agreement with China Construction Bank (Asia) Corporation Limited in respect of a revolving loan facility up to HK\$100,000,000. There was no outstanding balance of the revolving bank facility at 31 December 2021 (2020: HK\$Nil).



As at 31 December 2021, the Group's total liabilities were HK\$1,161,255,000, a decrease of HK\$94,129,000 as compared to 31 December 2020, mainly due to the decrease in current taxation provision. The gearing ratio (total liabilities/total assets) has decreased to 15.9% representing a 1.5 percentage point decrease as compared to 31 December 2020.

For the year ended 31 December 2021, the Group recorded a net increase in cash and cash equivalent of HK\$88,810,000 (2020: HK\$262,054,000) which included net cash inflow of HK\$626,936,000 generated from operating activities and positive effect of foreign exchange rate changes of HK\$26,719,000. This was offset by net cash outflow of HK\$321,521,000 used in investing activities and HK\$243,324,000 used in financing activities.

As at 31 December 2021, the Group has HK\$1,363,964,000 of cash and bank balances, 50.32% of which were denominated in United States Dollar, 46.24% in Renminbi and 3.41% in Hong Kong Dollar and 0.03% in other currencies which comprising HK\$701,847,000 cash and cash equivalents and HK\$662,117,000 bank deposits with original maturity beyond 3 months. Together with the bank loan facilities available to the Group and cash inflow to be generated from operations, the Group could cope with the needs to invest in future satellites and new projects for further business development.

### **Capital structure**

The Group consistently adheres to conservative fund management. The solid capital structure and financial strength continue to provide a solid foundation for the Group's future development.

### **Foreign exchange exposure**

The Group's revenue and operating expenses are mainly denominated in United States Dollar and Renminbi. Capital expenditures are denominated in United States Dollar. The effect of exchange rate fluctuation in the United States Dollar is insignificant as the Hong Kong Dollar is pegged to the United States Dollar. The foreign exchange rate of the Renminbi has appreciated against the Hong Kong Dollar during the year ended 31 December 2021.

### **Charges on group assets**

At 31 December 2021, there are no pledged bank deposits (2020: HK\$370,000) related to certain commercial arrangements made during the year.

At 31 December 2021, a letter of guarantee issued by a bank to a subsidiary of the Company was secured by the Group's land and buildings with a net book value of HK\$2,909,000 (2020: HK\$3,025,000).

### **Capital commitments**

As at 31 December 2021, the Group had outstanding contracted capital commitments of HK\$223,658,000 (2020: HK\$550,416,000).

On 6 November 2020, APT HK, a wholly-owned subsidiary of the Company, entered into a Satellite Contract with fellow subsidiaries of the Company to procure and launch a new satellite APSTAR-6E on behalf of an entity to be set up and invested by the Group and other investors. The procurement payments made by APT HK on behalf of that entity are to be reimbursed by that entity once it is set up and the Satellite Contract is novate. The contract sum payable by APT HK is US\$137,590,000 (equivalent to HK\$1,073,202,000) of which US\$19,445,000 (equivalent to HK\$151,671,000) has already been paid in 2020 and 2021.

Upon the establishment of APSTAR Alliance, the associate of the Group, APTHK has entered into a novation agreement dated 15 December 2021 with APSTAR Alliance and the fellow subsidiaries of the Company, pursuant to which all obligations and rights of APT HK under the Satellite Contract has been assigned and transferred to APSTAR Alliance, and APT HK has fully received all contractual price that has been paid to fellow subsidiaries of the Company. Accordingly, the Group has no commitment under the Satellite Contract as at 31 December 2021.

### **Non-adjusting event after the reporting period**

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 9 of this announcement.

## FINANCIAL HIGHLIGHTS

### Consolidated statement of profit or loss

for the year ended 31 December 2021

(Expressed in Hong Kong dollars)

	Note	2021 \$'000	2020 \$'000
<b>Revenue</b>	4	<b>927,807</b>	889,231
Cost of services		<u>(481,411)</u>	<u>(495,412)</u>
<b>Gross profit</b>		<b>446,396</b>	393,819
Other net income	6	<b>43,957</b>	63,070
Valuation loss on investment properties		<b>(766)</b>	(22)
Administrative expenses		<u>(120,336)</u>	<u>(153,676)</u>
<b>Profit from operations</b>		<b>369,251</b>	303,191
Fair value changes on financial assets	13	<b>(425)</b>	(1,842)
Finance costs	7(a)	<b>(6,189)</b>	(6,797)
Share of loss of associates		<u>(43,727)</u>	<u>(13,105)</u>
<b>Profit before taxation</b>	7	<b>318,910</b>	281,447
Income tax	8	<u>(55,528)</u>	<u>(49,985)</u>
<b>Profit for the year and attributable to equity shareholders of the Company</b>		<u><b>263,382</b></u>	<u>231,462</u>
<b>Earnings per share</b>			
Basic and diluted	10	<u><b>28.36 cents</b></u>	<u>24.88 cents</u>

## Consolidated statement of comprehensive income

for the year ended 31 December 2021

(Expressed in Hong Kong dollars)

	2021 \$'000	2020 \$'000
<b>Profit for the year</b>	<b>263,382</b>	<b>231,462</b>
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
<b>Item that is or may be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of:		
– financial statements of operations outside Hong Kong*	<b>23,887</b>	33,015
Share of other comprehensive income of an associate	<b>119,905</b>	–
<b>Other comprehensive income for the year</b>	<b>143,792</b>	<b>33,015</b>
<b>Total comprehensive income for the year</b>	<b>407,174</b>	<b>264,477</b>

\* Included exchange gain on translation of financial statements of an associate of \$19,846,000 (2020: \$24,617,000).

## Consolidated statement of financial position

at 31 December 2021

(Expressed in Hong Kong dollars)

		At 31 December 2021 \$'000	At 31 December 2020 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	4,564,484	4,844,717
Investment properties		10,821	10,804
Intangible assets	12	286,640	295,376
Interest in associates		809,084	415,823
Club membership		380	380
Prepayments		95,378	163,800
Deferred tax assets		36	44
		<u>5,766,823</u>	<u>5,730,944</u>
<b>Current assets</b>			
Financial assets measured at fair value through profit or loss	13	1,983	2,408
Trade receivables, net	14	139,540	156,211
Deposits, prepayments and other receivables		23,054	14,983
Pledged bank deposits		–	370
Bank deposits with original maturity beyond 3 months		662,117	677,938
Cash and cash equivalents		701,847	613,037
		<u>1,528,541</u>	<u>1,464,947</u>
<b>Current liabilities</b>			
Payables and accrued charges	15	100,763	80,805
Rentals received in advance and deferred income		46,758	41,629
Dividend payable		5,603	2,497
Lease liabilities		41,566	34,728
Current taxation		35,244	124,282
		<u>229,934</u>	<u>283,941</u>
<b>Net current assets</b>		<u>1,298,607</u>	<u>1,181,006</u>
<b>Total assets less current liabilities carried forward</b>		<u>7,065,430</u>	<u>6,911,950</u>

**Consolidated statement of financial position (continued)***at 31 December 2021**(Expressed in Hong Kong dollars)*

		At 31 December 2021 \$'000	At 31 December 2020 \$'000
<b>Total assets less current liabilities brought forward</b>		<b>7,065,430</b>	6,911,950
<b>Non-current liabilities</b>			
Deposits received		46,120	45,546
Deferred income		104,861	99,506
Lease liabilities		141,347	159,786
Deferred tax liabilities		638,993	666,605
		<b>931,321</b>	971,443
<b>Net assets</b>		<b>6,134,109</b>	5,940,507
<b>Capital and reserves</b>			
Share capital	16	92,857	92,857
Share premium		1,230,581	1,230,581
Contributed surplus		511,000	511,000
Revaluation reserve		123,922	4,017
Exchange reserve		44,692	20,805
Other reserves		1,202	1,202
Accumulated profits		4,129,855	4,080,045
<b>Total equity</b>		<b>6,134,109</b>	5,940,507

## Consolidated statement of changes in equity

for the year ended 31 December 2021

(Expressed in Hong Kong dollars)

	Share capital \$'000	Share premium \$'000	Contributed surplus \$'000	Revaluation reserve \$'000	Exchange reserve \$'000	Other reserves \$'000	Accumulated profits \$'000	Total equity \$'000
Balance at 1 January 2020	93,081	1,235,362	511,000	4,017	(12,210)	442	4,021,542	5,853,234
Changes in equity for 2020:								
Profit for the year	-	-	-	-	-	-	231,462	231,462
Other comprehensive income	-	-	-	-	33,015	-	-	33,015
Total comprehensive income	-	-	-	-	33,015	-	231,462	264,477
Dividend approved in respect of the previous year (note 9(ii))	-	-	-	-	-	-	(139,621)	(139,621)
Dividend declared in respect of the current year (note 9(i))	-	-	-	-	-	-	(32,578)	(32,578)
Repurchase of own shares (note 16(b))	(224)	(4,781)	-	-	-	-	-	(5,005)
Statutory reserve transfer during the year	-	-	-	-	-	760	(760)	-
Balance at 31 December 2020	<u>92,857</u>	<u>1,230,581</u>	<u>511,000</u>	<u>4,017</u>	<u>20,805</u>	<u>1,202</u>	<u>4,080,045</u>	<u>5,940,507</u>
Balance at 1 January 2021	<b>92,857</b>	<b>1,230,581</b>	<b>511,000</b>	<b>4,017</b>	<b>20,805</b>	<b>1,202</b>	<b>4,080,045</b>	<b>5,940,507</b>
Changes in equity for 2021:								
Profit for the year	-	-	-	-	-	-	263,382	263,382
Other comprehensive income	-	-	-	119,905	23,887	-	-	143,792
Total comprehensive income	-	-	-	119,905	23,887	-	263,382	407,174
Dividend approved in respect of the previous year (note 9(ii))	-	-	-	-	-	-	(176,429)	(176,429)
Dividend declared in respect of the current year (note 9(i))	-	-	-	-	-	-	(37,143)	(37,143)
Balance at 31 December 2021	<u>92,857</u>	<u>1,230,581</u>	<u>511,000</u>	<u>123,922</u>	<u>44,692</u>	<u>1,202</u>	<u>4,129,855</u>	<u>6,134,109</u>

*(Expressed in Hong Kong dollars)*

*Notes:*

## **1 GENERAL INFORMATION**

APT Satellite Holdings Limited (the “Company”) was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The address of its principal place of business is 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of its subsidiaries are maintenance, operation and provision of satellite transponder and related services and satellite-based broadcasting and telecommunications services and other services.

## **2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021, but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”). As Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong, are derived from and consistent with IFRSs, the consolidated financial statements also comply with HKFRSs. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).



### 3 CHANGES IN ACCOUNTING POLICIES

The IASB/HKICPA has issued the following amendments to IFRS/HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS/HKFRS 9, IAS/HKAS 39, IFRS/HKFRS 7, IFRS/HKFRS 4 and IFRS/HKFRS 16, *Interest rate benchmark reform — phase 2*
- Amendment to IFRS/HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the Group's financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4 REVENUE

Disaggregation of revenue from contracts with customers by service line is as follows:

	2021 \$'000	2020 \$'000
Recognised overtime:		
Income from provision of satellite transponder capacity	847,388	842,050
Income from provision of satellite-based broadcasting and telecommunications services	4,684	8,277
Other satellite-related service income	75,735	38,904
	<u>927,807</u>	<u>889,231</u>

### 5 SEGMENTAL REPORTING

#### Operating segments

The Group identifies operating segments and prepares segment information based on regular internal financial information reported to the executive directors for their decisions about resources allocation with respect to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations. Since over 90% of the Group's revenue, operating results and assets during the years ended 31 December 2021 and 2020 were derived from the provision of satellite transponder capacity and related services, no other discrete financial information is provided to the executive directors for the purposes of resource allocation and assessment. Accordingly, only entity-wide disclosures, major customers and geographical information is presented.

Whilst the Group's customer base is diversified, it includes one customer with whom transaction has exceeded 10% of the Group's revenue (2020: one customer). For the year ended 31 December 2021, revenue of \$261,715,000 (2020: \$223,802,000) was derived from this customer and attributable to the provision of satellite transponder capacity and related services.

### Geographical segments

The Group's non-current assets consist primarily of its satellites which are put into services for transmission to multiple locations, and are not based within a specific geographical location. Accordingly, no entity-wide analysis of the carrying amount of non-current assets by location of assets is presented.

The Group is domiciled in Hong Kong. Given the wide-area broadcasting nature of the Group's satellite operation, the satellite coverage information at individual country level may not always be readily available and the cost of obtaining such information could be excessive. Accordingly, the geographical revenue information is presented at regional level. The revenue derived from customers in (a) Hong Kong, (b) Greater China (which includes Mainland China, Taiwan and Macau but excludes Hong Kong), (c) Southeast Asia and (d) other regions for the year ended 31 December 2021 were \$91,455,000, \$424,504,000, \$291,442,000, and \$120,406,000 respectively (2020: \$99,162,000, \$379,700,000, \$268,457,000 and \$141,912,000 respectively).

## 6 OTHER NET INCOME

Other net income primarily includes the following:

	2021	2020
	\$'000	\$'000
Interest income on bank deposits	13,649	14,780
Other interest income	5,394	4,416
Foreign currencies exchange gain	17,681	19,677
Government grants	–	5,762
Rental income in respect of properties less direct outgoing expenses of \$81,000 (2020: \$77,000)	1,433	1,339
Insurance and other compensations	3,870	14,304
Dividend income	–	78
Gain on disposal of property, plant and equipment	21	–
Other income	1,909	2,714
	<u>43,957</u>	<u>63,070</u>

## 7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2021 \$'000	2020 \$'000
<b>(a) Finance costs</b>		
Interest on lease liabilities	<u>6,189</u>	<u>6,797</u>
	2021 \$'000	2020 \$'000
<b>(b) Other items</b>		
Auditors' remuneration		
– audit services	742	1,072
– tax services	92	33
– other services	435	172
Depreciation	407,787	427,225
Amortisation	8,736	8,736
(Gain)/loss on disposal of property, plant and equipment	(21)	2
Occupancy costs: short-term lease payments not included in the measurement of lease liabilities		
– land and buildings and equipment	214	257
– satellite transponder capacity	13,202	8,871
Impairment loss on trade and other receivables recognised, net	<u>1,033</u>	<u>40,279</u>

**8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	<b>52,222</b>	49,729
Under-provision/(over-provision) in respect of prior years	<b>503</b>	(4,356)
	<u><b>52,725</b></u>	<u>45,373</u>
<b>Current tax – Outside Hong Kong</b>		
Provision for the year	<b>30,407</b>	23,841
Over-provision in respect of prior years	<b>–</b>	(4,955)
	<u><b>30,407</b></u>	<u>18,886</u>
<b>Deferred taxation – Hong Kong</b>	<u><b>(27,604)</b></u>	<u>(14,274)</u>
<b>Actual tax expense</b>	<u><b>55,528</b></u>	<u>49,985</u>

Taxation is charged at the applicable current rates of taxation ruling in the relevant jurisdictions.

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

Taxation outside Hong Kong includes profit tax and withholding taxes paid or payable in respect of the Group's income from the provision of satellite transponder capacity to customers who are located outside Hong Kong.

For one of the subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

Deferred taxation in respect of Hong Kong Profits Tax was calculated at 16.5% (2020: 16.5%) of the estimated temporary differences for the year.

## 9 DIVIDENDS

### (i) Dividends payable to equity shareholders of the Company attributable to the year

	2021 \$'000	2020 \$'000
Interim dividend declared and paid of 4.0 cents (2020: 3.50 cents) per ordinary share	37,143	32,578
Final dividend proposed after the end of the reporting period of 20.50 cents (2020: 19.00 cents) per ordinary share	<u>190,357</u>	<u>176,429</u>
	<u><u>227,500</u></u>	<u><u>209,007</u></u>

As the final dividend is proposed after the end of the reporting period, such dividend has not been recognised as a liability at the end of the reporting period.

### (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2021 \$'000	2020 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 19.00 cents (2020: 15.00 cents) per ordinary share	<u>176,429</u>	<u>139,621</u>

## 10 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of \$263,382,000 (2020: \$231,462,000) and the weighted average of 928,573,000 ordinary shares (2020: 930,190,000 ordinary shares) in issue during the year.

	2021 \$'000	2020 \$'000
<i>Issued ordinary shares at 1 January</i>	928,573	930,809
Effect of shares repurchased ( <i>note 16(b)</i> )	<u>–</u>	<u>(619)</u>
<i>Weighted average number of ordinary shares at 31 December</i>	<u><u>928,573</u></u>	<u><u>930,190</u></u>

### (b) Diluted earnings per share

Diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 December 2021 and 2020.

## 11 PROPERTY, PLANT AND EQUIPMENT

### (a) Right-of-use assets

During the year, additions to right-of-use assets were \$12,643,000 (2020: \$84,725,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements of \$12,643,000 (2020: \$35,069,000) and transfer of lease prepayments from non-current prepayments of \$Nil (2020: \$49,656,000) upon lease commencement.

### (b) Additions and transfer of construction in progress

The cost of communications satellite equipment amounting to \$9,743,000 (2020: cost of communications satellite equipment amounting to \$11,056,000) was transferred from construction in progress to communications satellite equipment upon completion of the work during the year ended 31 December 2021.

## 12 INTANGIBLE ASSETS

	<i>Notes</i>	<b>2021</b> \$'000	2020 \$'000
Orbital slot	(i)	<b>133,585</b>	133,585
Leased intangible assets – orbital slots	(ii)	<b>153,055</b>	161,791
		<b>286,640</b>	295,376

### (i) Intangible asset with indefinite useful life

During 2009, the Group obtained the right to operate a satellite at an orbital slot. Such intangible asset is considered to have an indefinite life and not subject to amortisation.

No impairment of the intangible asset was recorded as at 31 December 2021 and 2020.

The recoverable amount of the intangible asset is estimated based on value-in-use calculation. These calculations use cash flow projection based on budget and business plan approved by management for the year ending 31 December 2021. Cash flows beyond 2021 are extrapolated based on revenue from committed service agreements for the provision of satellite transponder capacity and projected at growth rates of 1% – 2% which are generally expected for the industry and achievable by the Group during the forecast period. The discount rate used for the cash flow projection is 12.80% (2020: 10.94%) which is pre-tax and reflects specific risks relating to the relevant cash-generating unit that the intangible asset belongs to.

### (ii) Leased intangible assets – orbital slots

The amortisation charge for the year of \$8,736,000 (2020: \$8,736,000) is included in “cost of services” in the consolidated statement of profit or loss.

### 13 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2021, the investment in the listed shares of CNC Holdings Limited was remeasured at a fair value of \$1,983,000 (2020: \$2,408,000), based on the market price at the end of the reporting period, with fair value loss of \$425,000 (2020: \$1,842,000) recognised in profit or loss.

### 14 TRADE RECEIVABLES, NET

The following is an ageing analysis of trade receivables, (net of loss allowance) based on the date of revenue recognition, at the end of the reporting period:

	2021 \$'000	2020 \$'000
Within 30 days	104,656	39,100
31 – 60 days	1,400	20,431
61 – 90 days	2,677	14,373
91 – 120 days	4,595	9,134
Over 120 days	<u>26,212</u>	<u>73,173</u>
	<u><u>139,540</u></u>	<u><u>156,211</u></u>

The Group normally allows a credit period of 30 days from the date of revenue recognition to its trade customers. The trade receivables are expected to be recovered within one year from the end of reporting period.

### 15 PAYABLES AND ACCRUED CHARGES

	2021 \$'000	2020 \$'000
Trade payables	10,399	3,006
Accrued expenses	<u>90,364</u>	<u>77,799</u>
	<u><u>100,763</u></u>	<u><u>80,805</u></u>

As at 31 December 2021 and 2020 the trade payables were aged within 3 months based on due date.

## 16 SHARE CAPITAL

### (a) Authorised and issued share capital

	2021		2020	
	No. of shares ( <i>'000</i> )	<i>\$'000</i>	No. of shares ( <i>'000</i> )	<i>\$'000</i>
<i>Authorised:</i>				
Ordinary shares of \$0.10 each	<u>2,000,000</u>	<u>200,000</u>	<u>2,000,000</u>	<u>200,000</u>
<i>Ordinary shares, issued and fully paid:</i>				
At 1 January	928,573	92,857	930,809	93,081
Shares repurchased	<u>—</u>	<u>—</u>	<u>(2,236)</u>	<u>(224)</u>
At 31 December	<u>928,573</u>	<u>92,857</u>	<u>928,573</u>	<u>92,857</u>

### (b) Repurchase of own shares

During the year ended 31 December 2020, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Period	Number of shares repurchased	Highest price paid per share \$	Lowest price paid per share \$	Aggregate price paid <i>\$'000</i>
September 2020	<u>2,236,000</u>	<u>2.28</u>	<u>2.12</u>	<u>5,005</u>

The above shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium on repurchase was charged against share premium account.

## 17 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors declared a final dividend of \$190,357,000. Further details are disclosed in note 9 of this announcement.



## **CORPORATE GOVERNANCE**

The Group maintains strict and high standard of corporate governance especially in internal control and compliance; adheres to the business code of ethics, which is applicable to all directors, senior management, and all employees; implements whistleblower protection policy, as well as advocates environmental awareness and social responsibility.

## **HUMAN RESOURCES**

As at 31 December 2021, the Group had 110 employees. The Group continues to provide on job training to employees and periodically review its emolument policy based on the respective responsibilities of employees and current market trends.

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

In the meeting held on Tuesday, 22 March 2022, the Group's Audit and Risk Management Committee has reviewed the accounting principles and practices adopted by the Group and the Company's audited financial statements for the year ended 31 December 2021. The Audit and Risk Management Committee has also reviewed the result and statement of the Board in relation to effectiveness of the internal control system and the independence of the Company's auditors.

The Audit and Risk Management Committee comprises four independent non-executive directors including Dr. Lui King Man (Chairman), Dr. Lam Sek Kong, Mr. Cui Ligu and Dr. Meng Xingguo.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE**

Throughout the year of 2021, the Company has met the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, save for the following Code Provisions:

- A4.1: the non-executive directors of the Company are not appointed for a specific term given they shall retire from office by rotation once every three years except the Chairman of the Board and the President in accordance with the Bye-Laws of the Company;
- A4.2: the Chairman of the Board and the President are not subject to retirement by rotation given that would help the Company in maintaining its consistency of making business decisions; and

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 31 December 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 19 May 2022 to Tuesday, 24 May 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting of the Company to be held on Tuesday, 24 May 2022, 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 Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 18 May 2022.

The register of members of the Company will be closed from Wednesday, 8 June 2022 to Thursday, 9 June 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, 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 Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 7 June 2022.

## **ANNUAL REPORT PUBLICATION**

The Company's 2021 Annual Report for the year ended 31 December 2021 containing information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.apstar.com](http://www.apstar.com)) in due course.

## **NOTE OF APPRECIATION**

In 2021, the Group continued to maintain stable operations and a healthy financial position, achieved good performance, and contributed a good return on investment to shareholders. In 2022, the Group celebrates its 30th anniversary. I would like to take this opportunity to express my sincere gratitude to all the customers of APSTAR for their long-term support to the Group. At the same time, I would like to express my grateful gratitude to the directors and all of our staff for their unremitting efforts and contributions to the development of the Group.

By Order of the Board  
**APT Satellite Holdings Limited**  
**Li Zhongbao**  
*Chairman*

Hong Kong, 23 March 2022

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

### **Executive Directors:**

Cheng Guangren (*President*)

Qi Liang (*Vice President*)

### **Non-Executive Directors:**

Li Zhongbao (*Chairman*)

Lim Toon

Yin Yen-liang

Fu Zhiheng

Lim Kian Soon

He Xing

Tseng Ta-mon (*alternate director of Yin Yen-liang*)

### **Independent Non-Executive Directors:**

Lui King Man

Lam Sek Kong

Cui Ligu

Meng Xingguo