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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)

2023 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 2023.

RESULTS

Revenue

In 2023, the Group's revenue amounted to HK\$833,975,000 (2022: HK\$944,305,000), representing a decrease of 11.7% amounting to HK\$110,330,000 as compared to 2022.

Profit before taxation

In 2023, the Group's profit before taxation amounted to HK\$279,021,000 (2022: HK\$287,267,000), representing a decrease of 2.9% amounting to HK\$8,246,000 as compared to 2022.

Profit attributable to equity shareholders

In 2023, the Group's profit attributable to equity shareholders amounted to HK\$237,654,000 (2022: HK\$231,610,000), representing an increase of 2.6% amounting to HK\$6,044,000 as compared to 2022. Basic earnings per share and diluted earnings per share were HK25.59 cents (2022: HK24.94 cents).

* For identification purpose only

DIVIDENDS

During the year, the Company has declared and paid an interim dividend in cash of HK5.00 cents per ordinary share. The Board has resolved to declare a final dividend in cash of HK14.50 cents per ordinary share for the financial year ended 31 December 2023 (2022: HK17.00 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 Thursday, 23 May 2024. The final dividend will be paid on or about Friday, 14 June 2024 to shareholders whose names appear on the register of members at the close of business on Tuesday, 4 June 2024.

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

APSTAR-6E Satellite

In order to develop the new high-throughput satellite business, the Group entered into an agreement with other investors in 2020 and established an entity, APSTAR Alliance Satcom Limited (“APSTAR Alliance”) in Hong Kong in 2021, as an associate of the Group. The APSTAR-6E Satellite high-throughput satellite based on DFH-3E platform was invested by APSTAR Alliance, which is suitable for providing broadband satellite services with good cost effectiveness. The satellite uses an electric propulsion system. The APSTAR-6E Satellite was successfully launched in January 2023, and it is expected to be put into service during the year of 2024.

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 2023 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, LEO operators Starlink have launched the services to increase competition 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 said issues 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 2024, the situations of oversupply and keen competition in the global and Asia Pacific region satellite transponder market will not be changed. Lower market price expectations, varying degrees of economic downturn and fiscal budget tightening in various regions, US dollar remains strong, the shortage of foreign exchange in the countries where some of the customers are located and the rising operating costs of customers have led to difficulties in customer payment which 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 2023, the Group's financial position remains sound. The table below sets out the financial performance for the years ended 31 December 2023 and 2022:

Financial Highlights

	2023	2022	
	HK\$'000	HK\$'000	Changes
Revenue	833,975	944,305	-11.7%
Gross profit	355,565	455,050	-21.9%
Profit before taxation	279,021	287,267	-2.9%
Profit attributable to equity shareholders	237,654	231,610	+2.6%
Basic earnings per share (<i>HK cents</i>)	25.59	24.94	+2.6%
EBITDA (<i>Note 1</i>)	668,880	765,102	-12.6%
EBITDA Margin (%)	80.2%	81.0%	+0.8 percentage points

	At 31 December		
	2023	2022	
	HK\$'000	HK\$'000	Changes
Total cash and bank balance	2,148,555	1,749,738	+22.8%
Total assets	7,085,442	7,126,678	-0.6%
Total liabilities	1,004,523	1,059,855	-5.2%
Net assets per share (<i>HK\$</i>)	6.55	6.53	+0.3%
Gearing ratio (%) (<i>Note 2</i>)	14.2%	14.9%	-0.7 percentage point
Liquidity ratio	9.80 times	9.72 times	+0.08 times

Note 1: EBITDA is defined as profit from operations before other net gains, valuation loss on investment properties, loss on written off of property, plant and equipment, and depreciation and amortisation.

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

Revenue

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	Changes
Income from provision of satellite transponder capacity	737,997	861,299	-14.3%
Income from provision of satellite- based broadcasting and telecommunications services	3,979	4,381	-9.2%
Other satellite-related service income	91,999	78,625	+17.0%
Total	833,975	944,305	-11.7%

For the year ended 31 December 2023, the Group's revenue amounted to HK\$833,975,000 (2022: HK\$944,305,000), representing 11.7% decrease as compared with 2022. The decrease was mainly attributable to the decrease in income from provision of satellite transponder capacity during the year. The profit attributable to shareholders increased by 2.6% to HK\$237,654,000.

Other net gains

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	Changes
Interest income on bank deposits and other interest income	87,956	28,309	+210.7%
Foreign currencies exchange loss	(2,155)	(26,406)	-91.8%
Rental income in respect of properties less direct outgoing expenses	658	1,211	-45.7%
Insurance and other compensations	74	-	+100.0%
Gain on lease modification	-	123	-100.0%
Loss on disposal of property, plant and equipment	-	(88)	-100.0%
Other income	1,928	5,739	-66.4%
Total	88,461	8,888	+895.3%

Total other net gains for the year ended 31 December 2023 increased to HK\$88,461,000. The increase was mainly due to the increase in interest income on bank deposits and other interest income during the year.

Finance costs

Finance costs of HK\$5,765,000 were recognised for the year ended 31 December 2023 (2022: HK\$7,013,000). 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

As at 31 December 2022, trading in listed shares of CNC Holdings Limited on the Stock Exchange was suspended since 15 August 2022 (the “Suspended Shares”). Based on the management assessment, the fair value of the Suspended Shares was remeasured to be HK\$Nil, and a fair value loss of HK\$1,983,000 was recognised in profit or loss during the year ended 31 December 2022.

As at 31 December 2023, the Suspended Shares remain suspended. Based on the management assessment, the fair value of the Suspended Shares was HK\$Nil as at 31 December 2023.

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 2023 decreased to HK\$41,367,000, as compared to HK\$55,657,000 in 2022. The details of income tax of the Group are set out in note 8 of this announcement.

EBITDA

As a result of the decrease in revenue, EBITDA for the year ended 31 December 2023 decreased to HK\$668,880,000, with the margin decreased from 81.0% to 80.2%.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

For the year ended 31 December 2023, the Group’s capital expenditure incurred for property, plant and equipment was HK\$17,182,000 (2022: HK\$11,264,000). The capital expenditure was mainly for the addition of equipment and construction in progress (2022: addition of equipment and construction in progress). The above capital expenditures were financed by internally-generated funds and cash flows from operating activities.

Bank of China (Hong Kong) Limited has granted the facilities not exceeding an aggregate loan amount of US\$85,600,000 (equivalent to HK\$667,680,000) (the “Facility”) to APT Satellite Company Limited (“APT HK”), a wholly-owned subsidiary of the Company, as borrower, and the Company, as guarantor. The Facility comprises two components, including 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. There were no outstanding balance of the Facility at 31 December 2023 (2022: HK\$Nil).

In addition, APT HK, as borrower, and the Company, as guarantor, entered into a facility agreement with The Hongkong 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 loan facility at 31 December 2023 (2022: 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 loan facility at 31 December 2023 (2022: HK\$Nil).

As at 31 December 2023, the Group’s total liabilities were HK\$1,004,523,000, a decrease of HK\$55,332,000 as compared to 31 December 2022, mainly due to the decrease in deferred tax liabilities. The gearing ratio (total liabilities/total assets) has decreased to 14.2% representing a 0.7 percentage point decrease as compared to 31 December 2022.

For the year ended 31 December 2023, the Group recorded a net decrease in cash and cash equivalents of HK\$297,262,000 (2022: HK\$221,312,000) which included net cash inflow of HK\$566,912,000 generated from operating activities. This was offset by net cash outflow of HK\$628,119,000 used in investing activities and HK\$232,247,000 used in financing activities and negative effect of foreign exchange rate changes of HK\$3,808,000.

As at 31 December 2023, the Group has HK\$2,148,555,000 of cash and bank balances, 95.54% of which were denominated in United States Dollar, 2.18% in Renminbi, 2.24% in Hong Kong Dollar and 0.04% in other currencies which comprising HK\$183,273,000 cash and cash equivalents and HK\$1,965,282,000 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 and Renminbi. 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 depreciated against the Hong Kong Dollar during the year ended 31 December 2023.

Charges on group assets

At 31 December 2023, 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\$2,676,000 (2022: HK\$2,793,000).

Capital commitments

As at 31 December 2023, the Group had outstanding contracted capital commitments of HK\$169,871,000 (2022: HK\$209,370,000).

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 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$'000	2022 \$'000
Revenue	4 & 5	833,975	944,305
Cost of services		<u>(478,410)</u>	<u>(489,255)</u>
Gross profit		355,565	455,050
Other net gains	6	88,461	8,888
Valuation loss on investment properties		(378)	(558)
Administrative expenses		<u>(99,848)</u>	<u>(109,206)</u>
Profit from operations		343,800	354,174
Fair value changes on financial assets	13	–	(1,983)
Finance costs	7(a)	(5,765)	(7,013)
Share of loss of associates		<u>(59,014)</u>	<u>(57,911)</u>
Profit before taxation	7	279,021	287,267
Income tax	8	<u>(41,367)</u>	<u>(55,657)</u>
Profit for the year and attributable to equity shareholders of the Company		237,654	231,610
Earnings per share	10		
Basic and diluted		<u>25.59 cents</u>	<u>24.94 cents</u>

Consolidated statement of comprehensive income

for the year ended 31 December 2023

(Expressed in Hong Kong dollars)

	2023 \$'000	2022 \$'000
Profit for the year	237,654	231,610
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of:		
– financial statements of operations outside Hong Kong*	(19,272)	(62,138)
Share of other comprehensive income of associates	–	28
Other comprehensive income for the year	(19,272)	(62,110)
Total comprehensive income for the year	218,382	169,500

* Included exchange loss on translation of financial statements of associates of \$15,842,000 (2022: \$58,123,000).

Consolidated statement of financial position

at 31 December 2023

(Expressed in Hong Kong dollars)

		At 31 December 2023 \$'000	At 31 December 2022 \$'000
Non-current assets			
Property, plant and equipment	11	3,897,102	4,185,970
Investment properties		8,827	9,481
Intangible assets	12	269,168	277,904
Investments in associates		618,222	693,078
Club membership		380	380
Prepayments		2,574	95,399
Deferred tax assets		33	36
		<u>4,796,306</u>	<u>5,262,248</u>
Current assets			
Financial assets measured at fair value through profit or loss	13	–	–
Trade receivables, net	14	125,559	100,434
Deposits, prepayments and other receivables		15,022	14,258
Bank deposits with original maturity beyond 3 months		1,965,282	1,269,203
Cash and cash equivalents		183,273	480,535
		<u>2,289,136</u>	<u>1,864,430</u>
Current liabilities			
Payables and accrued charges	15	75,070	89,276
Deferred income		51,860	47,798
Dividend payable		12,015	9,045
Lease liabilities		33,447	30,979
Current taxation		61,170	14,746
		<u>233,562</u>	<u>191,844</u>
Net current assets		<u>2,055,574</u>	<u>1,672,586</u>
Total assets less current liabilities carried forward		<u>6,851,880</u>	<u>6,934,834</u>

		At 31 December 2023 \$'000	At 31 December 2022 \$'000
Total assets less current liabilities brought forward		6,851,880	6,934,834
Non-current liabilities			
Deposits received		37,298	42,090
Deferred income		73,557	96,067
Lease liabilities		113,496	135,814
Deferred tax liabilities		546,610	594,040
		<u>770,961</u>	<u>868,011</u>
Net assets		6,080,919	6,066,823
Capital and reserves			
Share capital	16	92,857	92,857
Share premium		1,230,581	1,230,581
Contributed surplus		511,000	511,000
Revaluation reserve		123,950	123,950
Exchange reserve		(36,718)	(17,446)
Other reserves		1,202	1,202
Accumulated profits		4,158,047	4,124,679
Total equity		6,080,919	6,066,823

Consolidated statement of changes in equity

for the year ended 31 December 2023

(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 2022	92,857	1,230,581	511,000	123,922	44,692	1,202	4,129,855	6,134,109
Changes in equity for 2022:								
Profit for the year	-	-	-	-	-	-	231,610	231,610
Other comprehensive income	-	-	-	28	(62,138)	-	-	(62,110)
Total comprehensive income	-	-	-	28	(62,138)	-	231,610	169,500
Dividend approved in respect of the previous year (note 9(ii))	-	-	-	-	-	-	(190,357)	(190,357)
Dividend declared in respect of the current year (note 9(i))	-	-	-	-	-	-	(46,429)	(46,429)
Balance at 31 December 2022	<u>92,857</u>	<u>1,230,581</u>	<u>511,000</u>	<u>123,950</u>	<u>(17,446)</u>	<u>1,202</u>	<u>4,124,679</u>	<u>6,066,823</u>
Balance at 1 January 2023	92,857	1,230,581	511,000	123,950	(17,446)	1,202	4,124,679	6,066,823
Changes in equity for 2023:								
Profit for the year	-	-	-	-	-	-	237,654	237,654
Other comprehensive income	-	-	-	-	(19,272)	-	-	(19,272)
Total comprehensive income	-	-	-	-	(19,272)	-	237,654	218,382
Dividend approved in respect of the previous year (note 9(ii))	-	-	-	-	-	-	(157,857)	(157,857)
Dividend declared in respect of the current year (note 9(i))	-	-	-	-	-	-	(46,429)	(46,429)
Balance at 31 December 2023	<u>92,857</u>	<u>1,230,581</u>	<u>511,000</u>	<u>123,950</u>	<u>(36,718)</u>	<u>1,202</u>	<u>4,158,047</u>	<u>6,080,919</u>

(Expressed in Hong Kong dollars)

Notes:

1 GENERAL INFORMATION

APT Satellite Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. 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 engaged in maintenance, operation, and provision of satellite transponder capacity, satellite-based broadcasting and telecommunications services, and other satellite-related 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 (together referred to as the “Group”) for the year ended 31 December 2023, but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards issued by the International Accounting Standards Board (“IASB”) and Interpretations (collectively “IFRS Accounting Standards”). 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 IFRS Accounting Standards, 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 (“Listing Rules”).

3 CHANGES IN ACCOUNTING POLICIES

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

- IFRS/HKFRS 17 *Insurance Contracts*;
- Disclosure of Accounting Policies (Amendments to IAS/HKAS 1 *Presentation of Financial Statements* and IFRS/HKFRS Practice Statement 2 *Making Materiality Judgements*);
- Definition of Accounting Estimates (Amendments to IAS/HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS/HKAS 12 *Income Taxes*); and
- International Tax Reform – Pillar Tax Model Rules (Amendments to IAS/HKAS 12 *Income taxes*) (effective immediately upon the issue of the amendments and retrospectively).

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. 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 consolidated financial statements.

In June 2022, the Hong Kong SAR Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which come into effect from 1 May 2025.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

The Amendment Ordinance has no material impact on the Group’s long service payment liability and staff cost.

4 REVENUE

The principal activities of the Group are engaged in maintenance, operation, and provision of satellite transponder capacity, satellite-based broadcasting and telecommunications services, and other satellite-related services.

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

	2023	2022
	\$’000	\$’000
Recognised overtime:		
Income from provision of satellite transponder capacity	737,997	861,299
Income from provision of satellite-based broadcasting and telecommunications services	3,979	4,381
Other satellite-related service income	91,999	78,625
	<u>833,975</u>	<u>944,305</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 around 90% of the Group’s revenue, operating results and assets during the years ended 31 December 2023 and 2022 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 (2022: one customer). For the year ended 31 December 2023, revenue of \$225,319,000 (2022: \$275,800,000) was derived from this customer and attributable to the provision of satellite transponder capacity and related services.

Geographical information

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 2023 were \$133,446,000, \$350,258,000, \$257,579,000, and \$92,692,000 respectively (2022: \$93,016,000, \$429,698,000, \$323,243,000, and \$98,348,000 respectively).

6 OTHER NET GAINS

Other net gains primarily includes the following:

	2023	2022
	\$'000	\$'000
Interest income on bank deposits	87,597	26,280
Other interest income	359	2,029
Foreign currencies exchange loss	(2,155)	(26,406)
Rental income in respect of properties less direct outgoing expenses of \$Nil (2022: \$74,000)	658	1,211
Insurance and other compensations	74	–
Gain on lease modification	–	123
Loss on disposal of property, plant and equipment	–	(88)
Other income	1,928	5,739
	<u>88,461</u>	<u>8,888</u>

7 PROFIT BEFORE TAXATION

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

	2023	2022
	\$'000	\$'000
(a) Finance costs		
Interest on lease liabilities	<u>5,765</u>	<u>7,013</u>
	2023	2022
	\$'000	\$'000
(b) Other items		
Auditors' remuneration		
– audit services	750	750
– other services	124	124
Depreciation	404,426	409,686
Amortisation	8,736	8,736
Gain on lease modification	–	(123)
Loss on written off of property, plant and equipment	1	836
Loss on disposal of property, plant and equipment	–	88
Expenses relating to short-term leases		
– land and buildings and equipment	155	156
– satellite transponder capacity	8,890	23,937
Impairment loss on trade and other receivables reversed	<u>(5,969)</u>	<u>(8,139)</u>

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2023 \$'000	2022 \$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	66,131	65,085
Under-provision in respect of prior years	193	386
	<u>66,324</u>	<u>65,471</u>
Current tax – Outside Hong Kong		
Provision for the year	22,470	35,332
Over-provision in respect of prior years	–	(193)
	<u>22,470</u>	<u>35,139</u>
Deferred taxation – Hong Kong	<u>(47,427)</u>	<u>(44,953)</u>
Tax expense	<u><u>41,367</u></u>	<u><u>55,657</u></u>

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

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 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 profits 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 \$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 2022.

Deferred taxation in respect of Hong Kong Profits Tax was calculated at 16.5% (2022: 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

	2023 \$'000	2022 \$'000
Interim dividend declared and paid of 5.00 cents (2022: 5.00 cents) per ordinary share	46,429	46,429
Final dividend proposed after the end of the reporting period of 14.50 cents (2022: 17.00 cents) per ordinary share	<u>134,643</u>	<u>157,857</u>
	<u><u>181,072</u></u>	<u><u>204,286</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 attributable to the previous financial year, approved and paid during the year

	2023 \$'000	2022 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 17.00 cents (2022: 20.50 cents) per ordinary share	<u>157,857</u>	<u>190,357</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 \$237,654,000 (2022: \$231,610,000) and the weighted average of 928,573,000 ordinary shares (2022: 928,573,000 ordinary shares) in issue during the year.

(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 2023 and 2022.

11 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the year, the Group entered into a number of tenancy contracts for new communication satellite equipment, which contributed to the additions to right-of-use assets of \$99,379,000 (2022: \$25,241,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements of \$5,981,000 (2022: \$25,241,000) upon lease commencement and transfer of lease payments from non-current prepayments of \$93,398,000 (2022: \$Nil) upon lease commencement.

(b) Additions to construction in progress

During the year, additions to construction in progress were \$14,309,000 (2022: \$6,423,000). This amount primarily related to land and buildings which are under construction in Hong Kong.

12 INTANGIBLE ASSETS

	<i>Notes</i>	2023 \$'000	2022 <i>\$'000</i>
Orbital slot	(i)	133,585	133,585
Leased intangible assets – orbital slots	(ii)	135,583	144,319
		269,168	277,904

(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 2023 and 2022.

The recoverable amount of the intangible asset is estimated based on value-in-use calculations. These calculations use cash flow projection based on budget and business plan approved by management for the year ending 31 December 2024. Cash flows beyond 2023 are extrapolated based on revenue from committed service agreements for the provision of satellite transponder capacity and projected at growth rates of 1% 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 13.84% (2022: 20.09%) 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

The amortisation charge for the year of \$8,736,000 (2022: \$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 2022, trading in listed shares of CNC Holdings Limited on the Stock Exchange was suspended since 15 August 2022 (the “Suspended Shares”). Based on the management assessment, the fair value of the Suspended Shares was remeasured to be \$Nil, and a fair value loss of \$1,983,000 was recognised in profit or loss during the year ended 31 December 2022.

As at 31 December 2023, the Suspended Shares remain suspended. Based on the management assessment, the fair value of the Suspended Shares was \$Nil as at 31 December 2023.

14 TRADE RECEIVABLES, NET

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

	2023 \$'000	2022 \$'000
Within 30 days	99,370	58,816
31 – 60 days	5,894	9,646
61 – 90 days	5,740	14,524
91 – 120 days	334	1,488
Over 120 days	14,221	15,960
	<u>125,559</u>	<u>100,434</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 the reporting period.

15 PAYABLES AND ACCRUED CHARGES

	2023 \$'000	2022 \$'000
Trade payables	5,251	6,841
Accrued expenses	69,819	82,435
	<u>75,070</u>	<u>89,276</u>

As at 31 December 2023 and 2022, the trade payables were aged within 3 months based on due date.

16 SHARE CAPITAL

Authorised and issued share capital

	2023		2022	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
<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 and 31 December	<u>928,573</u>	<u>92,857</u>	<u>928,573</u>	<u>92,857</u>

17 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors declared a final dividend of \$134,643,000. 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 2023, the Group had 108 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 Monday, 11 March 2024, 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 2023. 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 Ms. Yim Ka Man (Chairman), Dr. Lam Sek Kong, Mr. Cui Ligu and Dr. Meng Xingguo.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year of 2023, the Company has met the code provisions ("Code Provisions") set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules, save for the following Code Provisions:

B2.2: the Chairman of the Board and the President are not subject to retirement by rotation given that would help the Company maintain its consistency of making business decisions.

B.2.4: all independent non-executive directors have been in office for more than nine years, but the Company was unable to find suitable candidates within the required time to appoint a new independent non-executive directors at the annual general meeting held on 23 May 2023. However, the Company continued in finding suitable candidates during the year and appointed a new independent non-executive director on 25 September 2023 to meet the Company's development needs and requirements.

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 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024 (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 Thursday, 23 May 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 17 May 2024.

The register of members of the Company will be closed from Tuesday, 4 June 2024 to Wednesday, 5 June 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 3 June 2024.

ANNUAL REPORT PUBLICATION

The Company's 2023 Annual Report for the year ended 31 December 2023 containing information required by Appendix D2 to the Listing Rules will be dispatched to shareholders and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.apstar.com) in due course.

NOTE OF APPRECIATION

In 2023, with the support of customers and the efforts of all our staff, the Group continued to maintain stable operations and a healthy financial position, achieved good performance, and contributed a good return on investment to shareholders. 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
Sun Jing
Chairman

Hong Kong, 12 March 2024

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

Executive Directors:

Wang Hongbin (*President*)

Yan Zhao (*Vice President*)

Non-Executive Directors:

Sun Jing (*Chairman*)

Lim Seng Kong

Yin Yen-liang

Fu Zhiheng

Lim Kian Soon

Li Xiaomei

Tseng Ta-mon (*Alternate Director to Yin Yen-liang*)

Independent Non-Executive Directors:

Lam Sek Kong

Cui Ligu

Meng Xingguo

Yim Ka Man