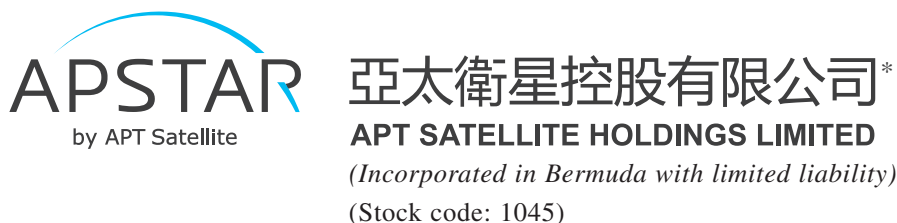


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2023 INTERIM RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2023.

This interim result has been reviewed by the Company's Audit and Risk Management Committee and independent auditors.

INTERIM RESULTS

For the first half year of 2023, the Group's revenue amounted to HK\$419,728,000 (six months ended 30 June 2022: HK\$498,402,000), representing 15.79% decrease as compared with corresponding period in the previous financial year. The decrease in revenue was mainly attributable to the decrease in income from provision of satellite transponder capacity during the period. Profit attributable to equity shareholders amounted to HK\$117,829,000 (six months ended 30 June 2022: HK\$133,808,000), representing 11.94% decrease as compared with corresponding period in the previous financial year. Basic earnings per share and diluted earnings per share were both HK12.69 cents (six months ended 30 June 2022: HK14.41 cents).

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK5.00 cents per ordinary share for the six months ended 30 June 2023 (six months ended 30 June 2022: HK5.00 cents per ordinary share). The details of interim dividend of the Group are set out in note 7 of this announcement.

The interim dividend will be paid on or about Wednesday, 11 October 2023 to shareholders whose names appear on the register of members at the close of business on Wednesday, 20 September 2023.

* *For identification purpose only*

BUSINESS REVIEW

In-Orbit Satellites

For the first half year of 2023, 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 collectively provide the super broad coverage and strong capability to serve more than 75% of the world's population in Asia, Europe, Africa and Oceania.

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

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 high-throughput satellite based on DFH-3E platform was invested by APSTAR Alliance, and is suitable for providing broadband satellite services with good cost effectiveness. The satellite uses an electric propulsion system. The construction of APSTAR-6E Satellite was completed during the year of 2022 and successfully launched in January 2023, it is expected to be put into service from early 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, landing and processing of customer traffic in HTS system, supports 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’s service capabilities in both satellite and terrestrial network in the Asia Pacific region and will be 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”), and 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, to 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, COVID-19 pandemic still exist although the situation has improved, and the global chip shortage have led to the impact of terminal supply delays resulted in some business needs 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 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

Looking forward to the second half year of 2023, 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, the appreciation of the US dollar and interest rate hikes, the shortage of foreign exchange in the countries where 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 POSITION

As at 30 June 2023, the Group's financial position remains sound. Please refer to the financial review section of this announcement for more detailed analysis.

CORPORATE GOVERNANCE

The Group continues to commit to a high standard of corporate governance especially in internal control and compliance. It adheres to the business code of ethics, which applies to all directors, senior management, and employees of the Group; implements whistleblower protection policy, as well as advocates environmental awareness etc.

FINANCIAL REVIEW

As at 30 June 2023, the Group's financial position remains sound. The table below sets out the financial performance for the six months ended 30 June 2023 and 2022:

Financial Highlights

	Six months ended 30 June		Change
	2023	2022	
	HK\$'000	HK\$'000	
Revenue	419,728	498,402	-15.79%
Gross profit	187,812	251,454	-25.31%
Profit before taxation	139,851	168,264	-16.89%
Profit attributable to shareholders	117,829	133,808	-11.94%
Basic earnings per share (<i>HK cents</i>)	12.69	14.41	-11.94%
EBITDA (<i>note 1</i>)	344,769	413,245	-16.57%
EBITDA Margin (%)	82.1%	82.9%	-0.80 percentage points
	At	At	
	30 June	31 December	
	2023	2022	
	HK\$'000	HK\$'000	Change
Total cash and bank balance	1,809,461	1,749,738	+3.41%
Total assets	7,024,313	7,126,678	-1.44%
Total liabilities	1,029,716	1,059,855	-2.84%
Net assets per share (<i>HK\$</i>)	6.46	6.53	-1.07%
Gearing ratio (%) (<i>note 2</i>)	14.7%	14.9%	-0.20 percentage points
Liquidity ratio	9.51 times	9.72 times	-0.21 times

Note 1: EBITDA is defined as profit from operations before other net gains/(losses), valuation gain/(loss) on investment properties, loss on disposal of property, plant and equipment, and depreciation and amortisation.

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

Revenue

	Six months ended 30 June		Change
	2023	2022	
	HK\$'000	HK\$'000	
Income from provision of satellite transponder capacity	376,370	456,962	-17.64%
Income from provision of satellite-based broadcasting and telecommunications services	1,952	2,219	-12.03%
Other satellite-related service income	41,406	39,221	+5.57%
Total	<u>419,728</u>	<u>498,402</u>	<u>-15.79%</u>

For the first half year of 2023, the Group's revenue amounted to HK\$419,728,000 (six months ended 30 June 2022: HK\$498,402,000), representing 15.79% decrease as compared with corresponding period in the previous financial year. The decrease was mainly attributable to the decrease in income from provision of satellite transponder capacity during the period. The profit attributable to shareholders decreased by 11.94% to HK\$117,829,000.

Other net gains/(losses)

	Six months ended 30 June		Change
	2023	2022	
	HK\$'000	HK\$'000	
Interest income on bank deposits and other interest income	40,515	7,631	+430.93%
Foreign currencies exchange loss	(10,232)	(15,842)	-35.41%
Rental income in respect of properties	320	681	-53.01%
Other income	1,530	1,189	+28.68%
Total	<u>32,133</u>	<u>(6,341)</u>	<u>-606.75%</u>

Total other net gains/(losses) for the six months ended 30 June 2023 changed to gain of HK\$32,133,000. The increase was mainly because the significant increase in interest income on bank deposits for the current period.

Finance costs

Finance costs of HK\$2,887,000 were recognised for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$3,096,000). The finance cost comprises the Group's interest on lease liabilities, which were approximately 6.75% lower than that of the corresponding period last year.

Fair value changes on financial assets

As at 30 June 2022, the investment in the listed shares of CNC Holdings Limited was remeasured at a fair value of HK\$2,691,000, based on the market price as at the end of the reporting period, with fair value gain of HK\$708,000 recognised in 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 management assessment, the fair value of the Suspended Shares was remeasured to be HK\$Nil as at 31 December 2022.

As at 30 June 2023, the Suspended Shares remained suspended. Based on the management assessment, the fair value of the Suspended Shares was HK\$Nil as at 30 June 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 for the six months ended 30 June 2023 decreased to HK\$22,022,000, as compared to HK\$34,456,000 for the same period of last year. The decrease was mainly due to the decrease in provision for Hong Kong profits tax and overseas tax for the current period. The details of income tax of the Group are set out in note 6 of this announcement.

EBITDA

As a result of the decrease in revenue, EBITDA for the six months ended 30 June 2023 decreased by 16.57% to HK\$344,769,000, while the margin decreased from 82.9% to 82.1%.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the period, the Group's capital expenditure incurred for property, plant and equipment was HK\$13,552,000 (six months ended 30 June 2022: HK\$2,859,000). The capital expenditure was mainly for the addition of equipment and construction-in-progress (six months ended 30 June 2022: addition of equipment). 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 30 June 2023 (31 December 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 30 June 2023 (31 December 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 30 June 2023 (31 December 2022: HK\$Nil).

As at 30 June 2023, the Group’s total liabilities were HK\$1,029,716,000, a decrease of HK\$30,139,000 as compared to 31 December 2022, mainly due to the decrease in lease liabilities and deferred tax liabilities. The gearing ratio (total liabilities/total assets) has decreased to 14.7%, representing a 0.2 percentage point decrease as compared to 31 December 2022.

For the six months ended 30 June 2023, the Group recorded a net cash outflow of HK\$229,278,000 (six months ended 30 June 2022: HK\$400,725,000) which included net cash inflow of HK\$205,260,000 generated from operating activities. This was offset by net cash outflow of HK\$265,013,000 used in investing activities and HK\$169,525,000 used in financing activities.

As at 30 June 2023, the Group has HK\$1,809,461,000 of cash and bank balances, 93.36% of which were denominated in United States Dollar, 4.87% in Renminbi, 1.75% in Hong Kong Dollar and 0.02% in other currencies. The balance comprised of HK\$246,256,000 cash and cash equivalents and HK\$1,563,205,000 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 depreciated against the Hong Kong Dollar during the six months ended 30 June 2023.

Charges on group assets

At 30 June 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\$2,735,000 (31 December 2022: HK\$2,793,000).

Capital commitments

As at 30 June 2023, the Group had outstanding contracted capital commitments of HK\$186,311,000 (31 December 2022: HK\$209,370,000).

Non-adjusting event after the reporting period

After the end of the reporting period, the directors proposed an interim dividend. Further details are disclosed in note 22 of this announcement.

FINANCIAL HIGHLIGHTS

Unaudited condensed consolidated statement of profit or loss

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2023	2022
	Note	\$'000	\$'000
Revenue	3,4	419,728	498,402
Cost of services		<u>(231,916)</u>	<u>(246,948)</u>
Gross profit		187,812	251,454
Other net gains/(losses)	5(a)	32,133	(6,341)
Valuation gain/(loss) on investment properties	10	464	(687)
Administrative expenses		<u>(48,292)</u>	<u>(49,241)</u>
Profit from operations		172,117	195,185
Fair value changes on financial assets	13	–	708
Finance costs	5(b)	(2,887)	(3,096)
Share of loss of associates		<u>(29,379)</u>	<u>(24,533)</u>
Profit before taxation	5	139,851	168,264
Income tax	6	<u>(22,022)</u>	<u>(34,456)</u>
Profit for the period and attributable to equity shareholders of the Company		<u>117,829</u>	<u>133,808</u>
Earnings per share	8		
– Basic and diluted		<u>12.69 cents</u>	<u>14.41 cents</u>

Unaudited condensed consolidated statement of comprehensive income*For the six months ended 30 June 2023**(Expressed in Hong Kong dollars)*

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Profit for the period	117,829	133,808
Other comprehensive income for the period (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*	(32,198)	(35,731)
Share of other comprehensive income of associates	–	679
Other comprehensive income for the period	(32,198)	(35,052)
Total comprehensive income for the period	85,631	98,756

* Included exchange loss on translation of financial statements of associates of \$28,726,000 (six months ended 30 June 2022: \$33,967,000).

Unaudited condensed consolidated statement of financial position

At 30 June 2023

(Expressed in Hong Kong dollars)

		At 30 June 2023 \$'000	At 31 December 2022 \$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	9	3,996,961	4,185,970
Investment properties	10	9,485	9,481
Intangible assets	11	273,536	277,904
Interest in associates	12	634,973	693,078
Club membership		380	380
Prepayments		93,206	95,399
Deferred tax assets		36	36
		<u>5,008,577</u>	<u>5,262,248</u>
Current assets			
Financial assets measured at fair value through profit or loss	13	–	–
Trade receivables, net	14	191,185	100,434
Deposits, prepayments and other receivables		15,090	14,258
Bank deposits with original maturity beyond 3 months		1,563,205	1,269,203
Cash and cash equivalents	16	246,256	480,535
		<u>2,015,736</u>	<u>1,864,430</u>
Current liabilities			
Payables and accrued charges	17	62,818	89,276
Deferred income		53,515	47,798
Dividend payable		11,340	9,045
Lease liabilities		30,082	30,979
Current taxation		54,258	14,746
		<u>212,013</u>	<u>191,844</u>
Net current assets		<u>1,803,723</u>	<u>1,672,586</u>
Total assets less current liabilities carried forward		<u>6,812,300</u>	<u>6,934,834</u>

Unaudited condensed consolidated statement of financial position (continued)

At 30 June 2023

(Expressed in Hong Kong dollars)

	At 30 June 2023 \$'000	At 31 December 2022 \$'000
Total assets less current liabilities brought forward	6,812,300	6,934,834
Non-current liabilities		
Deposits received	40,165	42,090
Deferred income	84,033	96,067
Lease liabilities	123,748	135,814
Deferred tax liabilities	569,757	594,040
	817,703	868,011
Net assets	5,994,597	6,066,823
Capital and reserves		
Share capital	18 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	(49,644)	(17,446)
Other reserves	1,202	1,202
Accumulated profits	4,084,651	4,124,679
Total equity	5,994,597	6,066,823

Unaudited condensed consolidated statement of changes in equity

For the six months ended 30 June 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 the six months ended 30 June 2022:								
Profit for the period	-	-	-	-	-	-	133,808	133,808
Other comprehensive income	-	-	-	679	(35,731)	-	-	(35,052)
Total comprehensive income	-	-	-	679	(35,731)	-	133,808	98,756
Dividend approved in respect of the previous year (<i>note 7(b)</i>)	-	-	-	-	-	-	(190,357)	(190,357)
Balance at 30 June 2022	<u>92,857</u>	<u>1,230,581</u>	<u>511,000</u>	<u>124,601</u>	<u>8,961</u>	<u>1,202</u>	<u>4,073,306</u>	<u>6,042,508</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 the six months ended 30 June 2023:								
Profit for the period	-	-	-	-	-	-	117,829	117,829
Other comprehensive income	-	-	-	-	(32,198)	-	-	(32,198)
Total comprehensive income	-	-	-	-	(32,198)	-	117,829	85,631
Dividend approved in respect of the previous year (<i>note 7(b)</i>)	-	-	-	-	-	-	(157,857)	(157,857)
Balance at 30 June 2023	<u>92,857</u>	<u>1,230,581</u>	<u>511,000</u>	<u>123,950</u>	<u>(49,644)</u>	<u>1,202</u>	<u>4,084,651</u>	<u>5,994,597</u>

Unaudited condensed consolidated cash flow statement

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2023 \$'000	2022 \$'000
Operating activities			
Cash generated from operations		212,367	253,895
Hong Kong profits tax paid		–	(18,677)
Overseas tax paid		(7,107)	(11,820)
Net cash generated from operating activities		205,260	223,398
Investing activities			
Payment for purchase of property, plant and equipment		(13,552)	(1,628)
Prepayments made		–	(5,327)
Refund in prepayments made		2,026	–
Placement of bank deposits with original maturity beyond 3 months		(1,563,205)	(1,081,047)
Release of bank deposits with original maturity beyond 3 months		1,269,203	662,117
Other cash flows arising from investing activities		40,515	11,970
Net cash used in investing activities		(265,013)	(413,915)
Financing activities			
Capital element of lease rentals paid		(11,076)	(19,522)
Interest element of lease rentals paid		(2,887)	(3,096)
Dividends paid to equity shareholders of the Company		(155,562)	(187,590)
Net cash used in financing activities		(169,525)	(210,208)
Net decrease in cash and cash equivalents		(229,278)	(400,725)
Cash and cash equivalents at 1 January	16	480,535	701,847
Effect of foreign exchange rates changes		(5,001)	(9,192)
Cash and cash equivalents at 30 June	16	246,256	291,930

Notes to the unaudited condensed consolidated interim financial information

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

The interim financial information of APT Satellite Holdings Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). It was authorised for issue on 23 August 2023.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2022 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual consolidated financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with IAS 34 and HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods.

The interim financial information is presented in Hong Kong dollars. The interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual consolidated financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) and Hong Kong Financial Reporting Standards (“HKFRSs”) and should be read in conjunction with the 2022 annual consolidated financial statements.

The interim financial information is unaudited, but has been reviewed by BDO Limited (“BDO”), in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

2. CHANGES IN ACCOUNTING POLICIES

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

IFRS/HKFRS 17 (including the Amendments to IFRS/HKFRS 17)	Insurance Contracts
Amendments to IAS/HKAS 1 and IFRS/HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS/HKAS 8	Definition of Accounting Estimates
Amendments to IAS/HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS/HKAS 12	International Tax Reform – Pillar Tax Model Rules

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

3. 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 six months ended 30 June 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 six months ended 30 June 2023, revenue of \$110,764,000 (six months ended 30 June 2022: \$156,931,000) 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 six months ended 30 June 2023 were \$65,202,000, \$181,092,000, \$127,805,000, and \$45,629,000 respectively (six months ended 30 June 2022: \$45,111,000, \$235,747,000, \$170,597,000, and \$46,947,000 respectively).

4. REVENUE AND SEASONALITY OF OPERATIONS

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:

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Recognised overtime:		
– Income from provision of satellite transponder capacity	376,370	456,962
– Income from provision of satellite-based broadcasting and telecommunications services	1,952	2,219
– Other satellite-related service income	41,406	39,221
	419,728	498,402

The Group's operations are not subject to significant seasonality fluctuations.

5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
(a) Other net gains/(losses)		
Interest income on bank deposits	40,156	6,301
Other interest income	359	1,330
Foreign currencies exchange loss	(10,232)	(15,842)
Rental income in respect of properties less direct outgoing expenses of \$Nil (2022: \$Nil)	320	681
Other income	1,530	1,189
	32,133	(6,341)
	2,887	3,096
(b) Finance costs		
Interest on lease liabilities	2,887	3,096

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
(c) Other items		
Depreciation		
– Property, plant and equipment	189,406	189,773
– Right-of-use assets	11,475	16,410
Amortisation	4,368	4,368
Loss on disposal of property, plant and equipment	–	481
Impairment loss on trade receivables reversed	(1,888)	(8,642)
	<u>189,406</u>	<u>189,773</u>

6. INCOME TAX

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	39,457	43,510
Under-provision in respect of prior years	96	289
	<u>39,553</u>	<u>43,799</u>
Current tax – Outside Hong Kong		
Provision for the period	9,864	14,196
Over-provision in respect of prior years	(3,134)	(207)
	<u>6,730</u>	<u>13,989</u>
Deferred taxation – Hong Kong	<u>(24,261)</u>	<u>(23,332)</u>
Tax expense	<u>22,022</u>	<u>34,456</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 period, 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 period.

7. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the period

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Interim dividend proposed after the end of the reporting period of \$5.00 cents (2022: \$5.00 cents) per ordinary share	46,429	46,429

As the interim 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.

(b) Dividends attributable to the previous financial year, approved and paid during the period

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Final dividend in respect of previous financial year, approved and paid during the period, of \$17.00 cents (2022: \$20.50 cents) per ordinary share	157,857	190,357

8. 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 \$117,829,000 (six months ended 30 June 2022: \$133,808,000) and the weighted average of 928,573,000 ordinary shares (30 June 2022: 928,573,000 ordinary shares) in issue during the period.

(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 six months ended 30 June 2023 and 2022.

9. PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

No additions to right-of-use assets were recognised (six months ended 30 June 2022: \$24,256,000) as the Group has not entered into any lease agreements for use of satellite transponder capacities and teleport services during the six months ended 30 June 2023.

(b) Acquisitions and disposals

During the six months ended 30 June 2023, the Group acquired property, plant and equipment, including construction-in-progress but excluding right-of-use assets, at a total cost of \$13,552,000 (six months ended 30 June 2022: \$2,859,000). No items of property, plant and equipment were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: disposed of net book value of \$562,000, resulting in a loss on disposal of \$481,000).

(c) Impairment loss

In the opinion of directors, there was no impairment indication that the carrying amount of non-financial assets have suffered any impairment loss. Given the material balances, the Group conducted a review of its property, plant and equipment as at 30 June 2023 and 31 December 2022 and concluded no impairment loss is recognised.

10. INVESTMENT PROPERTIES

The investment properties were revalued at 30 June 2023 at \$9,485,000 (31 December 2022: \$9,481,000) using direct comparison method by reference to sales of comparable properties as available in the market assuming sale with the benefit of vacant possession by Savills Valuation and Professional Services (China) Limited, an independent professional property appraiser who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued. Fair value change including a valuation gain of \$464,000 (six months ended 30 June 2022: valuation loss of \$687,000) and an exchange loss of \$460,000 (six months ended 30 June 2022: \$458,000) have been recognised in profit or loss during the six months ended 30 June 2023.

11. INTANGIBLE ASSETS

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.

During the six months ended 30 June 2023 and 2022, the Group conducted a review for impairment of the intangible asset and concluded no impairment loss is recognised.

Leased intangible assets – orbital slots

The amortisation charge for the six months ended 30 June 2023 of \$4,368,000 (six months ended 30 June 2022: \$4,368,000) is included in “cost of services” in the condensed consolidated statement of profit or loss.

12. INTEREST IN ASSOCIATES

On 23 July 2016, the Group entered into an Investors' Agreement for the establishment of APT Mobile Satcom Limited ("APT Mobile") in Shenzhen, Guangdong Province of the People's Republic of China. The total registered capital of APT Mobile is RMB2,000 million (equivalent to \$2,454 million), of which the Group has committed to contribute RMB600 million (equivalent to \$736 million), representing 30% of the equity interest in APT Mobile. Details of which can be referred to in the Company's announcements on 23 July 2016 and 14 August 2016 in relation to the establishment of APT Mobile.

The principal activities of APT Mobile are the construction and development of global high-throughput satellite communication system. As at 30 June 2023, APT Mobile was engaged in a project for the manufacturing, delivery and launching of the APSTAR-6D Satellite and the capital contribution made by the Group amounted to RMB600 million (equivalent to \$736 million) (31 December 2022: RMB600 million (equivalent to \$736 million)). APT Mobile is accounted for using the equity method in the condensed consolidated financial statements.

On 31 August 2021, the Group entered into an Investors' Agreement for the establishment of APSTAR Alliance Satcom Limited ("APSTAR Alliance") in Hong Kong. The total registered capital of APSTAR Alliance is US\$30 million (equivalent to \$234 million), of which the Group has committed to contribute US\$6 million (equivalent to \$46.8 million), representing 20% of the equity interest in APSTAR Alliance. The principal activities of APSTAR Alliance are the construction and development of global high-throughput satellite communication system. As at 30 June 2023, APSTAR Alliance was engaged in a project for manufacturing and launching of the APSTAR-6E Satellite and the capital contribution made by the Group amounted to US\$6 million (equivalent to \$46.8 million) (31 December 2022: US\$6 million (equivalent to \$46.8 million)). APSTAR Alliance is accounted for using the equity method in the condensed consolidated financial statements.

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

As at 30 June 2022, the investment in the listed shares of CNC Holdings Limited was remeasured at a fair value of \$2,691,000, based on the market price as at the end of the reporting period, with fair value gain of \$708,000 recognised in 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 management assessment, the fair value of the Suspended Shares was remeasured to be \$Nil as at 31 December 2022.

As at 30 June 2023, the Suspended Shares remained suspended. Based on the management assessment, the fair value of the Suspended Shares was \$Nil as at 30 June 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:

	At 30 June 2023 \$'000	At 31 December 2022 \$'000
Within 30 days	115,421	58,816
31 - 60 days	9,393	9,646
61 - 90 days	9,203	14,524
91 - 120 days	7,171	1,488
Over 120 days	49,997	15,960
	191,185	100,434

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. PLEDGE OF ASSETS

At 30 June 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 \$2,735,000 (31 December 2022: \$2,793,000).

16. CASH AND CASH EQUIVALENTS

	At 30 June 2023 \$'000	At 31 December 2022 \$'000
Deposits with bank and other financial institutions with original maturity less than 3 months	41,860	304,935
Cash at bank and on hand	204,396	175,600
Cash and cash equivalents in the condensed consolidated statement of financial position and condensed consolidated cash flow statement	246,256	480,535

17. PAYABLES AND ACCRUED CHARGES

Trade payables were aged within three months based on due date, and other payables and accrued charges are expected to be settled within one year from the end of the reporting period.

18. SHARE CAPITAL

Authorised and issued share capital

	At 30 June 2023		At 31 December 2022	
	<i>No. of shares</i> <i>'000</i>	<i>\$'000</i>	<i>No. of shares</i> <i>'000</i>	<i>\$'000</i>
Authorised:				
Ordinary shares of \$0.10 each	2,000,000	200,000	2,000,000	200,000
Ordinary shares, issued and fully paid:				
At 1 January and 30 June/31 December	928,573	92,857	928,573	92,857

19. FAIR VALUES

IFRS/HKFRS 13 “Fair Value Measurement” categorises fair value measurements into a three-level hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	At 30 June 2023			At 31 December 2022		
	Level 1 <i>\$'000</i>	Level 2 <i>\$'000</i>	Level 3 <i>\$'000</i>	Level 1 <i>\$'000</i>	Level 2 <i>\$'000</i>	Level 3 <i>\$'000</i>
Assets						
Investment properties (<i>note 10</i>)	-	-	9,485	-	-	9,481
Financial assets measured at fair value through profit or loss (<i>note 13</i>)	-	-	-	-	-	-

During the six months ended 30 June 2023, there were no transfers between levels of fair value hierarchy.

During the year ended 31 December 2022, financial assets measured at fair value through profit or loss was transferred from Level 1 to Level 3 due to the suspension of trading in shares (*note 13*). Except for the above, there was no other transfer between levels of fair value hierarchy.

The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All other financial assets and liabilities are carried at amounts not materially different from their fair values as at 30 June 2023 and 31 December 2022.

20. COMMITMENTS

At 30 June 2023, the Group had the following outstanding capital commitments not provided for in the condensed consolidated financial statements:

	At 30 June 2023 \$'000	At 31 December 2022 \$'000
Contracted for in respect of acquisition of property, plant and equipment	186,311	209,370

21. MATERIAL RELATED PARTY TRANSACTIONS

Except for those disclosed elsewhere in these condensed consolidated financial statements, the Group entered into the following material transactions with related parties during the period:

	Six months ended 30 June	
	2023 \$'000	2022 \$'000
Income from fellow subsidiaries for providing satellite transponder capacity and satellite-based telecommunication services (<i>note (i)</i>)	145,854	183,798
Income from a holding company of a shareholder of the Company for providing satellite transponder capacity and satellite-based telecommunication services (<i>note (i)</i>)	3,020	3,360
Income from an associate for providing satellite transponder capacity and satellite-based telecommunication services (<i>note (i)</i>)	3,679	18,307
Income from a subsidiary of an associate for providing satellite transponder capacity and satellite-based telecommunication services (<i>note (i)</i>)	29,449	10,651
Income from an associate for technical support and project management services (<i>note (ii)</i>)	1,983	1,983
Management fees paid to a fellow subsidiary (<i>note (iii)</i>)	(320)	(380)
Expenses to fellow subsidiaries for satellite transponder capacity and satellite-based telecommunication services (<i>note (iv)</i>)	(1,155)	(4,086)
Expenses to an associate for satellite transponder capacity and satellite-based telecommunication services (<i>note (iv)</i>)	–	(208)
Expenses to a subsidiary of an associate for satellite transponder capacity and satellite-based telecommunication services (<i>note (iv)</i>)	(2,856)	(10,506)

Notes:

- (i) The terms and conditions of these transponder capacity utilisation agreements are similar to those contracted with other customers of the Group.
- (ii) Proceeds from an associate for technical support and project management services provided during the period.
- (iii) Management fees were paid to a fellow subsidiary for human resource services received during the period.
- (iv) Transponder capacity services cost was paid to fellow subsidiaries, an associate and a subsidiary of an associate for services received during the period.

22. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors declared an interim dividend of \$46,429,000. Further details are disclosed in note 7.

HUMAN RESOURCES

As at 30 June 2023, the Group had 107 employees (30 June 2022: 109 employees). The Group continues to provide on the job training to employees, which meet their needs and periodically review its emolument policy based on the respective responsibilities of employees and current market trends.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 September 2023 to Friday, 22 September 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed interim 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 Tuesday, 19 September 2023.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2023, the Company has met the code provisions ("Code Provision") set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, save for the following Code Provisions:

- B.2.2: 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 and a new independent non-executive director was not appointed at the annual general meeting held on 23 May 2023. This deviation is due to the Company's difficulties to identify suitable candidate with appropriate experience and qualification to meet the Company's need.

AUDIT AND RISK MANAGEMENT COMMITTEE

In the meeting on 22 August 2023, the Audit and Risk Management Committee reviewed with the management the accounting principles and practices adopted by the Group and the Company's unaudited interim financial report for the six months ended 30 June 2023, and discussed auditing and internal control matters. The Audit and Risk Management Committee comprises four independent non-executive directors, Dr. Lui King Man (Chairman), Dr. Lam Sek Kong, Mr. Cui Liguu and Dr. Meng Xingguo.

INTERIM REPORT

The unaudited financial information set out above does not constitute the Company's 2023 interim financial report for the six months ended 30 June 2023, but represents an extract from the interim financial report.

The Company's 2023 Interim Report containing information required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.apstar.com) in due course.

NOTE OF APPRECIATION

I would like to express my sincere gratitude to all the customers of the Group and my grateful gratitude to all our staff for their valuable contribution to the development of the Group!

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

Hong Kong, 23 August 2023

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

Executive Directors:

Wang Hongbin (*President*) and Yan Zhao (*Vice President*)

Non-Executive Directors:

Sun Jing (*Chairman*), Yin Yen-liang, Fu Zhiheng, Lim Kian Soon, He Xing, Lim Seng Kong and Tseng Ta-mon (*Alternate Director to Yin Yen-liang*)

Independent Non-Executive Directors:

Lui King Man, Lam Sek Kong, Cui Liguu and Meng Xingguo