APSTAR
by APT Satellite

APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1045)

ANNUAL REPORT 2022

COMPANY PROFILE

APT Satellite Holdings Limited (the "Company") (Stock Code 1045) is a listed company in The Stock Exchange of Hong Kong Limited, holding the entire interest of APT Satellite Company Limited (The Company together with all its subsidiaries are collectively referred to as "the APT Group").

APT Group commenced its operation in 1992. It currently operates satellites, namely, APSTAR-5C, APSTAR-6C, APSTAR-7 and APSTAR-9, and also operates APSTAR-6D through its associated company APT Mobile Satcom Limited. APSTAR Systems covering regions in Asia, Oceania, Middle East, Africa, approximately 75% of the world's population. APT Group provides excellent quality transponder, satellite telecommunications and satellite TV broadcasting and transmission services to broadcasters and telecommunication customers.

The advanced APSTAR Systems of APT Group, supported with the comprehensive and high quality services, have become one of the leading satellite operators in the Asia Pacific region.

For more information, please contact us:

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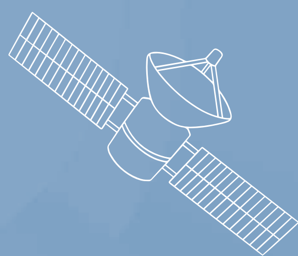
Email:	aptmk@apstar.com (Marketing & Sales) ir@apstar.com (Investors Relations)
Web-site:	www.apstar.com



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Directors

Li Zhongbao *(Chairman)*
Lim Seng Kong
Yin Yen-liang
Fu Zhiheng
Lim Kian Soon
He Xing
Tseng Ta-mon
(alternate director to Yin Yen-liang)

Independent Non-executive Directors

Lui King Man
Lam Sek Kong
Cui Liguo
Meng Xingguo

COMPANY SECRETARY

Lau Tsui Ling Shirley

AUTHORISED REPRESENTATIVES

Wang Hongbin
Lau Tsui Ling Shirley

MEMBERS OF AUDIT AND RISK MANAGEMENT COMMITTEE

Lui King Man *(Chairman)*
Lam Sek Kong
Cui Liguo
Meng Xingguo

MEMBERS OF NOMINATION COMMITTEE

Lam Sek Kong *(Chairman)*
Yan Zhao
Lui King Man
Cui Liguo
Meng Xingguo

MEMBERS OF REMUNERATION COMMITTEE

Lui King Man *(Chairman)*
Yan Zhao
Lam Sek Kong
Cui Liguo
Meng Xingguo

AUDITORS

BDO Limited
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Company Limited Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISORS

Sit, Fung, Kwong & Shum, Solicitors

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited
Victoria Place 5th Floor
31 Victoria Street
Hamilton, HM 10 Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

22 Dai Kwai Street
Tai Po Industrial Estate
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New Territories
Hong Kong

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e-mail:	aptmk@apstar.com (Marketing & Sales)
	ir@apstar.com (Investor relations)

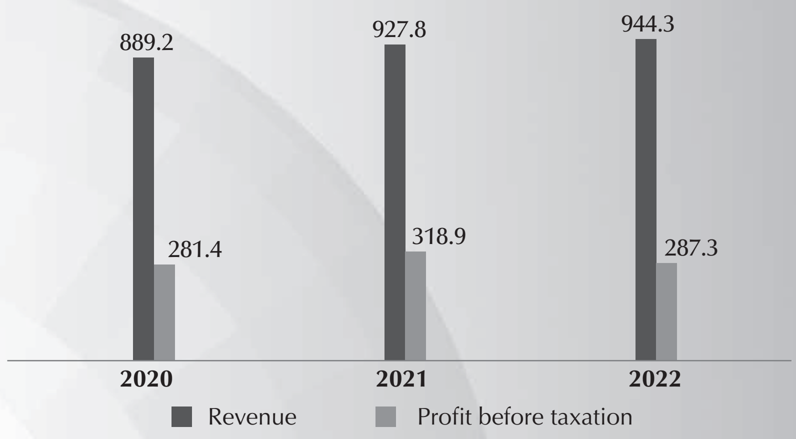
STOCK CODE

1045

FINANCIAL HIGHLIGHTS

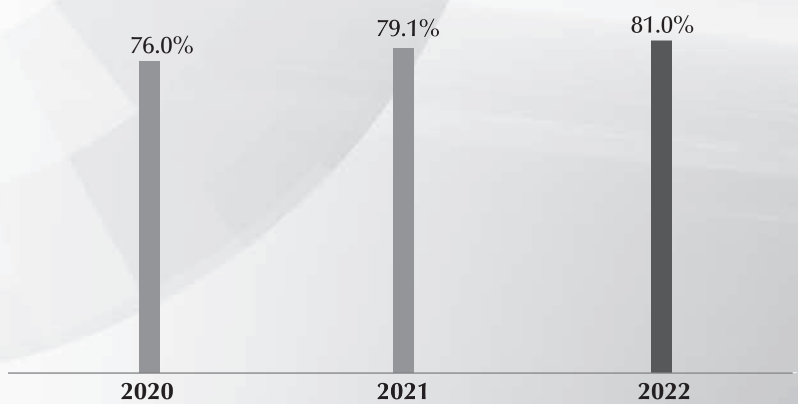
REVENUE & PROFIT BEFORE TAXATION

(HK$ Million)



EBITDA MARGIN

(Percentage)

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Annual Report 2022
APSTAR
by APT Satellite
亞太衛星控股有限公司
APT SATELLITE HOLDINGS LIMITED

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 2022.

RESULTS

Revenue

In 2022, the Group's revenue amounted to HK$944,305,000 (2021: HK$927,807,000), representing an increase of 1.8% amounting to HK$16,498,000 as compared to 2021.

Profit before taxation

In 2022, the Group's profit before taxation amounted to HK$287,267,000 (2021: HK$318,910,000), representing a decrease of 9.9% amounting to HK$31,643,000 as compared to 2021.

Profit attributable to equity shareholders

In 2022, the Group's profit attributable to equity shareholders amounted to HK$231,610,000 (2021: HK$263,382,000), representing a decrease of 12.1% amounting to HK$31,772,000 as compared to 2021. Basic earnings per share and diluted earnings per share were HK 24.94 cents (2021: HK28.36 cents).

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 HK17.00 cents per ordinary share for the financial year ended 31 December 2022 (2021: HK20.50 cents per ordinary share).

The final dividend is conditional upon the passing of the relevant resolution at the forthcoming annual general meeting (the "Annual General Meeting") which will be held on Tuesday, 23 May 2023. The final dividend will be paid on or about Friday, 16 June 2023 to shareholders whose names appear on the register of members at the close of business on Wednesday, 7 June 2023.

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 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 late 2023 to 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 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 2022 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

In 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.

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.

NOTE OF APPRECIATION

The year of 2022 is the 30th anniversary of the Group, 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
Li Zhongbao
Chairman

Hong Kong, 23 March 2023

BUSINESS REVIEW

Corporate strategies & positioning

The Group endeavours to become one of the leading regional satellite operators in the Asia Pacific region. It commenced its operation in 1992 and currently operates in-orbit satellites, namely, APSTAR-5C, APSTAR-6C, APSTAR-7, APSTAR-9 and APSTAR-6D (operated by APT Mobile Satcom Limited ("APT Mobile")), an associate of the Group) in geostationary orbital slots at 138, 134, 76.5 and 142 degree East Longitude covering regions in Asia, Europe, Africa, and Oceania, approximately 75% of the world's population with its reliable and high-standard quality transponder, broadcasting, telecommunication and data-centre services.

Financial performance

Despite the fact that the Group has encountered fierce market competition due to oversupply situation in transponder market and significant price pressure, the Group has maintained its profitability in the year 2022. The Group's revenue in 2022 amounted to HK$944,305,000 (2021: HK$927,807,000), representing an increase of 1.8% amounting to HK16,498,000 as compared to 2021. The Group's profit attributable to equity shareholders amounted to HK$231,610,000 in 2022 (2021: HK$263,382,000). Basic earnings per share and diluted earnings per share were both HK24.94 cents in 2022 (2021: HK28.36 cents).

Rental received and liquidity

Despite the fact that the Group is in the progress of developing the ground gateway stations and invests in associate companies concurrently, with total capital commitment in aggregate of US$26,842,000 (equivalent to HK$209,370,000), the financial position and cash flow situation of the Group over the coming years will remain to be sound owing to the facts that (a) the Group had approximately HK$1,749,738,000 of cash and bank balances as at 31 December 2022; (b) the Group has operating cash inflow arising from the transponder lease services during the year ended 31 December 2022; (c) the Group has available unutilised bank loan facilities approximately US$94,821,000 (equivalent to HK$739,600,000); and (d) the Group has been at a fairly low gearing position which allows it to raise external borrowings in the future, when necessary.

BUSINESS REVIEW (Continued)

Principal risks and uncertainties

The Group, being one of the leading regional satellite operators in the Asia Pacific region operating several in-orbit satellites, may encounter various types of risks at different levels and in various forms. It is the responsibility of the Board to control and manage the risks and uncertainties to be encountered by the Group. Through the effective risk management, risks are managed with appropriate mitigation measures in place to minimise the exposure.

In year 2022, the principal risks and uncertainties identified and faced by the Group are discussed below:

1. *Project Development and Technical Risks*

    (i) Satellite In-orbit Failure Risks

    The Group will in line with the industry practice, take out in-orbit insurance policies to cover the risks of failure of the Group's in-orbit satellites. The insurance will cover the net book values of the in-orbit satellites and seek to reduce exclusions from claims coverage. In the unlikely event of failure or loss of in-orbit satellite, the Group will be able to recover such loss or damages by the insurance indemnity under the respective insurance policies.

    In addition, the Group is also cooperating with partners to build a resource coordination and mutual backup mechanism of satellites to address this risk.

    (ii) Frequency Licence Risks

    The 5G implementation will bring up the concerns for impact on lower part of C-band frequency which is currently utilized by satellite communication. The Group has already taken precautions to eliminate it, for the newly launched satellites in past few years, the Group has reduced the allocation of transponders in the potential affected frequency band, and allocated more resources of the satellite with Ku-band, Ka-band as well as HTS transponders. Meanwhile, the planning for construction of backup earth stations will eliminate the impact on satellite Telemetry, Tracking & Control from 5G services.

BUSINESS REVIEW (Continued)

Principal risks and uncertainties (Continued)

2. *Market Risks*

Major market risks will stem from:

(i) oversupply situation of transponders due to advancement of satellite telecommunication technology (including Starlink and Oneweb Internet Constellation that will be put into commercial operation) and newly launched satellites from other satellite operators;

(ii) continued price pressure as a result of fierce market competition subsequent to oversupply situation of transponders and other mature and high cost effective technology and products in the market;

(iii) default of contracts due to the collapses of certain businesses caused by gradual economic downturn or 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 or market protection in certain economies and sectors and the impact on the sales of C-band transponders that account for a significant proportion of satellite transponder capacity; and

(iv) business risks attributable to the fact of being relying on a few key customers or markets.

The Group has successfully implemented APSTAR-6D project through APT Mobile and providing the market with advanced technology and better performance of satellite resource as well as more variety of services, so as to enhance the competitive edge and to satisfy the diverse market demand for satellite applications, strengthen sales resource allocation to expand the market and customer base while balancing the possible lost share of some markets, establish strategic cooperation to maintain long-term strong user relationships, so as to achieve the diversification and reduction of market risks.

BUSINESS REVIEW (Continued)

Principal risks and uncertainties (Continued)

3. *Financial Risks*

Major financial risks will stem from the following situations (Details of the Group's financial risk management are set out in note 28 to the consolidated financial statements of the annual report):

(i) Most of the payments under the Group's transponder utilisation agreements are denominated in United States Dollars. Part of the revenue from the Mainland China market is denominated in Renminbi. The fluctuation of Renminbi exchange rate against Hong Kong dollars may adversely affect the Group's operating results. On the other hand, the Group's risk exposure due to fluctuation of the United States Dollar exchange rate against Hong Kong dollars is insignificant as the Hong Kong Dollar is pegged to the United States Dollar.

Despite the revenue from the Mainland China market being denominated in Renminbi, the Group considers that the Group's risk exposure due to fluctuation of exchange rates is insignificant. The Group reviews the Group's risk exposure due to fluctuation of exchange rates regularly and recognises hedging as one of the measures to mitigate the currency risk.

(ii) The change of tax regime in the countries from which the revenue is derived. To reduce the tax risk, the Group has sought advice from tax consultants for review and assessment of the global tax impact.

(iii) Possible adverse effect to net income by impairments of the value of property, plant and equipment (including the satellites) and intangible assets. If any part of the property, plant and equipment and intangible assets are deemed to be impaired in whole or in part, the Group could be required to reduce or write-off such assets, which could have a material adverse effect on the Group's financial condition.

As mentioned in earlier paragraphs, the financial position and cash flow situation of the Group over the coming years will remain sound. In view of the existing internal resources of the Group as well as the cash inflow from the transponder lease service and the external borrowings in the future, the Group can comfortably cope with any long-term or short-term financial and cash-flow commitment without difficulties.

BUSINESS REVIEW (Continued)

Principal risks and uncertainties (Continued)

4. *Regulatory and Compliance Risks*

   The regulatory and conformance risks may stem from the change of the statutes, rules, codes or regulatory regime in Hong Kong or overseas where the Group's services are performed.

   The Group will apply for the necessary licences and permits, or cooperate with licensed partner for all satellites and services in a timely manner for their respective operations and commit to comply with all relevant laws and regulations.

   The Group has reviewed the changes and updates of those relevant laws, regulations and standards including the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Hong Kong Companies Ordinance (Cap. 622), the Securities and Futures Ordinance (Cap. 571), the Competition Ordinance (Cap. 619), Companies Act 1981 of Bermuda (as amended) and the International/Hong Kong Financial Reporting Standards which may have significant effect on the Group's financial reporting, compliance and operation. The Group has not encountered any significant risk on regulatory compliance during the period.

5. *Litigation Risks*

   There was no litigation or claim of material significance known to the Group to be pending or threatened by or against the Company or any member of the Group during the year.

The Board and the Audit and Risk Management Committee have reviewed the above risks identified and are of the view that they will not cause imminent and material adverse effect or impact to the financial and normal operation of the Group, and that these risks are under control.

FINANCIAL REVIEW

As at 31 December 2022, the Group's financial position remains sound. The table below sets out the financial performance for the years ended 31 December 2022 and 2021:

Financial Highlights

	2022 HK$'000	2021 HK$'000	Changes
Revenue	**944,305**	927,807	+1.8%
Gross profit	**455,050**	446,396	+1.9%
Profit before taxation	**287,267**	318,910	-9.9%
Profit attributable to equity shareholders	**231,610**	263,382	-12.1%
Basic earnings per share (HK cents)	**24.94**	28.36	-12.1%
EBITDA *(Note 1)*	**765,102**	733,826	+4.3%
EBITDA Margin (%)	**81.0%**	79.1%	+1.9 percentage points

	At 31 December		
	2022 HK$'000	2021 HK$'000	Changes
Total cash and bank balance	**1,749,738**	1,363,964	+28.3%
Total assets	**7,126,678**	7,295,364	-2.3%
Total liabilities	**1,059,855**	1,161,255	-8.7%
Net assets per share (HK$)	**6.53**	6.61	-1.2%
Gearing ratio (%) *(Note 2)*	**14.9%**	15.9%	-1.0 percentage point
Liquidity ratio	**9.72 times**	6.65 times	+3.07 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.

FINANCIAL REVIEW (Continued)

Revenue

	2022 HK$'000	2021 HK$'000	Changes
Income from provision of satellite transponder capacity	**861,299**	847,388	+1.6%
Income from provision of satellite- based broadcasting and telecommunications services	**4,381**	4,684	-6.5%
Other satellite-related service income	**78,625**	75,735	+3.8%
Total	**944,305**	927,807	+1.8%

For the year ended 31 December 2022, the Group's revenue amounted to HK$944,305,000 (2021: HK$927,807,000), representing 1.8% increase as compared with 2021. The increase was mainly attributable to the increase in income from provision of satellite transponder capacity during the year. The profit attributable to shareholders decreased by 12.1% to HK$231,610,000.

Other net gains

	2022 HK$'000	2021 HK$'000	Changes
Interest income on bank deposits and other interest income	**28,309**	19,043	+48.7%
Foreign currencies exchange (loss)/gain	**(26,406)**	17,681	-249.3%
Rental income in respect of properties less direct outgoing expenses	**1,211**	1,433	-15.5%
Insurance and other compensations	**–**	3,870	-100.0%
Gain on lease modification	**123**	–	+100.0%
(Loss)/gain on disposal of property, plant and equipment	**(88)**	21	-519.0%
Other income	**5,739**	1,909	+200.6%
Total	**8,888**	43,957	-79.8%

Total other net gains for the year ended 31 December 2022 decreased to HK$8,888,000. The decrease was mainly due to the decrease in foreign currencies exchange (loss)/gain during the year.

FINANCIAL REVIEW (Continued)

Finance costs

Finance costs of HK$7,013,000 were recognised for the year ended 31 December 2022 (2021: HK$6,189,000). The increase was mainly attributable to increase in interest on lease liabilities.

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

Based on the market price as at 31 December 2021, the balance of 141,651,429 ordinary shares of CNC Holdings Limited was remeasured at a fair value of HK$1,983,000, with fair value loss of HK$425,000 recognised in profit or loss.

As at 31 December 2022, the trading in listed shares of CNC Holdings Limited on the Stock Exchange was suspended since 15 August 2022 (the "Suspended Shares"). The fair value of the Suspended Shares was remeasured at a fair value of HK$Nil, based on management assessment, and a fair value loss of HK$1,983,000 recognised in profit or loss.

The details of financial assets measured at fair value through profit or loss of the Group are set out in note 15 of the consolidated financial statement.

Income tax

Income tax expenses for the year ended 31 December 2022 increased to HK$55,657,000, as compared to HK$55,528,000 in 2021. The details of income tax of the Group are set out in note 5(a) of the consolidated financial statement.

EBITDA

As a result of the increase in revenue, EBITDA for the year ended 31 December 2022 increased to HK$765,102,000, with the margin increased from 79.1% to 81.0%.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

For the year ended 31 December 2022, the Group's capital expenditure incurred for property, plant and equipment was HK$11,264,000 (2021: HK$114,190,000). The capital expenditure was mainly for the addition of equipment (2021: addition of equipment). The above capital expenditures were financed by internally-generated funds and cash flows from operating activities.

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

In addition, APT HK, as borrower, and the Company, as guarantor, entered into a facility agreement with The Hongkong and Shanghai Banking Corporation Limited in respect of a revolving loan facility up to US$12,000,000 (equivalent to HK$93,600,000). There was no outstanding balance of the revolving loan facility at 31 December 2022 (2021: HK$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$100,000,000. There was no outstanding balance of the revolving loan facility at 31 December 2022 (2021: HK$Nil).

As at 31 December 2022, the Group's total liabilities were HK$1,059,855,000 a decrease of HK$101,400,000 as compared to 31 December 2021, mainly due to the decrease in current taxation provision and deferred tax liabilities. The gearing ratio (total liabilities/total assets) has decreased to 14.9% representing a 1.0 percentage point decrease as compared to 31 December 2021.

For the year ended 31 December 2022, the Group recorded a net decrease in cash and cash equivalent of HK$221,312,000 (2021: an net increase in cash and cash equivalent of HK$88,810,000) which included net cash inflow of HK$661,573,000 generated from operating activities. This was offset by net cash outflow of HK$585,516,000 used in investing activities and HK$272,033,000 used in financing activities and negative effect of foreign exchange rate changes of HK$25,336,000.

As at 31 December 2022, the Group has HK$1,749,738,000 of cash and bank balances, 76.82% of which were denominated in United States Dollar, 21.10% in Renminbi, 2.05% in Hong Kong Dollar and 0.03% in other currencies which comprising HK$480,535,000 cash and cash equivalents and HK$1,269,203,000 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 EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO (Continued)

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 2022.

Charges on group assets

At 31 December 2022, 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$2,793,000 (2021: HK$2,909,000).

Capital commitments

As at 31 December 2022, the Group had outstanding contracted capital commitments of HK$209,370,000 (2021: HK$223,658,000).

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 36 of the consolidated financial statement.

Compliance confirmation

The Board confirms that throughout the year 2022, the Group has conformed in all material respects with all the requirements under relevant statutes, rules, standards, codes, licenses in respect of its operation, financial reporting, or disclosures in Hong Kong or other applicable jurisdictions.

Environmental protection and stakeholders' rights

The Group recognizes the enlightened shareholders' approach and respects: (i) the importance of environmental protection; (ii) the lawful rights of stakeholders, broadly to be categorized as employees, customers, suppliers, members of communities, and (iii) corporate social responsibilities of the Group as a member of the society. A specific report on these issues is covered in the "Environmental, Social and Governance Report" of this Annual Report.

Pursuant to Appendix 14 of The Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), the board of directors (the "Board") of APT Satellite Holdings Limited (the "Company") presents this Corporate Governance Report for the accounting period covered by this annual report.

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit. Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure satisfactory and sustainable returns to shareholders; the delivery of high-quality products and services to the satisfaction of customers; and the high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board remains committed in maintaining high standard of corporate governance in the Company and its subsidiaries (collectively the "Group").

Throughout the year ended 31 December 2022, albeit few exceptions as explained below, the Board upholds the compliance of the code provisions ("Code Provision") as well as some Recommended Best Practices ("Best Practices") set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

To comply with the Code Provision and some Best Practices and to ensure the standard of corporate governance, the Board has maintained the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee having respective Terms of Reference.

At the management level, in order to further strengthen the management and control of risks and compliance matters, the Company has also established the Internal Control and Risk Management Committee and an internal audit team, which report directly to the Audit and Risk Management Committee on its findings and recommendations.

Furthermore, in order to promote honest and ethical business conduct throughout the Group, the Board has also adopted a series of codes and measures, including the Code of Ethical Business Conduct for the directors and employees of the Company; the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules; the Complaint Handling Procedure and the Whistleblower Protection Policy.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year of 2022, the Company has complied with the Code Provisions save for the following Code Provision:

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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "Code of Conduct") regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code ("Model Code") contained in the Appendix 10 of the Listing Rules. The Board has also adopted the newly amended Model Code which came into effect in 2009.

Having made specific enquiries of all directors, the Company's directors have confirmed that they have complied with the required standard set out in the Model Code and its Code of Conduct regarding directors' securities transactions throughout the accounting period covered by this annual report of the Company.

For details of the Directors' interests in shares of the Company, please refer to the section headed "Directors' and Chief Executive's Interests in Shares" in the "Directors' Report" of this annual report.

BOARD OF DIRECTORS

Composition of the Board

The Board is responsible for determining the overall strategy; reviewing and approving the work plan of the Group; and overseeing the corporate governance of the Group. The management of the Company is responsible for proposing and implementing the work plan of the Group, executing the day-to-day operation of the Group and undertaking any further responsibilities as delegated by the Board from time to time.

The Board comprises two Executive Directors, six Non-executive Directors and four Independent Non-executive Directors ("INEDs"). Biographical information, including the relationships, if any, among members of the Board, is set out in the section headed "Directors' and Senior Management's Profiles and Changes" of this annual report.

In respect of the Listing Rules requirements regarding sufficient number of INEDs and at least one INED with appropriate qualifications, the Company has met these requirements. The Company has received from each of the INEDs an annual confirmation as regards their independence pursuant to Rule 3.13 of the Listing Rules and in the opinion of the Board having regard to the Company's Nomination Committee's assessment of their independence, they remain to be considered as independent.

BOARD OF DIRECTORS (Continued)

Composition of the Board (Continued)

The Board held four board meetings and one general meeting in 2022 and the following table shows the individual attendance of each director during their term of office in 2022:

Name of the Director	Number of board meetings entitled to attend during the director's term of office in 2022	Number of meeting(s) attended#	Number of general meetings entitled to attend during the director's term of office in 2022	Number of meeting(s) attended#
Executive Directors:				
Wang Hongbin *(President)**	3	3	1	1
Yan Zhao *(Vice President)**	3	3	1	1
Cheng Guangren *(Vice President)**	1	1	0	0
Qi Liang *(Vice President)**	1	1	0	0
Non-executive Directors:				
Li Zhongbao *(Chairman)*	4	4	1	1
Lim Seng Kong*	3	3	0	0
Lim Toon*	1	1	1	0
Yin Yen-liang	4	3	1	0
He Xing	4	4	1	1
Fu Zhiheng	4	4	1	1
Lim Kian Soon	4	4	1	0
Tseng Ta-mon *(alternate Director to Yin Yen-liang)*	4	3	1	0
Independent Non-executive Directors:				
Lui King Man	4	4	1	1
Lam Sek Kong	4	4	1	1
Cui Liguo	4	4	1	1
Meng Xingguo	4	4	1	1

Note:

\# Including meetings attended by the director via telephone conferences.

* Mr. Cheng Guangren and Mr. Qi Liang resigned as executive directors of the Company and Mr. Wang Hongbin and Mr. Yan Zhao were appointed as executive directors of the Company on 30 March 2022. Mr. Lim Toon resigned as a non-executive director of the Company and Mr. Lim Seng Kong was appointed as a non-executive director of the Company on 31 May 2022.

BOARD OF DIRECTORS (Continued)

Chairman and Chief Executive Officer

Mr. Li Zhongbao is the Chairman and a Non-executive Director of the Board, while Mr. Wang Hongbin is the President of the Company and is an Executive Director of the Board.

The roles of the Chairman and the President are segregated. The Chairman's main role is to lead the Board in discharging its powers and duties, while the President's main role is to lead the management of the Company for undertaking all the responsibilities delegated by the Board and managing the overall operation of the Group.

Appointment, Retirement and Re-election of Directors

Non-executive Directors of the Company are not appointed for a specific term but shall retire from office by rotation once every three years (as referred to the Bye-Law 87 of the Company which provides that at each annual general meeting one-third of the Directors of the Company shall retire from office by rotation).

To maintain the consistency of making business decisions of the Company, the Chairman and the President shall not be subject to retirement by rotation, whilst holding such office, as provided in the Bye-Law 87(1) of the Company.

All the appointment and re-appointment of Directors of the Board are subject to review by the Company's Nomination Committee, while all the Directors' remuneration is subject to review by the Company's Remuneration Committee.

Board Diversity Policy

The Board adopted the Board Diversity Policy on 26 August 2013, pursuant to which the Group recognises the benefits of having a diverse Board and views increasing diversity at the Board level as an essential element in maintaining the Group's competitive advantage. The policy which requires board appointments to be made based on merit and candidates to be considered against an objective criteria, including diversity.

Selection of candidates will be based on a range of diversity perspectives, which will include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and regional industry experience. The ultimate decision will be based on overall contribution that the selected candidates will bring to the Board and the Company.

Pursuant to the Board Diversity Policy, the Nomination Committee reviews regularly the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile.

During the year, for the changes on the Board, Nomination Committee has evaluated by reference to, among other things, the age, gender, cultural and educational background and professional experience of each director, against the Company's business model and specific needs.

BOARD OF DIRECTORS (Continued)

Appointment, Retirement and Re-election of Directors (Continued)

Board Diversity Policy (Continued)

The diversity mix of the Board as at 31 December 2022 is summarized below:

The Current Composition of the Board

Age of Director

30 – 49 years (1 person)

50 – 59 years (6 persons)

60 years and above (6 persons)*

Gender of Director

Male (100%)

Year of service as Director

Below 5 years (4 persons)

5 – 10 years (2 persons)

Over 10 years (7 persons)*

Note:

* *include alternate director*

The Board will review measurable objectives from time to time to implement the Board Diversity Policy and to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Group has planned to appoint at least one female Director into our Board no later than 31 December 2024. A series of practices have been put into place, including insisting in not using gender as a selection criteria in our recruitment process, increasing the quality of our recruitment, in order to ensure that we can attract talents to fulfill our board diversity goals.

Furthermore, the Board also recognises the importance of diversity at the workforce level. As at 31 December 2022, the overall male-to-female ratio of the employees is 69:31. The Group values diversity among employees, treats employees of different gender, religion, nationality and race equally, and fully ensures that employees enjoy equal rights in recruitment, post adjustment, training and promotion. We appreciate and encourage diversity in the workplace and create a professional, inclusive and diversified working environment. The Group has a balanced structure of male and female employees. The Group will continue to maintain gender balance to achieve gender diversity among employees.

BOARD OF DIRECTORS (Continued)

Appointment, Retirement and Re-election of Directors (Continued)

Board Independence

The Company has established a Board Independence Evaluation Mechanism in 2022 which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests. The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director. Pursuant to the Board Independence Evaluation Mechanism, all Directors has completed the independence evaluation in the form of an e-questionnaire individually during the year. The Board has reviewed its independence. The evaluation report was presented to the Board and the evaluation results were satisfactory. The Board has collectively discussed the results and the action plan for improvement, if appropriate.

The Board believes that these policies, checks and balances mechanism, among other things, are well in place ensuring good corporate governance of the Company. The Board as a whole will continue to oversee every aspect of the Company's corporate governance and endeavours maintain high standard corporate governance throughout the Group.

Directors' Training

Upon appointment to the Board, the Directors will receive training in respect of the directors' duty and a package of orientation materials about the Group and are provided with a comprehensive induction to the Group's business by senior executives. The package includes, among others, a copy of "A Guide on Directors' Duties" issued by the Companies Registry of Hong Kong. The Group also provides briefings and other training to develop and refresh Directors' knowledge and skills, the Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practice. Newsletter or guidance notes are issued to Directors and senior management, where appropriate, to ensure awareness of best corporate governance practices.

BOARD OF DIRECTORS (Continued)

Directors' Training (Continued)

During the year ended 31 December 2022, participation of Directors in continued professional development are as follow:

	Topic of Training	
	Corporate Governance	Anti-Corruption
Wang Hongbin*	✓	✓
Yan Zhao*	✓	✓
Cheng Guangren*	–	–
Qi Liang*	–	–
Li Zhongbao	✓	✓
Lim Seng Kong*	✓	✓
Lim Toon*	–	–
Yin Yen-liang	✓	✓
He Xing	✓	✓
Fu Zhiheng	✓	✓
Lim Kian Soon	✓	✓
Tseng Ta-mon *(alternate director to Yin Yen-liang)*	✓	✓
Lui King Man	✓	✓
Lam Sek Kong	✓	✓
Cui Liguo	✓	✓
Meng Xingguo	✓	✓

Note:

* Mr. Cheng Guangren and Mr. Qi Liang resigned as executive directors of the Company and Mr. Wang Hongbin and Mr. Yan Zhao were appointed as executive directors of the Company on 30 March 2022. Mr. Lim Toon resigned as a non-executive director of the Company and Mr. Lim Seng Kong was appointed as a non-executive director of the Company on 31 May 2022.

BOARD COMMITTEES

Remuneration Committee

The Remuneration Committee comprises five members, including four Independent Non-executive Directors of the Company, namely Dr. Lui King Man (Chairman), Dr. Lam Sek Kong, Mr. Cui Liguo and Dr. Meng Xingguo, and one Executive Director, Mr. Yan Zhao.

The Remuneration Committee is established by the Board and shall be accountable to the Board. The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include determining/reviewing and making recommendations to the Board on the remuneration packages of Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration. For details of its Terms of Reference, please refer to the Company's website (www.apstar.com) under the section headed "Corporate Governance" and it is also available on request from the Company's Investor Relations.

The details of remuneration of Directors and senior management during the year are disclosed in note 6, 7 and 31(c) of the financial statements.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of Executive Directors are also determined with reference to the Company's operation objective and development plan; the managerial organisation structure; the financial budget of the Company; the performance and expectation of the relevant person; and the supply and demand situation of the human resources market. The remuneration for the Executive Directors comprises basic salary, pensions and performance/discretionary bonus. The remuneration policy for Non-executive Directors and Independent Non-executive Directors is to ensure that Non-executive Directors and Independent Non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the Non-Executive Directors and Independent Non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Directors and senior management have not been involved in deciding their own remuneration.

The Remuneration Committee held three meetings in 2022 to consider the relevant matters regarding/to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management. The following table shows the individual attendance of each member during their term of office in 2022.

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

Name of the member of the Remuneration Committee	Number of committee meeting entitled to attend during the member's term of office in 2022	Number of meeting(s) attended#
Independent Non-executive Directors:		
Lui King Man *(Chairman)*	3	3
Lam Sek Kong	3	3
Cui Liguo	3	3
Meng Xingguo	3	3
Executive Director:		
Yan Zhao*	2	2
Qi Liang*	1	1

The works performed by the Remuneration Committee in 2022 are summarised as follows:

– reviewed the standard of directors' fees payable to Directors in 2022;

– reviewed the results of incentive scheme of the senior management for 2021; and

– reviewed the performance assessment policy and remuneration proposal for senior management for 2022.

Note:

Including meeting attended by the member via telephone conferences.

* Mr. Qi Liang resigned as remuneration committee member and Mr. Yan Zhao was appointed as remuneration committee member on 30 March 2022.

BOARD COMMITTEES (Continued)

Nomination Committee

The Nomination Committee comprises five members, including four Independent Non-executive Directors of the Company, namely Dr. Lam Sek Kong (Chairman), Dr. Lui King Man, Mr. Cui Liguo and Dr. Meng Xingguo and one Executive Director, Mr. Yan Zhao.

The Nomination Committee is established by the Board and shall be accountable to the Board. Its duties are clearly set out in its written Terms of Reference and it is mainly responsible for making recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the President in accordance with its adopted nomination procedure, process and criteria. On receiving nomination notice for candidate of director, the Nomination Committee will review and approve assessment of the candidate before giving recommendation to the Board. The criteria of assessment include the qualification and experience of the candidate; the development need of the Company; the expected candidate's contribution to the Company's performance; the mutual expectations between the candidate and the Company; compliance with relevant rules and requirements; board diversity policy and the candidate's capability of making independent decision in the Board.

For details of its Terms of Reference, please refer to the Company's website (www.apstar. com) under the section headed "Corporate Governance" and it is also available on request from the Company's Investor Relations.

The Nomination Committee held three meetings in 2022 and the following table shows the individual attendance of each member during their term of office in 2022:

Name of the member of the Nomination Committee	Number of committee meeting entitled to attend during the member's term of office in 2022	Number of meeting(s) attended#
Independent Non-executive Directors:		
Lam Sek Kong *(Chairman)*	3	3
Lui King Man	3	3
Cui Liguo	3	3
Meng Xingguo	3	3
Executive Director:		
Yan Zhao*	2	2
Qi Liang*	1	1

Note:

Including meetings attended by the member via telephone conferences.

* Mr. Qi Liang resigned as nomination committee member and Mr. Yan Zhao was appointed as nomination committee member on 30 March 2022.

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

The works performed by the Nomination Committee in 2022 are summarised as follows:

– reviewed the re-election of directors in accordance with the Bye-Laws of the Company;

– reviewed the independence of the INEDs;

– reviewed the appointment of the Executive and Non Executive Director; and

– reviewed the appointment of senior management.

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises four Independent Non-executive Directors of the Company, namely Dr. Lui King Man (Chairman), Dr. Lam Sek Kong, Mr. Cui Liguo and Dr. Meng Xingguo.

The Audit and Risk Management Committee is established by the Board and shall be accountable to the Board. Its members shall be appointed by the Board from amongst the Non-executive Directors of the Company who are independent from the management of the Company and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgement. Its duties are clearly set out in its written Terms of Reference. For details, please refer to its Terms of Reference, which is contained in the Company's website (www.apstar.com) under the section headed "Corporate Governance", and is also available on request from the Company's Investor Relations.

The Audit and Risk Management Committee held three meetings in 2022 and the following table shows the individual attendance of each member in 2022:

Name of the member of the Audit and Risk Management Committee	Number of committee meeting entitled to attend during the member's term of office in 2022	Number of meeting(s) attended#
Independent Non-executive Directors:		
Lui King Man *(Chairman)*	3	3
Lam Sek Kong	3	3
Cui Liguo	3	3
Meng Xingguo	3	3

Note:

Including meetings attended by the member via telephone conferences.

BOARD COMMITTEES (Continued)

Audit and Risk Management Committee (Continued)

The works performed by the Audit and Risk Management Committee in 2022 are summarised as follows:

– approved the remuneration and terms of engagement of the external auditor in respect of audit and non-audit services;

– reviewed the independence and objectivity of external auditors and the effectiveness of the audit process through discussion with the external auditors as to the nature and scope of the audit and reporting obligation;

– monitored integrity of and reviewed significant financial reporting judgements of the half-year and annual financial statements of the Company;

– reviewed the continuing connected transactions of the Company;

– reviewed the Company's statement on financial controls, internal control systems and risk management systems;

– approved the internal audit plan and reviewed the internal audit team's work progress and findings;

– reviewed the internal audit team's findings on whistleblowing matters; and

– reviewed the Company's report on the management of environmental, social and corporate governance matters.

AUDITORS' REMUNERATION

The following information summarises the fees charged and the nature of the audit and non-audit services provided by the Company's external auditors to the Group during 2022:

	HK$
Audit of the Group's financial statements (including interim review) and review of the Group's continuing connected transactions	874,000

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code (the "CG Code").

During the year ended 31 December 2022, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Code of Conduct and Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ACCOUNTABILITY AND INTERNAL CONTROL

Financial Reporting

The management reports to the Board the Group's financial situations on a regular basis, and this reporting regime extends to the annual and interim results announcement of the Company, thereby enabling the Board from time to time to have a continued, balanced, clear and understandable assessment of the Group's situations for determining strategy and fulfilling relevant compliance requirements.

The Board acknowledges that it is the Board's responsibility for preparing the financial statements of the Company. As at 31 December 2022, the Directors of the Board were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Company's Auditor

The auditor's independence has been reviewed by the Audit and Risk Management Committee periodically. In each committee meeting, committee members can discuss with the auditor, in the absence of management such matters relating to any issues arising from the audit and any other matters the auditor may wish to raise. For the responsibilities of the Company's Auditor in respect of auditing the Company's financial statements, please refer to the section headed "Independent Auditor's Report" of this annual report.

ACCOUNTABILITY AND INTERNAL CONTROL (Continued)

Internal Controls and Risk Management

The Board acknowledges it's responsibility to ensure the Company maintains sound and effective internal controls and risk management, whereby safeguarding its shareholders' investment and the Company's assets. The risk management system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

To facilitate and support the Board and the Audit and Risk Management Committee in discharging their duties, the Internal Control and Risk Management Committee ("ICRMC") has been established and delegated to design, implement and monitor the Group's internal control and risk management systems. ICRMC comprises the executive directors, the senior management members of the Group, the Company Secretary and the head of Risk Management Department. Furthermore, the Internal Audit Team carries out independent reviews of any operation processes and controls, their key findings and recommendations for improvement are regularly reported to the Audit and Risk Management Committee. The external auditors also report on any control issues identified in the course of their audit or review work to the Audit and Risk Management Committee.

The Group has established and maintained its effective internal control systems in accordance with Section D.2 of the Appendix 14 (Corporate Governance Code of the Listing Rules and based on the framework as proposed by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Board oversees the Group's risk management and internal control systems on an ongoing basis ensuring that a review of the effectiveness of the Group's internal control and risk management systems to be conducted periodically (at least once annually) and reports to shareholders in its Corporate Governance Report. The review(s) was conducted with reference to the COSO Framework covering, among others, the following aspects of the Group's operation:

(1) all material controls, including financial, operational and compliance controls;

(2) the changes on the risk environment, the nature and extent of significant risks and the Group's ability to respond to such changes;

(3) the scope and quality of the Group's ongoing monitoring of risks and of the internal control systems;

(4) the work of its internal audit function and other applicable assurance;

(5) the reporting channels of internal control, internal audit and risk management function within the Group;

(6) any significant failings or weakness which have been identified during the period and the extent of which they have caused corporate governance concerns or material impact on the Group's financial performance; and

(7) the effectiveness of the Group's processes for financial reporting and regulatory compliances.

ACCOUNTABILITY AND INTERNAL CONTROL (Continued)

Internal Controls and Risk Management (Continued)

In 2022, the annual review of the effectiveness of the system of internal control and risk management of the Group was conducted by the ICRMC. The review covers all material controls, including financial, operational and compliance controls and risk management functions. Each business unit has provided identification and assessment opinions on the risks faced by the Group in all areas, enabling ICRMC identified the significant risks facing the Group and the risk control action plan. In addition, the Internal Audit Team has performed to test and evaluate whether the selected internal controls and risk management systems were effective. The results of the ICRMC's review and the internal audit have been reviewed by the Company's Audit and Risk Management Committee and reported to the Board of Directors of the Company.

There was no significant incidence of control failures in respect of financial reporting, operation and compliance that has been identified or reported during the year ended 31 December 2022. The management, the ICRMC and the Internal Audit Team will continue to monitor and review regularly the effectiveness of the internal control and risk management system of the Company and from time to time take action whenever there is any weakness in the financial reporting process, and perform periodical review on various corporate governance and internal control policies and related procedures, including but not limited to: corporate governance code, whistleblower protection, employee trainings, director trainings, shareholders' rights or investors relations, etc.

The Board is of the view that the internal control and risk management system of the Group has remained effective in 2022.

Key risk exposure of the Group are included in the "Management Discussion and Analysis" set out on pages 10 to 19 of this Annual Report.

Inside Information

The Group is fully aware of the obligation in dissemination and disclosure of inside information in accordance with the relevant laws and regulations. The Group formulated an inside information policy and published on the Group's website, so as to ensure an equal, timely and effective disclosure of inside information to the public in accordance with the applicable laws and regulations.

ACCOUNTABILITY AND INTERNAL CONTROL (Continued)

Whistleblower Protection

A whistleblower protection policy and Complaints Handling Procedure have been established and published on the Group's website in accordance with D.2.6 and D.3.7(a) of Appendix 14 of the Listing Rules to deal with employees' complaints or concerns on any suspected fraudulent, dishonest business conduct and any acts relating to violation of applicable laws and regulations as stipulated in the Group's Code of Ethical Business Conduct. The Group will keep the whistleblowers' personal information strictly confidential to protect his/her rights and carefully verify and investigate issues reported.

Anti-Corruption

The Group has also in place the Code of Ethical Business Conduct to safeguard against corruption and bribery within the Group. The Group as mentioned above has the complaint handling procedure available for employees of the Group to follow to report any suspected corruption and bribery. Employees can also make anonymous reports to the Chairman of Audit and Risk Management Committee, which is responsible for investigating the reported incidents and taking appropriate measures. The Group continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

Company Secretary

The Company Secretary is an employee of the Group and has confirmed that she has taken no less than 15 hours of the relevant professional training for the year ended 31 December 2022 in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHT AND INVESTOR RELATIONS

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these channels. In addition, shareholders can contact Tricor Tengis Limited, the Hong Kong Branch Share Registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

Pursuant to the Code Provisions, the chairman of the Board should attend the annual general meeting ("AGM") and arrange for the respective chairman of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee (as appropriate) or in the absence of the chairman of such committees, other member of the committee to be available to answer questions at the AGM. The chairman of the independent board committee (if applicable) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. The Company would arrange for the notice to shareholders to be sent in compliance with Bye-Law 59(1) and the requirement of Listing Rules. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.

According to Bye-law 58 of the Bye-laws of the Company, the Board may whenever it thinks fit call special general meetings, and members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Shareholders' Communication Policy

The Company has in place a Shareholders and Investors Communication Policy. The policy aims at promoting effective communication with shareholders and other stakeholders, encouraging shareholders to engage actively with the Company and enabling shareholders to exercise their rights as shareholders effectively.

During the year, according to the Shareholders and Investors Communications Policy, the Company provides ready, equal and timely access and understandable information about the Company to shareholders and investors. The Board welcomes shareholders for their comments and/or enquiries about the Company. In the AGM of the Company, it provides opportunity for the shareholders to communicate directly with the Directors. The Chairman of the Company and the Board Members of the Company will attend the AGM to answer shareholders' questions. The auditor will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. The Board reviewed the implementation and effectiveness of the Shareholders and Investors Communication Policy and the results were satisfactory.

SHAREHOLDERS' RIGHT AND INVESTOR RELATIONS (Continued)

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. Depending on the financial conditions of the Company, business prospects, future earnings, cashflow, cost of capital and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

Constitutional Documents

In 2022, there was no change in the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Board has overall responsibility for the Group's environmental, social and governance strategies and has established corresponding policies, so that the Group maintains environmental protection practices and good social responsibility for the Group's long-term success and sustainability.

In human resources, as illustrated in the table "Key Human Resources Parameters" set forth in the Environmental, Social and Governance Report of this Annual Report, the Group has a fairly diversified recruitment profile in its employees such that the talented and appropriate people can join the Group to fuel its development and success. This is attributable to the Open Employment Policy of the Group. During the period, the Group continued to encourage necessary training and induction programmes to those employees who needed for their job enrichment and development. The Group has also strictly complied with the relevant laws and regulation in respect of the employments in Hong Kong or other jurisdictions.

The Group has great importance to the protection of personal data, and its privacy policy has been established and published on the Group's website.

In environmental protection practices, the Group has achieved improvement in certain of areas. The Group is committed to maintaining the control on those areas including the production of hazardous wastes or non-hazardous wastes, as well as the emission of electromagnetic radiation from the Group's Earth Station so that the neighbourhood remains normal environmentally.

Details of the Group's environmental, social and corporate governance management are set out in the Environmental, Social and Governance Report of this Annual Report.

By order of the Board
Li Zhongbao
Chairman

Hong Kong, 23 March 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY

The Group is highly concerned about environmental protection, social responsibility and corporate governance. The Group primarily adopts the principles and basis of Environmental, Social and Governance Reporting Guide (the "ESG Guide") set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its standards, with an aim to establish a sound environmental, social and governance ("ESG") structure.

The preparation, presentation and contents of this report follow the principles of "Materiality", "Quantitativeness", "Balance" and "Consistency" set out in the Guide.

Materiality

In order to determine the content of the environmental, social and governance report, the Group has invited stakeholders to participate and conduct a materiality assessment. The Group has identified issues related to environmental, social and governance, collected and reviewed the opinions of internal management and various stakeholders, assessed the relevance and importance of these issues, and prepared environmental, social and governance reports. This report covers a series of major environmental, social and governance issues of concern to the Group's stakeholders.

Quantitativeness

This report discloses quantitative environmental and social key performance indicators in its environmental, social and governance report. In order to allow stakeholders to fully understand the Group's ESG performance, the Group has added the supplemental explanation for the standards, methods, references and conversion factors used to calculate key performance indicators.

Balance

This report must report the Group's performance in terms of environmental, social and governance in an unbiased manner, and avoid choices, omissions or operation compliance presentation formats that unduly mislead readers' decisions or judgments.

Consistency

The Group uses consistent reporting and calculation methods within reasonable limits to facilitate the comparability of environmental, social and governance performance between years. If there is any change in the method, the Group will report and explain it in the corresponding sections.

Information relating to the corporate governance of the Group is separately set out in the Corporate Governance Report of this Annual Report. This report provides the relevant efforts and work in environmental, social and sustainability parameters which are integrated in the strategic development and operation of the Group. This report is reviewed and approved by the Board on 23 March 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

Scope of Report

The scope of this report includes the environmental and social performance of the main operations of the Group in Hong Kong. All the information in the report reflects the performance of the Group in environmental management and social responsibility from 1 January 2022 to 31 December 2022.

Unless otherwise specified, the statistical methods or KPIs disclosed in this ESG Report are consistent with those in the last year's ESG Report.

Board Statement

The Board is responsible for overseeing the establishment of the Group's ESG vision, objectives and the implementation of its short-term, medium-term and long-term strategies and also committed to identifying, evaluating and prioritizing ESG issues in this episode, and considering related risks and opportunities, in order to achieve the Group's objectives of operation in compliance and building sustainable development capabilities. The Board reviews and evaluates ESG matters related to the Group on an annual basis.

In order to strengthen ESG management and governance, the Group's Internal Control and Risk Management Committee ("ICRMC"), whose members include executive directors, senior management, company secretary and head of the risk management department, will be directly responsible for the work of ESG and its related matters, assess internal operations to identify material ESG issues, including climate-related risks, and to prioritize ESG issues through materiality assessments. They will also review and follow up the progress of environmental objectives, and report regularly to the Audit and Risk Management Committee. The Audit and Risk Management Committee will report and provide opinions to the Board of Directors independently and objectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

Stakeholder Engagement

By understanding stakeholders' expectations and gauging their priorities, the Group is better equipped to address their concerns, review its business approach, and ultimately, update or formulate better sustainability policies and strategies.

The Group maintains active communications with internal and external stakeholders through various communication channels. The following table lists the stakeholders and their corresponding engagement channels during the reporting period.

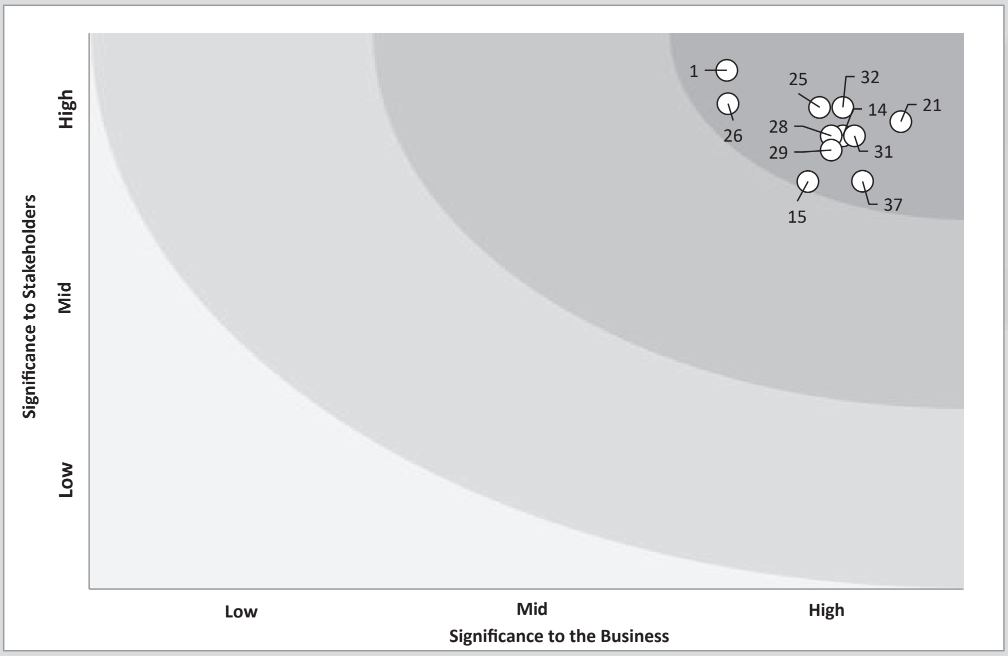
Stakeholder Group	Communication channels
Shareholder and investor	• Press releases • Annual/interim reports • Company webpage • Circulars • General meetings and teleconferences
Employee	• Meetings and teleconferences • Performance assessment • Training programmes • Company events
Customer	• Company webpage • Satisfaction surveys • Meetings and teleconferences • Correspondences
Supplier	• Tender meetings • Supplier assessment • Correspondences • Meetings and teleconferences
Community	• Charity events • Correspondences
Media	• Press releases • Meetings and teleconferences
Regulatory Body	• Compliance/non-compliance reports • Certifications/licensing • Meetings and teleconferences • Site visits

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

Materiality Assessment

In order to ensure that the Group's ESG strategy meets the expectations of stakeholders, the Group has identified environmental, social and governance issues based on the Group's development strategy and industry characteristics through consultation with independent consultant. A total of 37 important issues have been identified. During the reporting period, internal and external stakeholders (including directors, management, employees, customers and suppliers) were invited to fill in an online questionnaire to collect their perceived importance to the 37 identified material issues, conduct analysis and ranking to identify and assess ESG issues that are material to the Group and its stakeholders. The evaluation results of material ESG issues are checked by the ICRMC and reviewed by the Board of Directors.

The chart below shows the top 11 major ESG issues of the Group based on the results of the questionnaire.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

Materiality Assessment (Continued)

1 Environmental Compliance	14 Employment Compliance	21 Operational Compliance	34 Charity
2 Air Pollutant Management	15 Employees' Remuneration and Benefits	22 Managing Environmental Risks of Supply Chain	35 Promotion of Community Development
3 Fleet Emissions Management	16 Employees' Working Hours and Rest Period	23 Managing Social Risks of Supply Chain	36 Poverty Alleviation
4 Wastewater Management	17 Diversity and Equal Opportunity	24 Procurement Practices	37 Radiation Management
5 Greenhouse Gas Emission	18 Occupational Health and Safety	25 Quality Management	
6 Waste Management	19 Training and Education	26 Customer Health and Safety	
7 Energy Consumption	20 Prevention of Child Labour and Forced Labour	27 Responsible Sales and Marketing	
8 Use of Water Resources		28 Customer Service Management	
9 Green Energy Project		29 Intellectual Property Protection	
10 Use of Raw Materials and Packaging Materials		30 Research and Development	
11 Ecological Protection		31 Information Security	
12 Responding to Climate Change		32 Customer Privacy Protection	
13 Prevention and Handling of Environmental Incidents		33 Anti-corruption	

Scope	Material Issues	
Operation Practices	21	Operational Compliance
	25	Quality Management
	26	Customer Health and Safety
	28	Customer Service Management
	29	Intellectual Property Protection
	31	Information Security
	32	Customer Privacy Protection
	37	Radiation Management
Environment	1	Environmental Compliance
	14	Employment Compliance
Labour Practices	15	Employees' Remuneration and Benefits

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

1. Social Indicator

Employment (B1)

Policy

The Group values the employees as one of the important key-success factors for its long-term development. The Group adopts an Open Employment Policy based on which we recruit the most suitable and capable staff for their posts regardless of gender, race, nationality and religion. In terms of remuneration and benefits, in order to retain elites in the industry, the Group provides employees with competitive remuneration and incentives and bonuses for outstanding employees. The remuneration packages of employees are determined based on their qualifications, positions and seniority and are reviewed annually. The Group conducts performance evaluations on a regular basis and the results of the evaluations are used as a basis for assessing training needs and formulating other human resources policies such as promotion, transfer and determination of remuneration. We also provide discretionary bonuses, allowances and insurance to our employees, including medical insurance, employees' compensation insurance and personal accident insurance. In order to promote the balance between work and life, the Group organized some employee activities this year, such as birthday parties and moon cake making activities, in order to maintain the physical and mental health of employees and cultivate their sense of belonging to the Group. For resigned employees, we pay unsettled wages in accordance with relevant laws and regulations. In addition, our human resources team discusses with employees who leave to determine the reasons for their departure and opportunities for retention.

Compliance

88% of the employees employed by the Group are located in Hong Kong. The Group strictly complies with the requirements of the employment legislations in Hong Kong such as the Employment Ordinance (Cap. 57), the Occupational Safety and Health Ordinance (Cap. 509), the Employees' Compensation Ordinance (Cap. 282) and the Minimum Wage Ordinance (Cap. 608), to provide comprehensive protection and benefits to the employees, and does not contravene the relevant rules and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

1. Social Indicator (Continued)

Employment (B1) (Continued)

Compliance (Continued)

As at 31 December 2022, the Group had 113 employees. The Human Resources parameters by different categories are tabulated below:

	2022 Number of People	**2022 (%)**	2021 Number of People	2021 (%)
1 Employees breakdown by nationality/region				
HKSAR	**99**	**87.6%**	98	89.0%
PRC Mainland	**8**	**7.1%**	6	5.5%
Others	**6**	**5.3%**	6	5.5%
Sub-total	**113**	**100.0%**	110	100.0%
2 Employees breakdown by gender				
Male	**78**	**69.0%**	82	74.5%
Female	**35**	**31.0%**	28	25.5%
Sub-total	**113**	**100.0%**	110	100.0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

1. Social Indicator (Continued)

Employment (B1) (Continued)

Compliance (Continued)

	2022		2021	
	Number of People	**(%)**	Number of People	(%)
3 Employment Contract				
Permanent	**113**	**100%**	110	100%
Temporary	**0**	**0%**	0	0%
Sub-total	**113**	**100%**	110	100%
4 Age distribution of employees				
<30	**19**	**16.8%**	14	12.7%
30-50	**73**	**64.6%**	74	67.3%
>50	**21**	**18.6%**	22	20.0%
Sub-total	**113**	**100.0%**	110	100.0%
5 Number and rate (%) of Employee turnover	**16**	**14.2%**	13	11.8%
By gender				
Male	**12**	**15.4%**	7	8.5%
Female	**4**	**11.4%**	6	21.4%
By age				
<30	**4**	**21.1%**	6	42.9%
30-50	**8**	**11.0%**	7	9.5%
>50	**4**	**19.0%**	0	0%
By region				
HKSAR	**12**	**12.1%**	13	13.3%
PRC Mainland	**4**	**50.0%**	0	0%
Others	**0**	**0%**	0	0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

1. Social Indicator (Continued)

Health and Safety (B2)

Policy

The Group's policy is to create a health and safe working environment to all employees. The Group believes that a health and safe working environment is critically important for the long-term development of the employment team and is one of the important success factors for the future and sustainable business growth of the Group. During the year, in the face of the outbreak of the COVID-19 pandemic, a major global health problem, in order to protect employees from infection, the Group implemented a series of preventive measures, including daily temperature checks and records for employees, allowing employees to obtain virus testing during working hours. It also requires employees to make health declarations every day, provides surgical masks, and requires employees to wear masks at all times in the workplace, encourages employees to be vaccinated, gives employees vaccination leave, and responds to the government's call to arrange employees to work from home etc. during the severe pandemic. Adhering to the people-oriented approach, the Group actively implements safety measures in the workplace. In order to enhance employees' occupational health and safety awareness in the office, fire escape drills are held regularly and fire escape maps are posted in the office. At the same time, posters issued by the Hong Kong Occupational Safety and Health Council are posted in conspicuous positions in the office area, which contain advice on how to manage work stress, correct use of computers and stretching exercises, and training on using network safety, provide general safety education to new employees and employees starting new jobs, including company safety regulations and emergency measures.

Compliance

The Group conforms to the compliance requirements as stipulated in the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong as well as other relevant rules and regulations in other applicable jurisdictions. To enhance the Group's care to the employees and to encourage employees' awareness on healthiness, the Group provides annual body check-up benefit to the employees.

No work-related fatalities occurred between 2020 and 2022.

	2022	2021	2020
Number of reportable injuries	**0**	0	1
Injury rate (%)	**0**	0	0
Number of lost days	**0**	0	0.5
Lost day rate (%)	**0**	0	0

1. Social Indicator (Continued)

Development and Training (B3)

Policy

The Group attaches great importance to internal and external training needs of employees, formulates annual training plans every year, provides various internal and external training for employees, and improves the skills, knowledge and professional qualifications required by employees for work. All new recruits are expected to attend induction training, which aims to guide them to understand the Group's core values, organisation structure, business goals, relevant policies, as well as code of conduct. As for technicians and operators that require specific professional expertise, the Group ensures that training is arranged for relevant products. A portion of these product training is directly conducted by the suppliers who ensure that the Group's technical team is equipped with the latest knowledge and skills to effectively operate and properly maintain the equipment. These skills also serve to help address customers' enquiries promptly and efficiently.

The Group provides time and undertakes training expenses to encourage employees to participate in external training programs related to their individual work areas to enhance their professional skills.

Development and Training

	2022		2021	
	Number of People	**(%)**	Number of People	(%)
Number and percentage of employees who received training	**75**	**66.4%**	96	87.3%
By gender				
Male	**54**	**72.0%**	68	70.8%
Female	**21**	**28.0%**	28	29.2%
By employee category				
Management	**7**	**9.3%**	7	7.3%
Middle level	**6**	**8.0%**	6	6.2%
General	**62**	**82.7%**	83	86.5%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

1. Social Indicator (Continued)

Development and Training (B3) (Continued)

Development and Training (Continued)

	2022	2021
No. of hours for employees who received training	**531**	1,207
Average hours of training per employee	**5**	11
By gender (No. of hours received training)		
Male	**4.2**	10.2
Female	**5.7**	13.1
By employee category (No. of hours received training)		
Management	**13.3**	19.3
Middle level	**14.6**	8.1
General	**3.3**	10.6

Labour Standards (B4)

Policy

The Group prohibits employment of child, forced or compulsory labour. To establish the employment relationship with the Group, all the labour must make the declaration on the reality, accuracy of their personal data and provide the supporting documents for verification. The Group ensures to employ the labour in a legitimacy ages. During the reporting period, the Group did not employ child labour. All employees have the right to resign in accordance with the employment contracts.

Compliance

The Group observes all relevant rules and regulations in relation to employment including Employment Ordinance (Cap. 57), Mandatory Provident Fund Schemes Ordinance (Cap. 485) in Hong Kong and other applicable jurisdictions. The Employment Ordinance is the main piece of legislation governing conditions of employment in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

1. Social Indicator (Continued)

Supply Chain Management (B5)

Policy

The Group upholds anti-corruption and prohibits unethical business conduct activities. The Group follows fair procurement policy as well as complies with all relevant rules and regulations, advocating the principles of thrift and maximizing the interests of the Group in its business activities. Any procurement transaction is subject to approval procedures and internal controls, and it is strictly prohibited to provide benefits directly or indirectly to external parties without the approval procedures and permission. The Group implements effective internal control and risk management system and whistleblower-protection policy in order to ensure the effectiveness and efficiency of the operation, avoid any corruptive practice and achieve compliance. All the Group's employees are encouraged to report business irregularities and establish clear whistleblowing channel and protection policies for whistleblowers who raise concerns or complaints without the fear of being retaliated or ill-treated.

By maintaining close relationships with various partners along the supply chain, the Group selects suppliers based on technical specifications and considering certain criteria including reputation, experience, financial status, after-effectiveness of services or goods, delivery performance, post-sales support and environmental factors, etc. and registered in the list of qualified suppliers. In order to ensure the effective management of suppliers, the Group's risk management department also conducts a review and evaluation of approved suppliers on regular basis in accordance with prescribed procedures, and encourages the procurement of services and goods from approved suppliers, so as to ensuring provide high-quality services and/or products for customers.

The Group will give priority to suppliers who formulate corporate green policies for their products to reduce waste and protect the environment, and give priority to suppliers that meet national, regional and industry environmental standards, follow internationally recognized standards, and have relevant energy management systems, environmental management systems and certified provider of social risk management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

1. Social Indicator (Continued)

Supply Chain Management (B5) (Continued)

Policy (Continued)

In addition, the Group is committed to choosing environmentally friendly products and services when purchasing. For example, the Group prefers to use energy-saving or environmentally friendly products made of recycled materials (such as reusable pen refills and recycled paper). The Group also encourages employees to pay attention to product expiration dates and use products purchased earlier to avoid unnecessary waste. In addition, in order to reduce the carbon footprint, the Group tends to choose suppliers that are local or geographically closer to the company, so as to reduce carbon emissions from transportation and support the local economy.

During the reporting period, the Group had worked with 674 suppliers (2021: 604 suppliers), its regional distribution percentage is as follows:

	2022 (%)	2021 (%)
HKSAR	**52.8%**	52.3%
PRC Mainland	**21.8%**	21.9%
Others	**25.4%**	25.8%

Compliance

The Group regularly provides induction and trainings to all employees for the compliance requirement under the Prevention of Bribery Ordinance (Cap. 201). The procurement is incorporated in the effective internal control and risk management system and subject to the inspection of internal audit. In the event of any connected transaction with connected parties, the Group will pay particular attentions as to compliance and approval by independent shareholders pursuant to the terms under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Product Responsibility (B6)

Policy

Owing to the fact that the Group's business nature is primarily involved in the development and provision of satellite transponder services, telecommunication services and broadcasting services, the Group's business does not really involve product deliveries but confines to service provisions. The Group acknowledges the importance of confidentiality and is committed to protecting company and personal privacy, including trade secrets and customer information. The Group strive to handle, store and file confidential information with due care.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

1. Social Indicator (Continued)

Product Responsibility (B6) (Continued)

Compliance

The Group observes all compliance requirements as stipulated under the applicable licences including the Space Station Carrier Licence, Outer Space Ordinance Licence, Unified Carrier Licence, Non-domestic Television Programme Service Licence in Hong Kong and all relevant compliance as required by the applicable jurisdictions for those regions targeted by the Group's services. The Group also uphold and respect all legitimate or qualified intellectual property rights of the right owners as registered or created. The Group recognises the importance of service quality control. Therefore, we will continue to track customer experience and opinions to ensure that the Group's services meet customer expectations. The group welcomes any suggestions or complaints from customers. In terms of handling customer complaints about services, the Group has a set of appropriate and effective mechanisms and procedures. The data centre of the Group has ISO-27001 certification to maintain service quality. If there is any complaints, we will be followed up fairly and in a timely manner. During the reporting period, we did not receive major customer complained about service quality during the year.

The privacy policy has been established and published on the Group's website. All personal data will be collected and processed pursuant to the applicable laws, including but without limitation to the Personal Data (Privacy) Ordinance (Cap 486, laws of Hong Kong). The Group's employees are reminded to handle, store and file confidential information with due care. All personal data is only used for a limited, necessary and specific purpose and kept confidential; without the customer/personal consent, all personal data will be prohibited for other use. During the reporting period, the Group was not aware of any material non-compliance with any laws and regulations relating to infringement of personal privacy.

Anti-Corruption (B7)

Policy

The Group upholds anti-corruption and prohibits unethical business conduct activities and implements effective internal control system, risk management system and whistleblower protection policy and complaint handling procedure to enable employees to report fraud and corruption. The Group implements effective internal control and risk management system and encourage employees to report suspicious business irregularities and establish clear whistleblowing channel and protection policies for whistleblowers who raise concerns or complaints without the fear of being retaliated or ill-treated.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

1. Social Indicator (Continued)

Anti-Corruption (B7) (Continued)

Compliance

The Group provides induction programme and regular trainings whenever appropriate to all directors and employees when they join the Group. All of them are provided with the necessary information which includes, among them, the staff manuals and relevant information kits, informing them about the Group's policies on anti-corruption combating any unethical business conducts as well as Code of Ethical Business Conducts (as amended in 2018). In order to effectively avoid any conflict of interest, it is required that directors and employees should consciously and promptly report actual and potential conflicts of interest to the Chairman of the Audit and Risk Management Committee or the Company Secretary. All directors and employees are reminded to abide by the relevant laws and regulations including the Prevention of Bribery Ordinance (Cap. 201) in Hong Kong or other relevant rules and regulation in application jurisdiction. The Group has adopted internal control and risk management framework which is in line with the standard of COSO Standard. The Group had started the operation of "Whistleblower-Protection Policy" and "Complaint Handling Procedure" which is in line with the compliance requirements of D.2.6 and D.3.7(a) (Code Provision) of Appendix 14 of the Listing Rules. In the event of an alleged misconduct being reported, investigative measures will commence with the advisory of the Audit and Risk Management Committee. The Group may, on the grounds of misconduct, take appropriate disciplinary actions against any violators of corroborated allegations. During the year, no corruption-related complaints were received.

Community Engagement (B8)

Policy

The Group concerns about the corporate social responsibility and believes that it is a key factor for long-term and sustainable success.

Support government public policy

The Group actively cooperates with the government's 5G business development plan and invests in the construction of another earth station to avoid the impact on residents' use of 5G products, so as to fully reflect the corporate social responsibility.

Sponsor

The Group concerns about and supports social community activities. In 2022, the Group sponsored the 12th Session of Hong Kong Student China National Knowledge Competition.

Community Activity

The Group also values the fulfillment of social responsibility, and is actively engaged in social activities by arranging employees to participate in kinds of activities. The Group's community investment this year does not involve the use of funds.

2. Environmental and Community Indicator

A1: Emissions

The Policy

As a member of the community and the environment, the Group values environmental protection and conforms to the relevant rules and regulations especially the control, avoidance or minimising of the release of hazardous or non-hazardous emissions, waste products and radiation so as to achieve a long-term, harmonious and sustainable growth of the Group.

A1.1 Air emissions

a. Emissions data from gaseous fuel consumption

Owing to the fact that the core business of the Group mainly in the services in relation to satellite transponders, broadcasting, and telecommunication. In no circumstance did the Group consume any units of fuel including town gas or liquefied petroleum gas resulting in the evolving of Nitrogen oxides and Sulphur oxides.

Reference/guidance

"The Clean Air Charter – A Business Guidebook" published by the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition on the Environment http://www.cleanair.hk/eng/guidebook/guidebook_eng_r.pdf

b. Emissions data from vehicle

The Group only owns and operates limited number of petrol fuel vehicles. The Group will continue to put effort to further minimize such vehicles and consider the use of electric vehicles for environmental protection.

The air pollutant emission data for this year are as follows:

	2022	2021
Nitrogen oxides (NO_x) (g)	**35,871**	53,807
Sulphur dioxides (SO_x) (g)	**81**	112
Particulate matter (PM) (g)	**2,802**	3,874

Reference/guidance

The calculation method and conversion factor of air pollutants are adopted from the Reporting Guidance on Environmental KPIs "issued by the Stock Exchange of Hong Kong Limited

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

2. Environmental and Community Indicator (Continued)

A1: Emissions (Continued)

The Policy (Continued)

A1.2 Greenhouse gas emissions

Due to the nature of our business and operations, our primary source of emissions is office operations. The direct source of the Group's greenhouse gas emissions is the fuel combustion of vehicles, while the indirect sources of the Group's greenhouse gas emissions include purchased electricity, waste paper disposal, sewage treatment and business travel. The Group has established relevant emission reduction targets, and is committed to reducing the greenhouse gas generated from operations. Greenhouse gas emission data are shown below.

Scope	Description	2022	2021
1	Direct Emissions (kg CO_2e)	**28,250**	20,590
2	Energy Indirect Emissions (kg CO_2e)	**4,259,055**	3,896,154*
3	Other Indirect Emissions (kg CO_2e)	**31,799**	10,271
	Total (kg CO_2e)	**4,319,103**	3,927,015*
	Equivalent CO_2 Emissions (kg CO_2e/revenue (HK$ million))	**4,573.84**	4,232.58*

Note:

* The calculation of greenhouse gases refers to the emission factor in the "Guidelines for Reporting Environmental Key Performance Indicators" issued by the Hong Kong Stock Exchange. The Group has reviewed the calculation of Scope 2 emissions in 2021 and restated the relevant data accordingly.

2. Environmental and Community Indicator (Continued)

A1: Emissions (Continued)

The Policy (Continued)

A1.2 Greenhouse gas emissions (Continued)

Reference/guidance

The Group's greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride. The calculation of greenhouse gas emissions is based on the "Guidelines for Reporting Environmental Key Performance Indicators" issued by the Hong Kong Stock Exchange. For the convenience of reading and understanding, the data of greenhouse gas emissions are presented in carbon dioxide equivalent ("CO2e"). Scope 1 GHG: covers the GHG emissions directly generated by the company's operations, including fuel combustion in fixed equipment, vehicle fuel, and refrigeration and air-conditioning equipment refrigerants; Scope 2 GHG: covers indirect GHG emissions associated with the company's purchased electricity; Scope 3 greenhouse gas: covers other indirect greenhouse gas emissions of the company, including employee business travel, water treatment and waste paper disposal, and is calculated according to the emission coefficients in the "Guidelines for Reporting Environmental Key Performance Indicators" issued by the Hong Kong Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

2. Environmental and Community Indicator (Continued)

A1: Emissions (Continued)

The Policy (Continued)

A1.3(a) Total hazardous waste produced

Owing to the nature of the business, the Group did not always produce any hazardous waste as end products or side products over the period. We actively reduce the negative impact on it.

Compliance requirements in Hong Kong:

(i) Chemical wastes: Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C of the Laws of Hong Kong);

(ii) Clinical wastes: The Clinical Waste Control Scheme, comprising Section 2 and Schedule 8 of the Waste Disposal Ordinance (Cap.354 of the Laws of Hong Kong),

(iii) the Waste Disposal (Clinical Waste) (General) Regulation (Cap. 354O of the Laws of Hong Kong), and various pieces of additional legislation; and

(iv) Hazardous chemicals: The Hazardous Chemicals Control Ordinance (Cap. 595 of the Laws of Hong Kong).

A1.3(b) Electromagnetic Radiation

(i) In 2022, the Satellite Control Centre of the Group, via 16 sets of satellite antennae for the Telemetry, Tracking and Control (TT&C), satellite communication services, operates APSTAR-5C, APSTAR-6C, APSTAR-7 and APSTAR-9 satellites. The Group is highly concerned about the radiation emission level of the satellite antennae. The Group conducts radiation emission measurements regularly to monitor the radiation emission level of the antennae. In addition, the Group is also performing quality control on satellite antennas during the construction phase, and radiation control during the operation phase so as to ensure that radiation emission level is always lower than the threshold limit as provided under Hong Kong and national standards, including ICNIRP Guidelines for Limiting Exposure to Electromagnetic Fields (300KHz to 300 GHz), GB8702–2014, HJ 2.1–2011, HJ/T10.3–1996, HJ/T10.2–1996 and GB13615–2009 (collectively the "Standards") and such electromagnetic radiation, will not produce any harmful effect.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

2. Environmental and Community Indicator (Continued)

A1: Emissions (Continued)

The Policy (Continued)

A1.3(b) Electromagnetic Radiation (Continued)

(ii) According to the report of electromagnetic radiation measurement and assessment, which was released in December 2022 (the "Radiation Report"),(a) according to the calculations in the Radiation Report, the electromagnetic radiation emissions of all the satellite antennae of the Group conform to the theoretical threshold safety requirements as required by the Standards; and (b) according to the actual measurements conducted, as mentioned in the Radiation Report, the highest values of the maximum Power Spectral Density during six minutes and the average Power Spectral Density during six minutes in electromagnetic radiation emissions from the satellite antennae at 58 locations (test-points) within sensitive regions are 0.0037 W/m^2 and 0.0015 W/m^2 respectively, which are significantly lower than the threshold value of 0.4 W/m^2 as required under the Standards. The Group will ensure that its operation will be safe and environmental friendly to the employees and the neighboring community.

A1.4 Total non-hazardous waste produced

During the year, waste disposal was neither material nor risky to our business and the amount of non-hazardous waste was not material due to the nature of its business and operation. However, we are committed to avoiding this adverse impact on the environment. The non-hazardous waste generated by the office is collected by the cleaning company hired by the Group. The non-hazardous waste data for this year is shown as follows:

	2022
Total non-hazardous waste (tonnes)	**42**
Intensity (tonnes/revenue (HK$ million))	**0.04**

Note:

Non-hazardous waste is estimated based on the daily waste volume of the office

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

2. Environmental and Community Indicator (Continued)

A1: Emissions (Continued)

The Policy (Continued)

A1.5 Measures to mitigate emissions

The Group continued to adhere to the effective emission reduction measures which they have already been taken, including improving the procedure in the using of private cars, so that emissions can be under well controlled despite of the increase in business volume.

A1.6 Handling of hazardous and non-hazardous waste

The business and operation of the Group remains the provision of services in satellite transponder, telecommunications and broadcasting services. Although the operation of the Group does not always generate hazardous waste, we also actively reduce the negative impact on it. In order to meet the expectations of business stakeholders and the Group's environmental goals, we ensure that strict safety measures are taken to dispose of hazardous materials (such as by engaging an approved third-party hazardous waste disposal company to dispose of hazardous materials) and ensure compliance with local regulations on the disposal of hazardous waste legislation. During the year, the Group reviewed the hazardous waste treatment measures, and electromagnetic radiation has been fully explained in A1.3(b) and proved to be normal to the environment by professional tests and reports.

2. Environmental and Community Indicator (Continued)

A2: Use of Resources

The Policy

As a member of the community and the environment, the Group values environmental protection and follows the principle of minimizing the use of natural resources though continuous effort on improving efficiency which will result in higher profitability and a long-term, harmonious and sustainable growth of the Group. The Group actively reduces the use of natural resources in its operations and converts unavoidable waste into resources to support a circular economy. During the year, we reduced the use of paper by reducing the number of printed annual reports to demonstrate the Group's commitment to continuous improvement in environmental protection.

A2.1 Direct and/or indirect energy consumptions

Energy Consumptions	**2022**	2021
Direct Energy Consumption (kWh)	**108,497**	N/A
Indirect Energy Consumption (kWh)	**10,920,653**	9,990,138
Total Energy Consumption (kWh)	**11,029,150**	9,990,138
Intensity (kWh/revenue (HK$ million))	**11,679.65**	10,767.47

Reference/guidance

The calculation method is adopted from the "Environmental Key Performance Indicators Reporting Guidelines" issued by the Hong Kong Stock Exchange, and the energy conversion factor is adopted from CLP Power.

Note:

In order to provide a more comprehensive view of energy consumption, we further disclose the direct energy consumption started from 2022. Direct energy consumption comes from the consumption of fuels.

In 2022, the Group has increased the total energy consumption by 10.40%. The energy consumption intensity increased by 8.47% as compared to the year of 2021. The increase in energy consumption was mainly due to the business of data centre keep maintaining a high level of volume and extended scope for direct energy consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

2. Environmental and Community Indicator (Continued)

A2: Use of Resources (Continued)

The Policy (Continued)

A2.2 Water consumption

Although the Group's business does not involve production, water use mainly comes from office operations. We set up relevant environmental target which committed to saving water and reducing water consumption reasonably. The water consumption data for this year are listed as follows:

Water Consumptions	**2022**	2021
Total Water Consumed (m^3)	**716**	1021
Intensity (m^3/revenue (HK$ million))	**0.76**	1.10

Note:

Water consumption is calculated according to actual water consumption

In 2022, the total water consumption has decreased 29.87% as compared to the year 2021. The Water consumption intensity was decreased 31.10% as compared to the year of 2021. The decrease in water consumption was mainly due to the working from home arrangement was adopted during COVID-19, the office usage hours were reduced.

A2.3 Description of energy use efficiency initiatives and results achieved

The operation of the Group's business relies on the reliable and quality electricity supply to the Group's Satellite Earth Station. Therefore, the electricity cost has been an important item of the operation cost of the Group. The Group has strong incentive to improve the efficiency of the use of electricity for the purpose of reducing the operation cost and conforming to the environmental friendly policy of the Group.

During the year, initiatives of efficient of electricity include:

– Control the room temperature at 25ºC

– Increase use of day-light in the interior design of office and communal areas

– Automatic switching off of unused lighting at office areas or communal areas

– Reduction of printing

– RF equipment including HPA, up- and down- convertors are switched off when idle;

– Some of the HPAs previously installed in RF rooms are changed into ODUs and installed in antenna Hubs to minimize the feeder-link loss

2. Environmental and Community Indicator (Continued)

A2: Use of Resources (Continued)

The Policy (Continued)

A2.4 Water efficiency initiatives

The Group has never encountered any difficulty in getting water supply for its use. Water was not required for the support of the Group's operation and business. Due to the nature of the Group's business, it does not generate or discharge any industrial wastewater, but the operation of the office will inevitably generate a small amount of domestic wastewater. Domestic sewage will be discharged into the municipal sewage pipe network for treatment. The Group implemented various water saving measures, including reducing water pressure to the lowest practicable level and maintaining and repairing water pipes in due course. The Group understands that raising employees' awareness of water conservation is crucial to the implementation of water conservation. Therefore, the Group continues to promote water conservation awareness and water conservation methods to employees, such as turning off the tap when there is no need to use water to reduce water wastage.

Due to the nature of the operation and business, the water consumption of the Group over the period has been kept at minimally low level. Initiatives of water efficiency includes:

– Periodical reminders to all staff

– Timely maintenance and repairment of water pipes

– Slower water flow from pipes for normal use

A2.5 Total packaging material

The Group does not involve the use of packaging materials due to the nature of its operation and business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

2. Environmental and Community Indicator (Continued)

A3: The Environment and Natural Resources

The Group's business is the launch and operation of satellite at the geostationary orbital slot for the provisions of transponders, telecommunication and broadcasting services. Therefore, the nature of business and operation of the Group does not rely on the excessive consumption of natural resources and suppliers. Nor does it precipitate any significant waste material or hazard to neighbours or environment. The activities, operation and business of Group does not cause any significant impacts on the environment. However, the Group will continue to keep close monitoring three specific concerns as detailed below:

(i) In the event of a launch of satellite, it may cause a distress on the environment throughout the course of its launch trajectory. However, the launch of satellite is regulated with state license or permit and will be well covered with third-party liability insurance for any loss or damages to any third party as a result of the launch process.

(ii) The radiation emission of the satellite antennae erected and operated in the Satellite Earth Station of the Group may be hazardous to neighbor and environment. The Group is highly concerned on this hazard and conducts regular radiation emission measurements so as to monitor the radiation emission level of the antennae. As proven by the measurement results of the latest measurement report issued in December 2022, the surrounding regions of the Satellite Earth Station remain safe and environmentally normal for activities according to the Standards.

(iii) The efficient use of electricity of the Group should be the focal point of the future challenge. The management of the Group will make it as a prioritised item for action, not just for the environmentally friendly policy but also paring down the operation cost to a greater extent for a higher marginal profit value.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY (Continued)

2. Environmental and Community Indicator (Continued)

A4: The Climate Change

The Group attaches great importance to the potential risks of climate change impact on business and will actively assess climate-related operational risks. During the reporting period, the Group identified climate-related risks that may induce operational interruptions after consulting independent consultants.

The Group identified physical risks including severe risks from extreme weather events such as strong typhoons, more frequent rainfall and natural disasters. For satellite operators, the impact of extreme local weather is mainly the attenuation of satellite antenna signals caused by rainfall and the impact of strong winds on the performance and safety of satellite antennas. In order to ensure that satellite communications and measurement and control services can be carried out normally under heavy rainfall, the Group has left sufficient redundancy in the design of the ground system, and the signal transmission and reception capabilities can meet the minimum index requirements under heavy rainfall. The large-aperture antennas built locally by the Group all use high wind resistance antennas that can withstand wind speeds of 320 km/hour to ensure that the antennas can work normally under extreme weather conditions without potential safety hazards. In order to ensure that the satellites operated by the Group in orbit are safe and controllable in the event of extreme and unpredictable climate disasters, the Group has built a remote backup control center outside of the Hong Kong ground station to achieve remote control to avoid extremely unlikely adverse effects of catastrophic climate on satellite security.

For transition risk, the Group recognises the business impacts of increasing emissions obligations. We expect regulators to continue to gradually increase emissions reporting responsibilities and content. We anticipate this will increase our compliance costs. We plan to formulate relevant policies to deal with the impacts of climate change on operations and services.

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EXECUTIVE DIRECTORS

Mr. WANG Hongbin, aged 55, has been appointed as the Executive Director and President, the authorized representative of the Company since 30 March 2022. He is responsible for the overall operation and management of the Company. Mr. Wang graduated from the Commission of Science, Technology and Industry for National Defence, College of Command Technology in 1996, and received his MBA degree from Nankai University in business Administration in 2012. Mr. Wang has more than 30 years of experience in satellite communication industry. Mr. Wang is currently the chairman and non-executive director of the board of directors of the China Satellite Communications (Hong Kong) Corporation Ltd. which is the wholly-owned subsidiary of the China Satellite Communications Company Limited ("China Satcom") (a corporation listed on the Shanghai Stock Exchange in China effective from 28 June 2019) and the chairman of APT Mobile Satcom Limited. Mr. Wang is also currently a director of APT Satellite Company Limited, APT Datamatrix Limited, APT Satellite TV Development Limited, Middle East Ventures Limited, Ying Fai Realty (China) Limited and APT Telecom Services Limited, which are subsidiaries of the Company and the chairman of APT Satellite Communications (Shenzhen) Company Limited, a subsidiary of the Company. He is also a director of APT International.

Mr. YAN Zhao, aged 41, has been appointed as the Executive Director and Vice President, member of the Nomination Committee and the Remuneration Committee of the Company since 30 March 2022. Mr. Yan graduated from Harbin Engineering University in Corporate Management in 2007, with master's degree of Management Science. Mr. Yan has more than 15 years of experience in satellite communication industry. Mr. Yan is currently the director of APT Mobile Satcom Limited. Mr. Yan is a director of APT Satellite Company Limited, APT Datamatrix Limited, APT Satellite TV Development Limited, Middle East Ventures Limited, Ying Fai Realty (China) Limited, APT Telecom Services Limited and APT Satellite Communications (Shenzhen) Company Limited, which are subsidiaries of the Company. He is also a director of APT International.

NON-EXECUTIVE DIRECTORS

Mr. LI Zhongbao, aged 55, has been appointed as a Non-executive Director of the Company since 29 August 2017 and the Chairman of the Company since 1 April 2018. Mr. Li graduated with university degree in chemical engineering at Chemical Department of University of Tianjin in July 1990. He is a bachelor degree holder and researcher. From July 1990, Mr. Li had been the Senior Vice President and Director of China Spacesat Company Limited (a corporation listed on the Shanghai Stock Exchange in China). Mr. Li has been appointed as a Director and the General Manager of China Satcom since July 2017 and also been appointed as the Chairman of China Satcom since March 2018. Mr. Li has also been appointed as Director of APT Satellite Company Limited, which is a subsidiary of the Company and Director of APT International, the substantial shareholder of the Company.

Mr. LIM Seng Kong, aged 57, has been appointed as Non-Executive Director of the Company since 31 May 2022. Mr. Lim graduated from the National University of Singapore with a Bachelor Degree in Business Administration. He joined Singapore Telecommunications Limited ("Singtel ") in 2007 as Vice President for Global Accounts. He is currently the Managing Director for Singtel Enterprise Business, responsible for managing the enterprise business covering all aspects of sales, marketing, product management and delivery. He started his career with IBM Singapore as Account Manager where he was responsible for the sales and account management functions. Prior to joining Singtel, Mr. Lim was with Datacraft, a well-established IT services and solutions company for 14 years. His last held position in Datacraft was Regional Director for ASEAN. Mr. Lim is a director of APT Satellite Company Limited, which is a subsidiary of the Company. Mr. Lim is also a director of APT International, the substantial shareholder of the Company.

Dr. YIN Yen-liang, aged 73, has been appointed as a Non-Executive Director of the Company since January 2003. Dr. Yin graduated with an MBA Degree from National Taiwan University in 1983 and received the Ph.D. Degree in Business Administration from National Chengchi University in 1987. He had been the President of the Ruentex Group, the holding company of one of the shareholders of APT International, since 1994. Dr. Yin is also a Director of APT Satellite Company Limited, which is a subsidiary of the Company. Dr. Yin is also a Director of APT International, the substantial shareholder of the Company.

Mr. FU Zhiheng, aged 54, was appointed as a Non-Executive Director of the Company with effect from 20 March 2012. Mr. Fu graduated from the Northwestern Polytechnic University, Xian, China, with a Bachelor of Engineering degree in 1991. He then obtained his Master of Business Administration degree from China University of Mining Technology (Beijing) in 2004. Mr. Fu is currently the President of China Great Wall Industry Corporation ("CGWIC") in charge of the daily operation and management. He has been working with CGWIC since 1993, taking various positions in marketing and program management for international space programs. Before he joined CGWIC, he had worked for China Academy of Launch Vehicle Technology for two years. Mr. Fu is currently a Director of APT Satellite Company Limited, which is a subsidiary of the Company. He is also the Director of APT International, the substantial shareholder of the Company.

NON-EXECUTIVE DIRECTORS (Continued)

Mr. LIM Kian Soon, aged 59, graduated with a Bachelor of Computer Engineering from University of Tsukuba, Japan and obtained MBA from University of Leeds, UK. Mr. Lim had worked for Singtel since 1997, serving in various appointments. Mr. Lim is currently the Head of Satellite, responsible for the fixed and mobile satellite business and infrastructure in Singtel. Mr. Lim resumed this position in April 2022 which he also held from January 2013 to March 2017. Prior to this appointment, as Head of Carrier Sales, he was responsible for the sales of all Singtel domestic, international data and data centre services to the four big tech companies and all telecom service providers in Singapore and globally. Mr. Lim is a director of APT Satellite Company Limited, which is a subsidiary of the Company. Mr. Lim is also a director of APT International, the substantial shareholder of the Company.

Mr. HE Xing, aged 60, was appointed as a non-executive director on 29 July 2020. He graduated from Beijing Polytechnic University with Bachelor of Engineering degree in solid rocket engine in 1984. He then obtained his Master of Business Administration degree from Beijing University Guanghua School of Management in 2003. Since 1984, Mr. He had worked consecutively as Engineer for the Institution of China Academy of Space Technology, a Deputy Director, a Deputy General Manager and General Manager of the Space Department of China Great Wall Industry Corporation; an Assistant to the President, Vice President and Researcher of China Great Wall Industry Corporation. Mr. He is currently a Director of China Lucky Group Corporation and a Director of China Satcom. Mr. He has also been appointed as a Director of APT Satellite Company Limited, which is a subsidiary of the Company and a Director of APT International, the substantial shareholder of the Company.

Mr. TSENG Ta-mon, aged 65, has been appointed as an Alternate Director to Dr. Yin Yen-liang, a Non-Executive Director of the Company, since September 2004. He had been a Non-Executive Director of the Company from July 2003 to September 2004. Mr. Tseng graduated with an LL.B. Degree from National Chengchi University in 1980 and subsequently received the LL.M. Degree from University College London in 1982 and the LL.B. Degree from B.A. at University of Cambridge in 1984 respectively. He also graduated from the Inns of Court School of Law of Middle Temple in 1985 and became Barrister-at-Law in the same year. He was the Specialist of the Board of International Trade from 1985 to 1987. He was also the Partner of Dong & Lee from 1987 to 1992. He has been the Counsel of the Ruentex Group, the holding company of one of the shareholders of APT International. Mr. Tseng is also the Alternate Director to Dr. Yin Yen-liang, a Director of APT Satellite Company Limited, which is a subsidiary of the Company and APT International, the substantial shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. LUI King Man, aged 68, has been appointed as an Independent Non-Executive Director of the Company since August 2004. Dr. Lui is the Chairman of the Audit and Risk Management Committee and the Remuneration Committee of the Company. He is also the member of the Nomination Committee of the Company. Dr. Lui has been a practising Certified Public Accountant in Hong Kong since 1989, and established his accounting firm K. M. LUI & CO in the same year. Before commencing his own practising, Dr. Lui had worked with an international accounting firm and a listed commercial bank. Dr. Lui received the accountancy education in United Kingdom in 1980 and attained professional accountant qualification in 1985. He is a Fellow of The Chartered Association of Certified Accountants and Associate member of The Hong Kong Institute of Certified Public Accountants. Dr. Lui obtained an MBA Degree from Heriot-Watt University in 1997 and received a Doctoral Degree in Business Administration from The University of Hull in 2004. Dr. Lui has over 30 years of experience in accounting, finance, business acquisition and auditing fields. He has been a consultant of a number of commercial and non-commercial organizations.

Dr. LAM Sek Kong, aged 63, has been appointed as an Independent Non-Executive Director of the Company since July 2007. Dr. Lam is a member of the Nomination Committee of the Company and since 1 January 2010 has been the Chairman of the Nomination Committee. Dr. Lam is also a member of each of the Audit and Risk Management Committee and the Remuneration Committee of the Company. Dr. Lam graduated from the University of Hong Kong in 1984. He is a partner of Messrs. Guantao & Chow Solicitors and Notaries. He has been practicing law in Hong Kong since 1987. Dr. Lam is a member of the Hong Kong Society of Notary Public, the China Appointed Attesting Officers Association in Hong Kong and a member of the Chartered Institute of Arbitrators (UK) and a fellow of the Hong Kong Institute of Arbitrators. Dr. Lam is also admitted as advocate and solicitor of the High Court of Singapore, barrister and solicitor of the Supreme Court of Australian Capital Territory, legal practitioner of the Supreme Court of New South Wales and barrister in federal court of Australia. Dr. Lam holds a bachelor degree and a master degree in laws from the University of Hong Kong, a master degree in laws from the University of Peking and a Ph.D. degree in laws from the Tsinghua University. Dr. Lam is currently an independent Non-executive Director of Hengtai Securities Co., Ltd. (a corporation listed on the Stock Exchange (Stock code: 01476)).

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Mr. CUI Liguo, aged 53, has been appointed as an Independent Non-Executive Director of the Company since July 2007. Mr. Cui is also a member of each of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company. Mr. Cui graduated from the faculty of economic law of the China University of Political Science and Law in 1991. He founded the Guantao Law Firm in 1994, and is acting as a Founding Partner and the officer of its Management Committee. Mr. Cui has over 25 years of experience in legal sector, and holds independent directorship in the board of directors of several companies, such as, CNNC International Limited (a corporation listed on the Stock Exchange), Frontier Services Group Limited (a corporation listed on the Stock Exchange). Joincare Pharmaceutical Group Industry Co., Ltd. (a corporation listed on the Shanghai Stock Exchange in China), Beijing Life Insurance Co., Ltd., and China Coal Xinji Energy Co., Ltd. (a corporation listed on the Shanghai Stock Exchange in China).

Dr. MENG Xingguo, aged 68, has been appointed as an Independent Non-Executive Director and a member of each of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company with effect from 5 July 2012. Dr. Meng graduated from the Renmin University of China with a Bachelor of Economics degree in 1982. He then obtained his Master of Finance degree from the Graduate Institute of The People's Bank of China in 1985. He also graduated from the School of Business of Temple University in 1994, with doctorate degree in Business Management. Dr. Meng had worked consecutively in the Reinsurance department of the headquarters of The People's Insurance Company (Group) of China Limited, branch and the headquarters of The People's Bank of China since 1985. He has also been the executive vice president of Allianz Dazhong Life Insurance Co., Ltd. (currently known as the "Allianz China Life Insurance Company Limited") and senior vice president of Sun Life Everbright Life Insurance Company Limited. Since joining Central Huijin Investment Limited in 2006, Dr. Meng had served as the Director of the insurance division in the department of non-banking financial institutions, and was appointed as a Director of China Reinsurance Group Co., Ltd. and a Non-executive Director of New China Life Insurance Company Limited (a corporation concurrently listed on the Stock Exchange (Stock Code: 01336) and the Shanghai Stock Exchange (Stock Code: 601336)). Dr. Meng is currently the Chairman of Generali Insurance Agency Co. Ltd.

SENIOR MANAGEMENT

Mr. HUANG Baozhong, aged 60, Master's Postgraduate, has been the Executive Vice President of the Company since August 2010, being responsible for Sales, Marketing and Legal Affairs of the company. Mr. Huang graduated from Harbin Institute of Technology and has been engaging in satellite and other space related activities since 1987. Before joining the Company, he was the Vice President of China Satcom.

Mr. CHEN Xun, aged 52, Executive Vice President, Mr. Chen is responsible for technical operations and engineering of the Company, he has over 25 years' experience in satellite and telecommunications industry. Mr. Chen joined the Company in year 2000. He holds a Bachelor's degree in computer and telecommunications from Chongqing Institute of Post & Telecommunications and a MBA degree from the University of South Australia. Before joining the Company, he worked for China Telecommunications Broadcast Satellite Corporation. Mr. Chen is a Director of APT Mobile Satcom Limited.

Mr. ZHANG Shilin, aged 55, is appointed as the Vice President of the Company in April 2013. Mr. Zhang is responsible for capacity management and technical support of the Company. Mr. Zhang graduated from Beijing Institute of Posts and Telecommunications with a Master Degree in Electromagnetic Field Theory and Microwave Technology. Mr. Zhang joined the Company in October 2010 and has served as Director of Marketing Department. Mr. Zhang has over 20 years' experience in satellite communication.

Mr. HU Yajun, aged 57, has been appointed as the Vice President since April 2018. Mr. Hu is responsible for China Business and Shareholders Relationship Management of the Company. Mr. Hu graduated from the National University of Defense Technology with a Master Degree in Communication and Electronics System. Mr. Hu joined the Company in December 2010 and served as the General Manager of various departments of the Company include Television and Telecom Services Department, Corporate Affairs Department and Information Technology Engineering Department.

Mr. TAN Shu Kiang, aged 52, has been appointed as the Vice President since August 2022. Mr. Tan is responsible for Sales of the Company. Mr. Tan graduated from Charles Sturt University with an MBA and Griffith University with a Master's Degree in Construction Engineering & Management. Mr. Tan joined the Company in September 2001 and served as the Director and General Manager of Sales. Mr. Tan has over 21 years' experience in sales.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Pursuant to Rule 13.51B(1) of the Listing Rules, the change and update in Directors' biographical details are as follows:

– Mr. Cheng Guangren resigned as the Executive Director and President, authorized representative of the Company with effect from 30 March 2022.

– Mr. Qi Liang resigned as the Executive Director and Vice President, the committee member of Nomination Committee and Remuneration Committee of the Company with effect from 30 March 2022.

– Mr. Wang Hongbin was appointed as the Executive Director and President, authorized representative of the Company with effect from 30 March 2022.

– Mr. Yan Zhao was appointed as the Executive Director and Vice President, the committee member of Nomination Committee and Remuneration Committee of the Company with effect from 30 March 2022.

– Mr. Lim Toon resigned as the non-executive Director with effect from 31 May 2022.

– Mr. Lim Seng Kong was appointed as the non-executive Director with effect from 31 May 2022.

– Mr. Cui Liguo no longer holds the independent directorship in the board of directors of Essence Securities Co., Ltd.

Save as the changes disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

The board of directors ("Directors") of the Company is pleased to present their report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the maintenance, operation, provision of satellite transponder capacity; satellite-based broadcasting and telecommunications services; and other satellite-based related services. Discussion and analysis of these activities pursuant to Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622) including a discussion of the principal risks and uncertainties which may be faced by the Group and an indication of the forward looking developments in the Group's business are included in the "Management Discussion and Analysis" set out on pages 10 to 19 of this Annual Report forming part of this Directors' Report.

SEGMENTAL INFORMATION

Details of the segmental information are set out in note 10 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The profit of the Group for the year ended 31 December 2022 and the state of the Group's affairs as at that date are set out in the consolidated financial statements on pages 93 to 175.

During the year, the Company has declared and paid an interim dividend in cash of HK5.00 cents per share. The Board has resolved to declare a final dividend in cash of HK17.00 cents per share to shareholders whose names appear on the register of members at the close of business on 7 June 2023.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 176 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group for the year ended 31 December 2022 are set out in note 11 to the consolidated financial statements.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2022 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

During the year, no new share of the Company was issued.

There was no purchase, sale or redemption by the Company, or any subsidiaries of the Company's shares during the year.

Details of movement of the share capital are set out in note 26(b) to the consolidated financial statements.

RESERVES

Details of movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 97.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company are set out in note 26(a) to the consolidated financial statements.

FIXED CHARGE

Details of the Group's fixed charge are set out in note 19 to the consolidated financial statements.

DONATIONS

Charitable donations made by the Group during the year amounted to HK$Nil (2021: HK$3,000).

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the Directors of the Company is currently in force and was in force throughout the year.

MANAGEMENT CONTRACTS

Other than the service contracts of the directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Wang Hongbin *(President) (appointed on 30 March 2022)*
Yan Zhao *(Vice President) (appointed on 30 March 2022)*
Cheng Guangren *(President) (resigned on 30 March 2022)*
Qi Liang *(Vice President) (resigned on 30 March 2022)*

Non-executive Directors

Li Zhongbao
Lim Seng Kong *(appointed on 31 May 2022)*
Lim Toon *(resigned on 31 May 2022)*
Yin Yen-liang
He Xing
Fu Zhiheng
Lim Kian Soon
Tseng Ta-mon *(alternate director to Yin Yen-liang)*

Independent Non-executive Directors

Lui King Man
Lam Sek Kong
Cui Liguo
Meng Xingguo

In accordance with Bye-Law 86(2) of the Company's Bye Laws, Mr. Lim Seng Kong who has been appointed by the Board during the year shall hold office until the forthcoming annual general meeting. In accordance with Bye-Laws 87 of the Company's Bye-Laws, Mr. Fu Zhiheng, Mr. Lim Kian Soon and Mr. He Xing will retire by rotation at the forthcoming annual general meeting. All of the above retiring Directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting. The remaining Directors of the Company continue in office.

The biographical details of the Directors and changes are set out in the section "Directors' and Senior Management's Profiles and Changes" of this annual report.

DIRECTORS' SERVICE CONTRACT

No service contract was entered into between the Directors and the Company or any of its subsidiaries that is exempt under Rule 13.69 of the Listing Rules.

No Director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' EMOLUMENTS

The emoluments of the Directors on a named basis are set out in note 6 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors an annual confirmation as regards their independence pursuant to rule 3.13 of the Listing Rules and in the opinion of the Directors having regard to the Company's Nomination Committee's assessment of their independence, they remain to be considered as independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2022, the interests of each Director and the Chief Executive of the Company are interested, or are deemed to be interested in the long and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company under section 352 of the SFO are as follows:

Name of Director and Chief Executive	Nature of interests	Number of shares held	Numbers of share options
Meng Xingguo ("Dr. Meng")	Personal	438,000[(1)]	–

Note:

(1) Dr. Meng's wife held 438,000 shares of the Company. By virtue of his spouse's interests, Dr. Meng was deemed to be interested in the same parcel of shares held by his wife pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, as at 31 December 2022, none of the Directors or the Chief Executives of the Company had or was interested, or was deemed to be interested in the long and short positions in the shares and underlying shares of the Company nor any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or Model Code for Securities Transactions by Directors of Listed Companies.

SHARE OPTION SCHEMES

The Company has not approved any new share option scheme after the lapse of its last share option scheme on 21 May 2012. During the year, no option was granted.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

INTERESTS IN COMPETING BUSINESS

As at 31 December 2022, the following director of the Company was also director in other business, which competes or is likely to compete, either directly or indirectly, with the Group's business:

Name of Director	Name of company	Principal Activity
Lim Seng Kong and Lim Kian Soon	Singapore Telecommunications Limited	Provision of satellite capacity for telecommunication and video broadcasting services

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2022, according to the register of interests in shares and short positions kept by the Company under section 336 of the SFO, the following companies are directly and indirectly interested in 5% or more of the issued share capital of the Company:

Name	*Note*	Number of shares interested	% of issued share capital
China Aerospace Science & Technology Corporation	1	508,950,000	54.80
China Satellite Communications Company Limited	2	495,450,000	53.35
APT Satellite International Company Limited	3	481,950,000	51.90
Temasek Holdings (Private) Limited	4	51,300,000	5.53
Singapore Telecommunications Limited	4	51,300,000	5.53
Singasat Private Limited	4	51,300,000	5.53

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (Continued)

Notes:

1. China Aerospace Science & Technology Corporation ("CASC") was deemed to be interested in the shares of the Company by virtue of:

   (a) CASC holds directly and indirectly in aggregate 85.03% interest of China Satellite Communications Company Limited ("China Satcom"), which in turn holds (i) 42.86% of APT Satellite International Company Limited ("APT International"); and (ii) 100% in China Satellite Communications (Hong Kong) Corporation Limited, which in turn holds 13,500,000 shares (approximately 1.45% interests) of the Company;

   (b) CASC holds 100% interest directly in China Great Wall Industry Corporation ("CGWIC"), which in turn holds indirectly 14.29% interests in APT International; and

   (c) CASC directly holds 13,500,000 shares (approximately 1.45% interests) of the Company.

2. China Satcom was deemed to be interested in the shares of the Company by virtue of:

   (a) China Satcom holds 42.86% interests in APT International; and

   (b) China Satcom holds 100% interest in China Satellite Communications (Hong Kong) Corporation Limited, which in turn holds 13,500,000 shares (approximately 1.45% interests) of the Company.

3. APT International directly holds 481,950,000 shares (approximately 51.90% interests) of the Company.

4. Temasek Holdings (Private) Limited ("Temasek") was deemed to be interested in the shares of the Company by virtue of its interests through its controlled corporation (being Temasek's 52.2% shareholding in Singapore Telecommunications Limited ("Singtel"), which was deemed to be interested in the shares of the Company by virtue of Singtel's 100% shareholding in Singasat Private Limited). Singasat Private Limited holds 28.57% interests in APT International and directly holds 51,300,000 shares (approximately 5.53% interests) of the Company.

Save as disclosed above, as at 31 December 2022, no other party has an interest or a short position in the issued share capital of the Company, as recorded in the register required to be kept by the Company under section 336 of the SFO.

As at the date of this report, Messrs. Mr. Wang Hongbin, Mr. Yan Zhao, Mr. Li Zhongbao, Mr. Lim Seng Kong, Dr. Yin Yen-liang, Mr. He Xing, Mr. Fu Zhiheng, Mr. Lim Kian Soon and Mr. Tseng Ta-mon (alternate director to Dr. Yin Yen-liang), Directors of the Company, are also directors of APT Satellite International Company Limited.

Save as disclosed above, the Company has not been notified of any other interest representing 5% or more of the Company's issued share capital at 31 December 2022.

MAJOR CUSTOMERS AND SUPPLIERS

In 2022, the aggregate revenue attributable to the Group's five largest customers was 55% (2021: 51%) of the total revenue. In 2022 the largest customer accounted for 29% of the Group's revenue and the largest supplier represented 39% of the Group's total purchases.

One of the five largest customers was China Satellite Communications Company Limited ("China Satcom"). China Satcom is a subsidiary of China Aerospace Science & Technology Corporation, the controlling shareholder of the Company. Mr. Wang Hongbin, Mr. Li Zhongbao and Mr. He Xing have interests to the extent that they have been concurrently directors or senior officers of China Satcom.

The aggregate purchase attributable to the Group's five largest suppliers was less than 80% of total purchases (2021: 87%).

Save as disclosed above, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Company's five largest customers or suppliers.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

According to a facility agreement entered into on 14 June 2016, China Aerospace Science & Technology Corporation, the controlling shareholder of the Company, is required to maintain control of or hold directly or indirectly not less than 30% shareholdings of the Company and remain as the single largest shareholder of the Company. As at 31 December 2022, the amount of the facility subject to such an obligation was HK$Nil. The facility has been expired on 28 June 2021.

CONNECTED TRANSACTIONS

Certain connected transactions also fall under related party transactions in accordance with the International/Hong Kong Accounting Standards, details are set out in note 31 to the consolidated financial statements. It is confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MAJOR AND CONNECTED TRANSACTIONS

APSTAR-6E Satellite

On 6 November 2020, APT Satellite Company Limited ("APT HK"), entered into the Investment and Cooperation Agreement with the project partners ("Project Partners") namely China Academy of Launch Vehicle and Technology, China Academy of Space and Technology and China Great Wall Industry Corporation ("CGWIC") for the establishment of a new entity ("New Company") which will procure and launch the APSTAR-6E Satellite and use it to provide satellite telecommunication services in Asia Pacific region. The total share capital of the New Company will be US$30 million, and APT HK will contribute US$6,000,000 (approximately HK$46,800,000) (representing 20% of the equity interest in the New Company).

In order to meet the business plan requirements of the New Company, as authorised by the Project Partners, APT HK entered into an agreement (the "Satellite Contract") with China Great Wall Industry (Hong Kong) Corp. Limited (the "Contractor") on 6 November 2020 which including the services of manufacturing, delivery and launching of the APSTAR-6E Satellite. The total contract price is US$137,590,000. Pursuant to the Investment and Cooperation Agreement, it has been agreed that upon the establishment of the New Company, APT HK, the New Company and Contractor shall enter into a novation agreement ("Novation Agreement"), pursuant to which all obligations and rights of APT HK under the Satellite Contract shall be assigned and transferred to New Company, APT HK will fully receive all contractual price and other fees that has been paid to the Contractor and the interest payment from the New Company.

As each of the Project Partners and New Company are the connected party of the Company under the meaning of Chapter 14A of the Listing Rules, the Investment and Cooperation Agreement, the Satellite Contract and the Novation Agreement were approved by shareholders of the Company in a special general meeting held on 21 December 2020.

The New Company APSTAR Alliance Satcom Limited ("APSTAR Alliance") has been established on 31 August 2021 as an associate of the Group. APT HK, the APSTAR Alliance and Contractor have entered into Novation Agreement dated on 15 December 2021, all the obligations and rights of Satellite Contract has been transferred to APSTAR Alliance.

APSTAR-6E Satellite was successfully launched in January 2023, it is expected to be put into service from late 2023 to early 2024.

MAJOR AND CONNECTED TRANSACTIONS (Continued)

FORMATION OF APT MOBILE SATCOM LIMITED

APT Satellite Communications (Shenzhen) Co. Ltd. ("APT Shenzhen"), a wholly-owned subsidiary of the Company, together with 航天投資控股有限公司 ("China Aerospace Investment Holdings Ltd.") and other investors from China, signed an investors' Agreement dated 23 July 2016 and a Supplemental Agreement dated 12 August 2016 to establish a company namely APT Mobile Satcom Limited ("APT Mobile"). The total registered capital of APT Mobile was RMB2,000 million, of which APT Shenzhen committed to invest RMB600 million (representing 30% of the equity interest in APT Mobile) ("Committed Capital"). At 31 December 2021, APT Shenzhen has paid RMB600,000,000, representing 100% of the Committed Capital. The scope of business of APT Mobile includes construction and operation of satellite communication system, satellite space segment services, satellite fixed and mobile telecommunication services, internet access, integration of networks and systems and technical consultancy services etc. The business income of APT Mobile in the early stage of operation was affected by the market environment, but it has been continuously improving and approaching expectations. Since APT Mobile is an associate of CASC, it is therefore a connected party of the Company under the meaning of Chapter 14A of the Listing Rules.

As at 31 December 2022, the shareholders of APT Mobile were APT Shenzhen, 交通運輸通信信息集團有限公司, 中國國有資本風險投資基金股份有限公司, 深圳市昊創投資集團有限公司, 航天投資控股有限公司, 國華衛星應用產業基金(南京)合夥企業(有限合夥)), 蘇州遠海天璣股權投資合夥企業(有限合夥), 深圳市創新投資集團有限公司, 深圳市衛星通信科技合夥企業(有限合夥). The share equity interest of APT Shenzhen in APT Mobile remains unchanged.

CONNECTED TRANSACTIONS WITH APT MOBILE SATCOM (HK) LIMITED

MASTER AGREEMENT AND CONSULTANCY AGREEMENT

On 1 November 2016, APT Mobile entered into a contract (the "Satellite Project") in respect of the manufacturing, delivery and launching of the APSTAR-6D Satellite (the "Satellite"). On 11 September 2017, APT HK entered into the master agreement (which contemplated the entering into of the consultancy agreement) (collectively the "Master Agreement") in respect of provision of project management and technical consultancy services to APT Mobile. The Master Agreement was approved by shareholders of the Company in a special general meeting held on 23 October 2017 pursuant to Chapter 14A of the Listing Rules. The consultancy agreement has been fully executed in 2021.

By entering into the consultancy agreement, APT HK or its designated subsidiary can provide professional consultancy services in respect of development, launching and operation of the Satellite to APT Mobile. The consultancy services of APT HK can facilitate the smooth and successful development and launch of the Satellite into designated orbit until the completion of In-Orbit Delivery. The success of the Satellite will be very important for the business development and investment for both the Group and APT Mobile.

CONTINUING CONNECTED TRANSACTIONS

On 29 September 2020, the Company entered into the Transponder Service Master Agreement ("Existing Master Agreement") with China Satcom of validity until 31 December 2023 thereby subject to the terms and conditions of the Existing Master Agreement, the Group and China Satcom, on an ongoing basis, provide to each other (including their respective associates) services (the "Continuing Connected Transactions") that (i) satellite transmission service, (ii) value-added service for satellite telecommunication; and (iii) other related professional and management services for satellite and telecommunication, including but not limited to consultancy services in relation to satellite project construction and services in relation to orbital position coordination and authorization services. Since China Satcom is a subsidiary of CASC, and CASC and its associates hold approximately 52.78% interest of APT Satellite International Company Limited, the substantial shareholder of the Company holding approximately 51.90% of the issued share capital of the Company. China Satcom is therefore a connected party of the Company under the Listing Rules.

As approved by the independent shareholders of the Company on 27 November 2020, the maximum annual aggregate value (the "Caps") in respect of the provision of satellite transmission service, value-added service for satellite telecommunication and other related professional and management services ("Satellite Services") between the Company and/or its subsidiaries and China Satcom and/or its associates for the year ended 31 December 2022 are as follows:

(a)	the Caps in respect of the provision of the Satellite Services by the Group or its subsidiaries to China Satcom and/or its associates	HK$530,000,000
(b)	the Caps in respect of the provision of the Satellite Services by China Satcom and/or its associates to the Group	HK$260,000,000

The Independent Non-executive Directors of the Company have reviewed the Continuing Connected Transactions and confirmed that:

(i) the Continuing Connected Transactions have been entered into under the usual and ordinary course of business of the Group;

(ii) the Continuing Connected Transactions have been conducted either on normal commercial terms; or if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available from independent third parties; and

(iii) the Continuing Connected Transactions have been entered into in accordance with the Existing Master Agreement governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONTINUING CONNECTED TRANSACTIONS (Continued)

The Directors have received a letter from the auditor of the Company, BDO Limited, which was engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's letter on Continuing Connected Transactions under the Hong Kong Listing Rules" both issued by the Hong Kong Institute of Certified Public Accountants. BDO Limited has issued their unqualified letter containing their findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group and which has been provided by the Company to the Stock Exchange in accordance with Listing Rules 14A.56 where confirming the Continuing Connected Transactions:

(i) have been approved by the Board of Directors;

(ii) were in all material respects, in accordance with the pricing policies of the Group;

(iii) were in all material respects, in accordance with the relevant agreement governing the Continuing Connected Transactions; and

(iv) have not exceeded the respective Caps set out above for the year ended 31 December 2022.

The Company has provided a copy of the said letter to the Stock Exchange.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

RETIREMENT BENEFIT SCHEMES

Details of the Company's retirement benefit schemes are set out in note 30 to the consolidated financial statements.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" contained in this annual report.

AUDITORS

At the annual general meeting of the Company held on 24 May 2021, KPMG retired as auditor of the Company and BDO Limited was appointed as auditor of the Company following the retirement of KPMG.

The consolidated financial statements for the years ended 31 December 2021 and 2022 have been audited by BDO Limited. A resolution will be proposed at the forthcoming Annual General Meeting to re-appoint BDO Limited as auditor of the Company.

BUSINESS REVIEW

The Business Review of the Group is set out in the "Management Discussion and Analysis" on pages 10 to 19 of this annual report. The details of the relationships with the Group's stakeholders are set out in the "Environmental, Social and Governance Report" on pages 38 to 67 of this annual report. These discussions form part of this Directors' Report.

By order of the Board
Li Zhongbao
Chairman

Hong Kong, 23 March 2023

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TO THE SHAREHOLDERS OF APT SATELLITE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of APT Satellite Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 93 to 175, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Annual impairment assessment of the intangible asset with indefinite useful life

Refer to notes 13 and 34(b)(i) to the consolidated financial statements and the accounting policies note 1(j)(i).

The Key Audit Matter	How the matter was addressed in our audit
The carrying value of the Group's intangible asset with indefinite useful life (the "IA"), representing the acquired orbital slot for satellite operation, amounted to $133.6 million as at 31 December 2022. The orbital slot was solely occupied by a satellite of the Group. As the IA generates cash inflows together with this satellite, the Group performs annual impairment assessment of the IA and the satellite together, by comparing the aggregate carrying value of the IA and the satellite against their aggregate recoverable amount, based on the discounted cashflow forecast prepared by management to determine the amount of impairment loss to be recognised, if any. We identified the potential impairment of the IA as a key audit matter because the impairment assessment conducted by management is complex and contain certain judgmental assumptions, particularly the discount rate and revenue growth rate.	Our audit procedures to assess potential impairment of the IA included the following: • evaluating the appropriateness of the Group's identification of the cash-generating unit comprising the IA and the satellite solely using the IA; • with the assistance of our internal valuation specialists, assessing the methodology used in the cashflow forecast prepared by management and whether the discount rate adopted in the cashflow forecast is within the normal range used by other market participants; • comparing the revenue growth rate adopted in the cashflow forecast with past growth rates achieved by the Group as well as with those of comparable companies and other available external market data, taking into account recent developments in the commercial satellite industry and the Group's future operating plans; • comparing the revenue included in the cashflow forecast prepared by management in the prior year with the current year actual performance of the Group to assess accuracy of the prior year's cashflow forecast, and making enquiries of management as to the reasons for any significant variations identified; and • obtaining from management the sensitivity analyses of both discount rate and revenue growth rate as adopted in the cashflow forecast prepared by the Group and assessing the impact of changes in these key assumptions to the conclusion reached in the impairment assessment and whether there was any indicator of management bias.

KEY AUDIT MATTERS (Continued)

Recoverability of trade receivables

Refer to notes 17, 28(a) and 34(b)(ii) to the consolidated financial statements and the accounting policies note 1(i)(i).

The Key Audit Matter

At 31 December 2022, the Group's trade receivables amounted to $100.4 million, after netting off loss allowances of $43.8 million.

The Group's customers operate in a number of geographical locations, all of them having different credit profiles. The timing of trade receivable settlement can be influenced by geographical norms and the economic environment in which the customers operate.

The Group's loss allowances are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the ageing of the trade receivables and credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date, all of which involve a significant degree of management judgment.

The Group's loss allowances include a specific element based on individual receivables and a collective element based on historical experience adjusted for geographical norms.

We identified the recoverability of trade receivables as a key audit matter because of the significance of trade receivables to the consolidated financial statements and because the assessment of the recoverability of trade receivables and recognition of loss allowances are inherently subjective and require significant management judgment, which increases the risk of error or potential management bias.

How the matter was addressed in our audit

Our audit procedures to assess recoverability of trade receivables included the following:

- understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of the valuation of trade receivables, which included credit control procedures and estimate of expected credit losses under the Group's policy;
- assessing, on a sample basis, whether items in the trade receivables report were classified within the appropriate geographical location and appropriate ageing brackets by comparing individual items in the report with underlying documentation, including sales contracts and sales invoices;
- assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgments, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions in different geographical locations and forward-looking information; and
- evaluating the assumptions and estimates made by management in calculating the loss allowances by examining the utilisation or release of previously recorded allowances during the current year and write-offs of trade receivables not previously provided for, on a sample basis.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit and Risk Management Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Amy Yau Shuk Yuen
Practising Certificate No. P06095

Hong Kong, 23 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

	Notes	2022 $'000	2021 $'000
Revenue	3 & 10	**944,305**	927,807
Cost of services		**(489,255)**	(481,411)
Gross profit		**455,050**	446,396
Other net gains	4(a)	**8,888**	43,957
Valuation loss on investment properties	12	**(558)**	(766)
Administrative expenses		**(109,206)**	(120,336)
Profit from operations		**354,174**	369,251
Fair value changes on financial assets	15	**(1,983)**	(425)
Finance costs	4(b)	**(7,013)**	(6,189)
Share of loss of associates	14	**(57,911)**	(43,727)
Profit before taxation	4	**287,267**	318,910
Income tax	5(a)	**(55,657)**	(55,528)
Profit for the year and attributable to equity shareholders of the Company		**231,610**	263,382
Earnings per share	9		
Basic and diluted		**24.94 cents**	28.36 cents

The notes on pages 99 to 175 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

	2022 $'000	2021 $'000
Profit for the year	**231,610**	263,382
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*	**(62,138)**	23,887
Share of other comprehensive income of associates	**28**	119,905
Other comprehensive income for the year	**(62,110)**	143,792
Total comprehensive income for the year	**169,500**	407,174

* Included exchange loss on translation of financial statements of associates of $58,123,000 (2021: exchange gain of $19,846,000)

The notes on pages 99 to 175 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022 (Expressed in Hong Kong dollars)

	Notes	At 31 December 2022 $'000	At 31 December 2021 $'000
Non-current assets			
Property, plant and equipment	11(a)	**4,185,970**	4,564,484
Investment properties	12	**9,481**	10,821
Intangible assets	13	**277,904**	286,640
Interest in associates	14	**693,078**	809,084
Club membership		**380**	380
Prepayments		**95,399**	95,378
Deferred tax assets	25(b)	**36**	36
		5,262,248	5,766,823
Current assets			
Financial assets measured at fair value through profit or loss	15	**–**	1,983
Trade receivables, net	17	**100,434**	139,540
Deposits, prepayments and other receivables	18	**14,258**	23,054
Bank deposits with original maturity beyond 3 months		**1,269,203**	662,117
Cash and cash equivalents	20(a)	**480,535**	701,847
		1,864,430	1,528,541
Current liabilities			
Payables and accrued charges	21	**89,276**	100,763
Deferred income	23	**47,798**	46,758
Dividend payable		**9,045**	5,603
Lease liabilities	24	**30,979**	41,566
Current taxation	25(a)	**14,746**	35,244
		191,844	229,934
Net current assets		**1,672,586**	1,298,607
Total assets less current liabilities carried forward		**6,934,834**	7,065,430

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022 (Expressed in Hong Kong dollars)

	Notes	At 31 December 2022 $'000	At 31 December 2021 $'000
Total assets less current liabilities brought forward		**6,934,834**	7,065,430
Non-current liabilities			
Deposits received	22	**42,090**	46,120
Deferred income	23	**96,067**	104,861
Lease liabilities	24	**135,814**	141,347
Deferred tax liabilities	25(b)	**594,040**	638,993
		868,011	931,321
Net assets		**6,066,823**	6,134,109
Capital and reserves			
Share capital	26(b)	**92,857**	92,857
Share premium	27(i)	**1,230,581**	1,230,581
Contributed surplus	27(ii)	**511,000**	511,000
Revaluation reserve	27(iii)	**123,950**	123,922
Exchange reserve	27(iv)	**(17,446)**	44,692
Other reserves	27(v)	**1,202**	1,202
Accumulated profits		**4,124,679**	4,129,855
Total equity		**6,066,823**	6,134,109

Approved and authorised for issue by the Board of Directors on 23 March 2023.

WANG Hongbin
Director

YAN Zhao
Director

The notes on pages 99 to 175 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022 (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 $'000
Balance at 1 January 2021	92,857	1,230,581	511,000	4,017	20,805	1,202	4,080,045	5,940,507
Changes in equity for 2021:								
Profit for the year	–	–	–	–	–	–	263,382	263,382
Other comprehensive income	–	–	–	119,905	23,887	–	–	143,792
Total comprehensive income	–	–	–	119,905	23,887	–	263,382	407,174
Dividend approved in respect of the previous year *(note 8(ii))*	–	–	–	–	–	–	(176,429)	(176,429)
Dividend declared in respect of current year *(note 8(i))*	–	–	–	–	–	–	(37,143)	(37,143)
Balance at 31 December 2021	92,857	1,230,581	511,000	123,922	44,692	1,202	4,129,855	6,134,109
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 8(ii))*	**–**	**–**	**–**	**–**	**–**	**–**	**(190,357)**	**(190,357)**
Dividend declared in respect of current year *(note 8(i))*	**–**	**–**	**–**	**–**	**–**	**–**	**(46,429)**	**(46,429)**
Balance at 31 December 2022	**92,857**	**1,230,581**	**511,000**	**123,950**	**(17,446)**	**1,202**	**4,124,679**	**6,066,823**

The notes on pages 99 to 175 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

	Notes	2022 $'000	2021 $'000
Operating activities			
Cash generated from operations	20(b)	**783,692**	799,626
Hong Kong profits tax paid		**(84,116)**	(141,300)
Overseas tax paid		**(38,003)**	(31,390)
Net cash generated from operating activities		**661,573**	626,936
Investing activities			
Payment for purchase of property, plant and equipment		**(2,933)**	(28,133)
Payment for investment in associates	14	**–**	(304,437)
Proceeds from disposal of property, plant and equipment		**563**	23
Increase in prepayments		**(8,544)**	(17,778)
Decrease in dividend receivable		**–**	78
Interest received		**32,484**	12,535
Release of pledged bank deposits		**–**	370
Placement of bank deposits with original maturity beyond 3 months		**(1,269,203)**	(662,117)
Release of bank deposits with original maturity beyond 3 months		**662,117**	677,938
Net cash used in investing activities		**(585,516)**	(321,521)
Financing activities			
Capital element of lease rentals paid	20(c)	**(31,676)**	(26,669)
Interest element of lease rentals paid	20(c)	**(7,013)**	(6,189)
Dividends paid to equity shareholders of the Company	20(c)	**(233,344)**	(210,466)
Net cash used in financing activities		**(272,033)**	(243,324)
Net (decrease)/increase in cash and cash equivalents		**(195,976)**	62,091
Cash and cash equivalents at 1 January	20(a)	**701,847**	613,037
Effect of foreign exchange rates changes		**(25,336)**	26,719
Cash and cash equivalents at 31 December	20(a)	**480,535**	701,847

The notes on pages 99 to 175 form part of these consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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 Group, comprising the Company and its subsidiaries, is principally engaged in maintenance, operation, and provision of satellite transponder capacity, satellite-based broadcasting and telecommunications services, and other satellite-related services.

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). As Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong, are derived from and consistent with IFRSs, these consolidated financial statements also comply with HKFRSs. These 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. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. The equivalent amendments to HKFRSs consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material respects identical to the pronouncements issued by the IASB. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that financial assets measured at fair value through profit or loss (see note 1(e)) and investment properties (see note 1(f)) are stated at fair value, as explained in the accounting policies set out below.

The preparation of consolidated financial statements in conformity with IFRSs and HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs and HKFRSs that have effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 34.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(d)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 1(i)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(i)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate (after applying the expected credit loss ("ECL") model to such other long-term interests where applicable (see note 1(i)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associate and are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 1(i)(ii)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in equity securities are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset and derecognised when the contractual rights to the future cash flows expire or when it has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS/HKFRS 9. The investments are initially stated at fair value and directly attributable transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 28(e).

An investment in equity securities is classified as fair value through profit or loss ("FVPL") unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the revaluation reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the revaluation reserve (non-recycling) is transferred to accumulated profits. It is not recycled through profit or loss. Dividends from an investment in equity security, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other gains or losses in accordance with the policy set out in note 1(r)(vi).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(r)(iv).

Where other land and buildings are reclassified to investment properties, the cumulative increase in fair value of investment properties at the date of reclassification is included in the revaluation reserve, and will be transferred to accumulated profits upon the retirement and disposal of the relevant properties.

(g) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)(ii)):

- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- other items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(h)(i)).

Satellite under construction includes the manufacturing costs, launch costs and any other relevant direct costs when incurred as construction in progress. When the satellite is available for use, the expenditure is transferred to communication satellites and depreciation will commence.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than satellite under construction and properties under construction, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.
- Leasehold land is depreciated over the unexpired term of lease
- Leasehold improvements — Over the lease term
- Right-of-use assets — Over the lease term
- Furniture and equipment, motor vehicles and computer equipment — 5 years
- Data centre equipment — 5 to 15 years
- Communication satellite equipment (earthbound) — 5 to 15 years
- Communication satellites (in-orbit) — 13.5 to 20.7 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(g), 1(j)(ii) and 1(i)(ii)), except for the right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(f).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leased assets (Continued)

(i) As a lessee (Continued)

Other than the leased intangible assets – orbital slots, the Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets for leased intangible assets – orbital slots are presented by the Group in "intangible assets", the same line item within which the corresponding underlying assets would be presented if they were owned.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS/HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS/HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leased assets (Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(r)(iv).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(h)(i), then the Group classifies the sub-lease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs to the financial assets measured at amortised cost (including cash and cash equivalents, bank deposits, trade and other receivables, and deposits).

Financial assets measured at fair value, including equity securities measured at FVPL are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated individually or collectively using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group considers both quantitative and qualitative information, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- club membership;
- intangible assets, including right-of-use assets;
- interest in associates; and
- investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest identifiable group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (continued)

(ii) Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

(iii) Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS/HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(i)(i) and (ii)).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Intangible assets

(i) Intangible asset with indefinite useful life

The Group's intangible asset with indefinite useful life represents the acquired orbital slot for satellite operation with an indefinite useful life and is not amortised. The useful life of an intangible asset is indefinite and is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and amortisation is charged to profit or loss on a straight-line basis over the asset's estimated useful life.

Intangible assets with indefinite useful lives are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 1(i)(ii)).

(ii) Leased intangible assets

The Group's leased intangible assets represent the leased rights to operate satellites at orbital slots with finite leasing period (see note 1(h)(i)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(i)(i)).

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 1(i)(i).

(o) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in profit or loss as incurred.

Certain employees of the Group participate in retirement plans managed by the respective local governments of the municipalities in the Mainland China in which the Group operates. The Group's contributions to the plan are calculated based on fixed rates of the employees' salary costs and charged to profit or loss incurred. In addition to the local governmental defined contribution retirement plans, the Group also participate in supplementary defined contribution retirement plans managed by independent insurance company whereby the Group are required to make contributions to the retirement plans at fixed rates of the relevant employees' salary costs or in accordance with the terms of the plans. The Group's contributions to these plans are charged to profit or loss when incurred. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee benefits (Continued)

(ii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment benefits of termination benefits.

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences relating to investments in subsidiaries and associates to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Provisions and contingent liabilities

Provisions are recognised when the Group or Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over service is transferred to the customer, or the lessee has the right to use the assets, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other gains recognition policies are as follows:

Income from contracts with customers within the scope of IFRS/HKFRS 15

(i) Income from provision of satellite transponder capacity
The income is recognised over time when the Group satisfies performance obligations by providing promised service to its customers in profit or loss in equal instalments over the accounting periods covered by the contract term, except where an alternative basis is more representative of the pattern of benefits to be derived from the utilisation of underlying assets. The Group bills a fixed amount for services provided on a monthly basis and recognises as income in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

(ii) Income from provision of satellite-based broadcasting and telecommunications services
The income is recognised in profit or loss in equal instalments over the accounting periods covered by the contract term, except where an alternative basis is more representative of the pattern of benefits to be derived from the utilisation of underlying assets.

(iii) Other satellite-related service income
Other service income is recognised when services are provided.

1. **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(r) Revenue recognition (Continued)

Income from source other than contracts with customers within the scope of IFRS/HKFRS 15

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vii) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Deferred income

A deferred income represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong Dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Consolidated statement of financial position items are translated into Hong Kong Dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an qualifying asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (u)(a).

(vii) A person identified in (u)(a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parents.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. CHANGES IN ACCOUNTING POLICIES

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

- Reference to the Conceptual Framework (Amendments to IFRS/HKFRS 3)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS/HKAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS/HKAS 37)
- Annual Improvements to IFRS Standards/HKFRSs 2018-2020 Cycle (Amendments to IFRS/HKFRS 1, IFRS/HKFRS 9, IFRS/HKFRS 16 and IAS/HKAS 41)

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

3. 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:

	2022 **$'000**	2021 $'000
Recognised overtime:		
– Income from provision of satellite transponder capacity	**861,299**	847,388
– Income from provision of satellite-based broadcasting and telecommunications services	**4,381**	4,684
– Other satellite-related service income	**78,625**	75,735
	944,305	927,807

Remaining performance obligations

The majority of the Group's contracts are for provision of satellite transponder capacity, provision of satellite-based broadcasting and telecommunication services, and provision of other satellite-related services within the next 12 months for which the practical expedient in paragraph 121(a) of HKFRS/IFRS 15 applies. However, certain contracts have been entered into for which both:

- the original contractual period was greater than 12 months; and
- the Group's right to consideration does not correspond directly with the performance.

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

	2022 **$'000**	2021 $'000
Within 1 year	**431,758**	392,627
More than 1 year but less than 2 years	**264,597**	308,192
More than 2 years	**901,235**	1,205,370
	1,597,590	1,906,189

4. PROFIT BEFORE TAXATION

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

		2022 $'000	2021 $'000
(a)	**Other net gains**		
	Interest income on bank deposits	**26,280**	13,649
	Other interest income	**2,029**	5,394
	Foreign currencies exchange (loss)/gain	**(26,406)**	17,681
	Rental income in respect of properties less direct outgoing expenses of $74,000 (2021: $81,000)	**1,211**	1,433
	Insurance and other compensations	**–**	3,870
	Gain on lease modification	**123**	–
	(Loss)/gain on disposal of property, plant and equipment	**(88)**	21
	Other income	**5,739**	1,909
		8,888	43,957

		2022 $'000	2021 $'000
(b)	**Finance costs**		
	Interest on lease liabilities	**7,013**	6,189

		2022 $'000	2021 $'000
(c)	**Staff costs (including directors' emoluments)**		
	Retirement scheme contributions	**3,558**	3,273
	Salaries, wages and other benefits	**69,952**	77,872
		73,510	81,145

4 PROFIT BEFORE TAXATION (Continued)

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

	2022 **$'000**	2021 $'000
(d) Other items		
Auditors' remuneration		
– audit services	**750**	742
– other services	**124**	435
Depreciation	**409,686**	407,787
Amortisation	**8,736**	8,736
Gain on lease modification	**(123)**	–
Loss on written off of property, plant and equipment	**836**	–
Loss/(gain) on disposal of property, plant and equipment	**88**	(21)
Occupancy costs: short-term lease payments not included in the measurement of lease liabilities		
– land and buildings and equipment	**156**	214
– satellite transponder capacity	**23,937**	13,202
Impairment loss on trade and other receivables (reversed)/recognised	**(8,139)**	1,033

5. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2022 $'000	2021 $'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**65,085**	52,222
Under-provision in respect of prior years	**386**	503
	65,471	52,725
Current tax – Outside Hong Kong		
Provision for the year	**35,332**	30,407
Over-provision in respect of prior years	**(193)**	–
	35,139	30,407
Deferred taxation – Hong Kong *(note 25(b))*	**(44,953)**	(27,604)
Tax expense	**55,657**	55,528

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

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 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 2021.

Deferred taxation in respect of Hong Kong Profits Tax was calculated at 16.5% (2021: 16.5%) of the estimated temporary differences for the year.

5. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2022 **$'000**	2021 $'000
Profit before taxation	**287,267**	318,910
Notional tax on profit before taxation, calculated at the rates applicable to assessable profits in the jurisdictions concerned	**44,008**	49,639
Under-provision in respect of prior years	**193**	503
Withholding taxes outside Hong Kong	**35,332**	30,407
Tax effect of non-deductible expenses	**14,461**	10,576
Tax effect of non-taxable income	**(3,520)**	(4,467)
Tax effect of unused tax losses not recognised	**(346)**	(696)
Tax effect of tax credit arisen from withholding taxes paid under double taxation relief	**(34,471)**	(30,434)
	55,657	55,528

(c) There is no tax effect relating to the components of the other comprehensive income for the year (2021: $Nil).

6. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383(1) of Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees $'000	Salaries and other benefits $'000	Performance related bonuses $'000	Retirement scheme contributions $'000	2022 Total $'000
Executive directors					
Wang Hongbin *(appointed on 30 March 2022)*	76	1,314	1,121	324	2,835
Yan Zhao *(appointed on 30 March 2022)*	76	1,133	676	190	2,075
Cheng Guangren *(resigned on 30 March 2022) (note (e))*	24	453	450	108	1,035
Qi Liang *(resigned on 30 March 2022) (note(f))*	24	440	175	78	717
Non-executive directors					
Lim Seng Kong *(appointed on 31 May 2022)*	41	–	–	–	41
Lim Toon *(resigned on 31 May 2022)*	59	–	–	–	59
Lim Kian Soon	100	–	–	–	100
Yin Yen-liang	100	–	–	–	100
Li Zhongbao *(note (a))*	–	–	–	–	–
Fu Zhiheng *(note (b))*	–	–	–	–	–
He Xing *(note (c))*	–	–	–	–	–
Tseng Ta-mon *(note (d))*	–	–	–	–	–
Independent non-executive directors					
Lui King Man	200	–	–	–	200
Lam Sek Kong	200	–	–	–	200
Cui Liguo	200	–	–	–	200
Meng Xingguo	200	–	–	–	200
	1,300	3,340	2,422	700	7,762

6. DIRECTORS' EMOLUMENTS (Continued)

	Directors' fees $'000	Salaries and other benefits $'000	Performance related bonuses $'000	Retirement scheme contributions $'000	2021 Total $'000
Executive directors					
Cheng Guangren *(note (e))*	100	1,847	3,138	432	5,517
Qi Liang *(note(f))*	100	1,894	2,091	313	4,398
Non-executive directors					
Lim Toon	100	–	–	–	100
Lim Kian Soon	100	–	–	–	100
Yin Yen-liang	100	–	–	–	100
Li Zhongbao *(note (a))*	–	–	–	–	–
Fu Zhiheng *(note (b))*	–	–	–	–	–
He Xing *(note (c))*	–	–	–	–	–
Tseng Ta-mon *(note (d))*	–	–	–	–	–
Independent non-executive directors					
Lui King Man	200	–	–	–	200
Lam Sek Kong	200	–	–	–	200
Cui Liguo	200	–	–	–	200
Meng Xingguo	200	–	–	–	200
	1,300	3,741	5,229	745	11,015

Notes:

(a) Mr. Li Zhongbao, a non-executive director, has waived his director's fees for 2022 and 2021.

(b) Mr. Fu Zhiheng, a non-executive director, has waived his director's fees for 2022 and 2021.

(c) Mr. He Xing, a non-executive director, has waived his director's fees for 2022 and 2021.

(d) Mr. Tseng Ta-mon is an alternate director to Yin Yen-liang. Alternate directors are not entitled to receive any director's fees.

(e) The performance related bonuses paid to Mr. Cheng Guangren, an executive director, included the bonuses for the year with the amount of $450,000 (2021: $1,963,000) and no bonuses paid for previous assessed service years (2021: $1,175,000).

(f) The performance related bonuses paid to Mr. Qi Liang, an executive director, included the bonuses for the year with the amount of $175,000 (2021: $804,000) and bonuses paid for previous assessed service years (2021: $1,287,000).

7. EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Of the five highest paid individuals of the Group, there are one director (2021: two) whose emolument is disclosed in note 6. The aggregate of emoluments in respect of the other four (2021: three) individuals are as follows:

	2022	2021
	$'000	$'000
Salaries and other emoluments	**8,006**	6,606
Performance related bonuses	**3,551**	5,508
Retirement scheme benefits contributions	**736**	608
	12,293	12,722

The emoluments of the four (2021: three) individuals with the highest emoluments are within the following bands:

	2022	2021
	$'000	$'000
$1,000,001 to $1,500,000	**–**	–
$1,500,001 to $2,000,000	**–**	–
$2,000,001 to $2,500,000	**1**	–
$2,500,001 to $3,000,000	**2**	–
$3,000,001 to $3,500,000	**–**	–
$3,500,001 to $4,000,000	**1**	1
$4,000,001 to $4,500,000	**–**	1
$4,500,001 to $5,000,000	**–**	1
	4	3

8. DIVIDENDS

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

	2022 $'000	2021 $'000
Interim dividend declared and paid of $5.00 cents (2021: $4.00 cents) per ordinary share	**46,429**	37,143
Final dividend proposed after the end of the reporting period of $17.00 cents (2021: $20.50 cents) per ordinary share	**157,857**	190,357
	204,286	227,500

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

	2022 $'000	2021 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of $20.50 cents (2021: $19.00 cents) per ordinary share	**190,357**	176,429

9. 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 $231,610,000 (2021: $263,382,000) and the weighted average of 928,573,000 ordinary shares (2021: 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 2022 and 2021.

10. SEGMENTAL REPORTING

Operating segments

The Group identifies operating segments and prepares segment information based on regular internal financial information reported to the executive directors for their decisions about resources allocation with respect to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations. Since over 90% of the Group's revenue, operating results and assets during the years ended 31 December 2022 and 2021 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 (2021: one customer). For the year ended 31 December 2022, revenue of $275,800,000 (2021: $261,715,000) 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 2022 were $93,016,000, $429,698,000, $323,243,000, and $98,348,000 respectively (2021: $91,455,000, $424,504,000, $291,442,000 and $120,406,000 respectively).

11. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Land and buildings $'000	Leasehold improvements $'000	Furniture and equipment, motor vehicles, and computer equipment $'000	Communication satellite equipment $'000	Communication satellites $'000	Data centre equipment $'000	Right-of-use assets $'000	Construction In progress $'000	Total $'000
Cost:									
At 1 January 2021	117,107	77,439	57,308	172,017	6,205,377	20,949	275,793	3,284	6,929,274
Additions	–	324	206	106,383	–	–	12,643	7,277	126,833
Disposals	–	–	(506)	(1,354)	–	(205)	(5,503)	–	(7,568)
Transfer	–	–	–	9,743	–	–	–	(9,743)	–
Exchange adjustments	–	58	149	775	–	–	65	–	1,047
At 31 December 2021	117,107	77,821	57,157	287,564	6,205,377	20,744	282,998	818	7,049,586
At 1 January 2022	117,107	77,821	57,157	287,564	6,205,377	20,744	282,998	818	7,049,586
Additions	–	38	103	3,396	–	1,304	25,241	6,423	36,505
Modification	–	–	–	–	–	–	(18,294)	–	(18,294)
Disposals	–	–	(49)	(3,789)	–	–	(882)	–	(4,720)
Written off	–	–	–	–	–	–	–	(836)	(836)
Exchange adjustments	–	(137)	(358)	(1,487)	–	–	(2,007)	18	(3,971)
At 31 December 2022	117,107	77,722	56,853	285,684	6,205,377	22,048	287,056	6,423	7,058,270
Accumulated depreciation and impairment:									
At 1 January 2021	54,644	16,252	50,515	114,663	1,790,889	18,951	38,643	–	2,084,557
Charge for the year	2,394	2,632	3,280	20,942	351,499	547	26,493	–	407,787
Written back on disposals	–	–	(505)	(1,354)	–	(204)	(5,503)	–	(7,566)
Exchange adjustments	–	58	126	89	–	–	51	–	324
At 31 December 2021	57,038	18,942	53,416	134,340	2,142,388	19,294	59,684	–	2,485,102
At 1 January 2022	57,038	18,942	53,416	134,340	2,142,388	19,294	59,684	–	2,485,102
Charge for the year	2,393	2,408	1,492	20,906	351,499	941	30,047	–	409,686
Written back on modification	–	–	–	–	–	–	(17,126)	–	(17,126)
Written back on disposals	–	–	(33)	(3,154)	–	–	(882)	–	(4,069)
Exchange adjustments	–	(137)	(314)	(331)	–	–	(511)	–	(1,293)
At 31 December 2022	59,431	21,213	54,561	151,761	2,493,887	20,235	71,212	–	2,872,300
Net book value:									
At 31 December 2022	57,676	56,509	2,292	133,923	3,711,490	1,813	215,844	6,423	4,185,970
At 31 December 2021	60,069	58,879	3,741	153,224	4,062,989	1,450	223,314	818	4,564,484

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Leased assets

The analysis of the net book value of leased assets by class of underlying asset is as follows. All of the leased assets are carried at depreciated cost.

	Notes	2022 $'000	2021 $'000
Right-of-use assets			
– Communication satellite equipment	(i)	**215,844**	222,890
– Other properties leased for own use	(ii)	**–**	424
		215,844	223,314
Land and buildings held for own use, with medium-term leases in Hong Kong	(iii)	**57,676**	60,069
Communication satellite	(iv)	**796,417**	841,486
		1,069,937	1,124,869

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022 $'000	2021 $'000
Depreciation charge of leased assets by class of underlying asset:		
Right-of-use assets		
– Communication satellite equipment	**29,629**	25,878
– Other properties leased for own use	**418**	615
	30,047	26,493
Land and buildings	**2,393**	2,393
Communication satellite	**45,069**	45,069
	77,509	73,955
Interest on lease liabilities *(note 4(b))*	**7,013**	6,189
Expense relating to short-term leases *(note 4(d))*	**24,093**	13,416

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Leased assets (Continued)

During the year, additions to right-of-use assets were $25,241,000 (2021: $12,643,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements of $25,241,000 (2021: $12,643,000) upon lease commencement.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 20(d) and 24 respectively.

(i) Communication satellite equipment

The Group leases several communication satellite equipment for a period of 3 to 15 years and rentals are fixed for the whole lease term. None of the leases include variable lease payments.

(ii) Other properties leased for own use

The Group has obtained the right to use the other properties through tenancy agreements. Leases are negotiated for a period of 3 to 5 years and rentals are fixed for the whole lease term. None of the leases include variable lease payments.

(iii) Land and buildings held for own use

The Group leases several industrial buildings and staff quarters for a period from 10 to 50 years. None of the leases include variable lease payments.

(iv) Communication satellite

The Group has obtained the right to use the communication satellite APSTAR-5C for 21 years. A lump sum upfront payment was made to acquire the right. The relevant right-of-use asset balance is included in "communication satellites" in note 11(a). The lease does not include variable lease payments.

(c) Additions and transfer of construction in progress

During the year, additions to construction in progress were $6,423,000 (2021: $7,277,000). This amount primarily related to land and buildings which are under construction in Hong Kong (2021: communications satellite equipment).

No cost of communications satellite equipment (2021: $9,743,000) was transferred from construction in progress to communications satellite equipment upon completion of the work during the year ended 31 December 2022.

12. INVESTMENT PROPERTIES

The investment properties were revalued at 31 December 2022 at $9,481,000 (2021: $10,821,000) using direct comparison method by making 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 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 loss of $558,000 (2021: $766,000) and an exchange loss of $782,000 (2021: exchange gain of $783,000) has been recognised in profit or loss for the year. See note 28(e) for details on fair value measurement.

The investment properties, situated in Mainland China under medium term leases, are rented out under operating leases and the rental income earned from the investment properties during the year was $614,000 (2021: $739,000).

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2022	2021
	$'000	$'000
Within 1 year	**–**	877

13. INTANGIBLE ASSETS

		2022	2021
	Notes	**$'000**	$'000
Orbital slot	(i)	**133,585**	133,585
Leased intangible assets – orbital slots	(ii)	**144,319**	153,055
		277,904	286,640

Notes:

(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 2022 and 2021.

13. INTANGIBLE ASSETS (Continued)

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

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 2023. Cash flows beyond 2022 are extrapolated based on revenue from committed service agreements for the provision of satellite transponder capacity and projected at growth rates of 1% - 2% which are generally expected for the industry and achievable by the Group during the forecast period. The discount rate used for the cash flow projection is 20.09% (2021: 15.92%), which is pre-tax and reflects specific risks relating to the relevant cash-generating unit that the intangible asset belongs to.

(ii) Leased intangible assets

	Orbital slots $'000
Cost:	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	179,263
Accumulated amortisation:	
At 1 January 2021	17,472
Charge for the year	8,736
At 31 December 2021	26,208
At 1 January 2022	26,208
Charge for the year	8,736
At 31 December 2022	34,944
Net book value:	
At 31 December 2022	144,319
At 31 December 2021	153,055

The amortisation charge for the year is included in "cost of services" in the consolidated statement of profit or loss.

The Group has obtained the rights to use two orbital slots in 2014 for 25 years. Lump sum upfront payments were made to acquire the rights. The relevant right-of-use asset balances are included in intangible assets. None of the leases includes variable lease payments.

14. 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 ("PRC"). 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 31 December 2022, 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) (2021: RMB600 million (equivalent to $736 million)). APT Mobile is accounted for using the equity method in the 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 31 December 2022, 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) (2021: US$6 million (equivalent to $46.8 million)). APSTAR Alliance is accounted for using the equity method in the consolidated financial statements.

14. INTEREST IN ASSOCIATES (Continued)

Summarised financial information of APT Mobile, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2022 $'000	2021 $'000
Gross amounts of the associate's		
Current assets	**836,657**	1,291,685
Non-current assets	**5,537,724**	5,846,226
Current liabilities	**(915,624)**	(379,762)
Non-current liabilities	**(3,233,788)**	(4,144,531)
Equity	**2,224,969**	2,613,618
Revenue	**456,761**	320,999
Loss from continuing operations	**(195,013)**	(148,413)
Other comprehensive income	**(193,636)**	399,682
Total comprehensive income	**(388,649)**	251,269
Reconciled to the Group's interest in an associate		
Gross amount of net assets of the associate	**2,224,969**	2,613,618
Group's effective interest	**30%**	30%
Group's share of net assets of associate	**667,491**	784,085
Adjustment in relation to the Group's share of unrealised gain for the transactions contributed by the Group	**(20,766)**	(21,831)
Carrying amount in the consolidated financial statements	**646,725**	762,254

Aggregate information of associates that are not individually material:

	2022 $'000	2021 $'000
Carrying amount in the consolidated financial statements	**46,353**	46,830
Group's share of loss of the associate	**(472)**	(3)

For the year ended 31 December 2022 (Expressed in Hong Kong dollars)

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

As at 31 December 2021, the investment in the listed shares of CNC Holdings Limited was remeasured at a fair value of $1,983,000, based on the market price at the end of the reporting period, with fair value loss of $425,000 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"). The fair value of the Suspended Shares was remeasured to be $Nil, based on management assessment, and a fair value loss of $1,983,000 was recognised in profit or loss.

16. INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest**			
Name of company	Place of incorporation/ establishment/ operation*	Particulars of issued and paid up capital	Group's effective interest	held by the Company	held by a subsidiary	Principal activities
APT Satellite Company Limited ("APT HK")	Hong Kong	Ordinary Class "A" $100; Non-voting Deferred Class "B" $542,500,000	100%	100%	–	Provision of satellite transponder capacity
APT Satellite TV Development Limited	Hong Kong	$2	100%	100%	–	Provision of satellite television programmer services
APT Datamatrix Limited	Hong Kong	$400,000,002	100%	–	100%	Provision of data centre services
APT Telecom Services Limited	Hong Kong	$2	100%	–	100%	Provision of tele-communication services
Ying Fai Realty (China) Limited	Hong Kong, PRC	$20	100%	–	100%	Dormant (2021: Property holding)
亞太衛星通信(深圳)有限公司	Wholly-owned foreign enterprises, PRC	Registered capital $613,000,000	100%	–	100%	Provision of satellite transponder capacity
Middle East Ventures Limited	British Virgin Islands	US$1	100%	100%	–	Investment holding
Middle East Satellite FZE	Ras Al Khaimah Free Trade Zone, United Arab Emirates	AED300,000	100%	–	100%	Management and project management consultancy

* The place of operation is the place of incorporation/establishment unless otherwise stated.

** There is no change in the proportion of ownership interest held by the Group in 2022 and 2021.

17. TRADE RECEIVABLES, NET

	2022 $'000	2021 $'000
Due from third parties	**54,988**	55,077
Due from fellow subsidiaries	**45,446**	84,463
	100,434	139,540

The trade receivables are expected to be recovered within one year from the end of the reporting period.

Ageing analysis

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:

	2022 $'000	2021 $'000
Within 30 days	**58,816**	104,656
31 - 60 days	**9,646**	1,400
61 - 90 days	**14,524**	2,677
91 - 120 days	**1,488**	4,595
Over 120 days	**15,960**	26,212
	100,434	139,540

The Group normally allows a credit period of 30 days from the date of revenue recognition to its trade customers. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 28(a).

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022 $'000	2021 $'000
Deposits	**3,307**	3,231
Prepayment	**7,333**	12,438
Interest receivables	**2,565**	6,740
Other receivables (net of allowance of $10,530,000 (2021: $10,903,000))	**1,053**	645
	14,258	23,054

Other receivables have no fixed repayment terms and are expected to be recovered within one year from the end of the reporting period. Further details on the Group's policy on credit risk assessment arising from other receivables are set out in note 28(a).

19. PLEDGES ASSETS

At 31 December 2022, 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 $2,793,000 (2021: $2,909,000).

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2022 $'000	2021 $'000
Deposits with banks and other financial institutions with original maturity less than 3 months	**304,935**	484,278
Cash at bank and on hand	**175,600**	217,569
Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement	**480,535**	701,847

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	2022 $'000	2021 $'000
Profit before taxation	**287,267**	318,910
Adjustments for:		
– Depreciation	**409,686**	407,787
– Amortisation	**8,736**	8,736
– Gain on lease modification	**(123)**	–
– Loss on written off of property, plant and equipment	**836**	–
– Loss/(gain) on disposal of property, plant and equipment	**88**	(21)
– Valuation loss on investment properties	**558**	766
– Fair value changes on financial assets measured at fair value through profit or loss	**1,983**	425
– Interest income	**(28,309)**	(19,043)
– Finance costs	**7,013**	6,189
– Impairment loss on trade and other receivables (reversed)/recognised	**(8,139)**	1,033
– Share of loss of associates	**57,911**	43,727
– Foreign exchange loss/(gain)	**16,796**	(16,951)
Operating profit before changes in working capital:	**754,303**	751,558
– Decrease in trade receivables, net	**46,252**	19,909
– Decrease/(increase) in deposits, prepayments and other receivables	**4,612**	(6,435)
– (Decrease)/increase in payables and accrued charges	**(9,850)**	23,477
– (Decrease)/increase in deferred income	**(7,592)**	10,533
– (Decrease)/increase in deposits received	**(4,033)**	584
Cash generated from operations	**783,692**	799,626

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Dividend payable $'000	Lease liabilities *(note 24)* $'000
At 1 January 2022	**5,603**	**182,913**
Changes from financing cash flows:		
Capital element of lease rentals paid	**–**	**(31,676)**
Interest element of lease rentals paid	**–**	**(7,013)**
Dividends paid to equity shareholders of the Company	**(233,344)**	**–**
Total changes from financing cash flows	**(233,344)**	**(38,689)**
Other changes:		
Increase in lease liabilities from entering into new leases during the year	**–**	**25,241**
Interest expenses *(note 4(b))*	**–**	**7,013**
Lease modification	**–**	**(1,291)**
Dividend approved in respect of the previous year *(note 8(ii))*	**190,357**	**–**
Dividend declared in respect of the current year *(note 8(i))*	**46,429**	**–**
Exchange adjustments	**–**	**(8,394)**
Total other changes	**236,786**	**22,569**
At 31 December 2022	**9,045**	**166,793**

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Dividend payable $'000	Lease liabilities *(note 24)* $'000
At 1 January 2021	2,497	194,514
Changes from financing cash flows:		
Capital element of lease rentals paid	–	(26,669)
Interest element of lease rentals paid	–	(6,189)
Dividends paid to equity shareholders of the Company	(210,466)	–
Total changes from financing cash flows	(210,466)	(32,858)
Other changes:		
Increase in lease liabilities from entering into new leases during the year	–	12,643
Interest expenses *(note 4(b))*	–	6,189
Dividend approved in respect of the previous year *(note 8(ii))*	176,429	–
Dividend declared in respect of the current year *(note 8(i))*	37,143	–
Exchange adjustments	–	2,425
Total other changes	213,572	21,257
At 31 December 2021	5,603	182,913

20. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2022 **$'000**	2021 $'000
Within operating cash flows	**24,093**	13,416
Within financing cash flows	**38,689**	32,858
	62,782	46,274

These amounts relate to the following:

	2022 **$'000**	2021 $'000
Lease rentals paid	**62,782**	46,274

21. PAYABLES AND ACCRUED CHARGES

	Note	**2022** **$'000**	2021 $'000
Trade payables		**6,841**	10,399
Accrued charges	(i)	**82,435**	90,364
		89,276	100,763

As at 31 December 2022 and 2021, the trade payables were aged within 3 months based on due date.

(i) Accrued charges represents:

	2022 **$'000**	2021 $'000
Other accruals and payables	**29,448**	29,153
Provision for staff salary	**45,817**	49,271
Provision for directors' remuneration	**6,672**	11,777
Other tax payables	**498**	163
	82,435	90,364

Other payables and accrued charges are expected to be settled within one year from the end of the reporting period.

22. DEPOSITS RECEIVED

The amount represents refundable deposits received in respect of the provision of satellite transponder capacity, satellite-based broadcasting and telecommunications services, and other related services.

23. DEFERRED INCOME

The balance of deferred income represents unrecognised revenue in respect of payments received in advance for the provision of transponder utilisation services and related services. Deferred income is recognised in profit or loss according to the revenue recognition policy for transponder utilisation income and related services as set out in note 1(r)(i) to (iii). Portion of deferred income which is expected to be realised within 1 year is included in "deferred income" under current liabilities in the consolidated statement of financial position.

Movements in deferred income

	2022 **$'000**	2021 $'000
Balance as at 1 January	**151,619**	141,135
Increase in deferred income as a result of received in advance	**244,855**	270,172
Decrease in deferred income as a result of recognising revenue during the year		
– the amount was included in deferred income at the beginning of the year	**(53,644)**	(47,255)
– the amount was included in deferred income during the year	**(198,639)**	(212,576)
– Exchange adjustments	**(326)**	143
Balance as at 31 December	**143,865**	151,619

24. LEASE LIABILITIES

At 31 December 2022, the lease liabilities were repayable as follows:

	2022 $'000	2021 $'000
Within 1 year	**30,979**	41,566
More than 1 year but less than 2 years	**23,728**	21,490
More than 2 years but less than 5 years	**66,871**	62,042
More than 5 years	**45,215**	57,815
	135,814	141,347
	166,793	182,913

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2022 $'000	2021 $'000
Prepaid Hong Kong Profits Tax	**(30,085)**	(11,220)
Provision for taxation outside Hong Kong	**44,831**	46,464
	14,746	35,244

25. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax liabilities/(assets) recognised

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation $'000	Tax losses $'000	Other temporary differences $'000	Total $'000
Deferred tax arising from:				
At 1 January 2022	**642,713**	**–**	**(3,756)**	**638,957**
Credited to profit or loss	**(43,759)**	**–**	**(1,194)**	**(44,953)**
At 31 December 2022	**598,954**	**–**	**(4,950)**	**594,004**
At 1 January 2021	668,991	(6)	(2,424)	666,561
(Credited)/charged to profit or loss	(26,278)	6	(1,332)	(27,604)
At 31 December 2021	642,713	–	(3,756)	638,957

	2022 $'000	2021 $'000
Represented by:		
Deferred tax assets	**(36)**	(36)
Deferred tax liabilities	**594,040**	638,993
	594,004	638,957

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of estimated tax losses of $77,647,000 (2021: $79,745,000) and other deductible temporary differences of $2,956,000 (2021: $2,967,000) as the utilisation of these tax losses and temporary differences is considered to be less than probable. The tax losses do not expire under current tax legislation.

26. SHARE CAPITAL

(a) Movements in components of equity

At 31 December 2022, the Company's reserves available for distribution amounted to $848,790,000 (2021: $843,960,000) as computed in accordance with the Companies Act 1981 of Bermuda (as amended).

Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

	The Company				
	Share capital $'000	Share premium $'000	Contributed surplus $'000	Accumulated profits $'000	Total $'000
Balance at 1 January 2022	**92,857**	**1,230,581**	**584,358**	**259,602**	**2,167,398**
Changes in equity for 2022:					
Profit and total comprehensive income for the year	**–**	**–**	**–**	**241,616**	**241,616**
Dividend approved in respect of the previous year *(note 8(ii))*	**–**	**–**	**–**	**(190,357)**	**(190,357)**
Dividend declared in respect of the current year *(note 8(i))*	**–**	**–**	**–**	**(46,429)**	**(46,429)**
Balance at 31 December 2022	**92,857**	**1,230,581**	**584,358**	**264,432**	**2,172,228**
Balance at 1 January 2021	92,857	1,230,581	584,358	224,426	2,132,222
Changes in equity for 2021:					
Profit and total comprehensive income for the year	–	–	–	248,748	248,748
Dividend approved in respect of the previous year *(note 8(ii))*	–	–	–	(176,429)	(176,429)
Dividend declared in respect of the current year *(note 8(i))*	–	–	–	(37,143)	(37,143)
Balance at 31 December 2021	92,857	1,230,581	584,358	259,602	2,167,398

26. SHARE CAPITAL (Continued)

(b) Authorised and issued share capital

	2022		2021	
	No. of shares ('000)	**$'000**	No. of shares ('000)	$'000
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 31 December	**928,573**	**92,857**	928,573	92,857

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose, the Group defines net debt as total debt (which includes payables and accrued charges and lease liabilities) less cash and cash equivalents and bank deposits with original maturity beyond 3 months. Adjusted capital comprises all components of equity.

During the year ended 31 December 2022, the Group's strategy, which remains unchanged from 2021, is to maintain the net debt-to-adjusted capital ratio at a percentage that is below 30%. Pursuant to this strategy, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

26. SHARE CAPITAL (Continued)

(c) Capital management (continued)

The Group's adjusted net debt-to-adjusted capital ratio at 31 December 2022 and 2021 was as follows:

	2022 $'000	2021 $'000
Current liabilities:		
Payables and accrued charges	**89,276**	100,763
Lease liabilities	**30,979**	41,566
	120,255	142,329
Non-current liabilities:		
Lease liabilities	**135,814**	141,347
Total debt	**256,069**	283,676
Less: Cash and cash equivalents	**(480,535)**	(701,847)
Bank deposits with original maturity beyond 3 months	**(1,269,203)**	(662,117)
Net cash	**(1,493,669)**	(1,080,288)
Total equity	**6,066,823**	6,134,109
Adjusted capital	**6,066,823**	6,134,109
Net debt-to-adjusted capital ratio	**N/A**	N/A

27. RESERVES

(i) Share premium

The application of the share premium account is governed by the Companies Act 1981 of Bermuda (as amended).

(ii) Contributed surplus

The contributed surplus of the Group arose as a result of the Group reorganization in 1996 and represented the excess of the par value of the shares of the subsidiaries which the Company acquired over the par value of the Company's shares issued in consideration thereof.

The contributed surplus of the Company also arose as a result of the Group reorganization in 1996 and represented the excess of the value of the subsidiaries acquired over the par value of the Company's shares issued for their acquisition. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

(iii) Revaluation reserve

Revaluation reserve has been set up and is dealt with in accordance with the accounting policy adopted in note 1(f).

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policy adopted in note 1(s).

(v) Other reserves

Other reserves represent various reserves set aside by certain subsidiaries in accordance with the relevant laws and regulations. These reserves are not available for distribution.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

	2022 $'000	2021 $'000
Financial assets		
At amortised cost		
Trade receivables, net	**100,434**	139,540
Deposits and other receivables	**6,925**	10,616
Bank deposits with original maturity beyond 3 months	**1,269,203**	662,117
Cash and cash equivalents	**480,535**	701,847
	1,857,097	1,514,120
At fair value through profit or loss		
Financial assets measured at fair value through profit or loss	**–**	1,983
	1,857,097	1,516,103
Financial liabilities		
At amortised costs		
Payables and accrued charges	**89,276**	100,763
Deposits received	**42,090**	46,120
Dividend payable	**9,045**	5,603
	140,411	152,486
Lease liabilities	**166,793**	182,913
	307,204	335,399

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its financial assets measured at fair value through profit or loss.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The maximum exposure to credit risk is presented by the carrying amount of those financial assets. The Group's credit risk arising from cash and cash equivalents and bank deposits is limited because the counterparties are banks and financial institutions with good credit rating for which the Group considers to have low credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the region in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 34% (2021: 60%) and 82% (2021: 86%) of total trade receivables (net of loss allowance) was due from the Group's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of revenue recognition. Normally, the Group does not obtain collateral from customers because it usually receives trade deposits which represent a quarter/a month of utilisation fees payable to the Group.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which include a specific element based on individual receivables and a collective element calculated using a provision matrix. As the Group's historical credit loss experience indicates different loss patterns for customers in different geographic regions, the loss allowance based on past due status is further distinguished between the Group's different customer bases as follows:

(i) Greater China (which includes Mainland China, Taiwan, Macau and Hong Kong);

(ii) Southeast Asia countries; and

(iii) Other regions.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

Trade receivables (continued)

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables of the Group's different customer bases:

(i) Greater China

	2022		
	Expected loss rate %	**Gross carrying amount $'000**	**Loss allowance $'000**
Assessment on individual basis	**100.0%**	**12,254**	**12,254**
Assessment on collective basis			
Current (not past due)	**0.0%**	**29,572**	**5**
Less than 1 month past due	**0.7%**	**10,371**	**72**
1 to 3 months past due	**2.7%**	**2,602**	**71**
More than 3 months past due	**6.1%**	**5,106**	**314**
Total		**59,905**	**12,716**

	2021		
	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000
Assessment on individual basis	100.0%	11,110	11,110
Assessment on collective basis			
Current (not past due)	–	71,208	–
Less than 1 month past due	0.0%	15,779	7
1 to 3 months past due	0.5%	1,425	7
More than 3 months past due	2.2%	2,747	61
Total		102,269	11,185

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

Trade receivables (continued)

(ii) Southeast Asia countries

	2022		
	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000
Assessment on individual basis	**100.0%**	**21,581**	**21,581**
Assessment on collective basis			
Current (not past due)	**1.0%**	**5,268**	**53**
Less than 1 month past due	**2.4%**	**11,453**	**279**
1 to 3 months past due	**4.2%**	**21,737**	**907**
More than 3 months past due	**17.1%**	**14,214**	**2,430**
Total		**74,253**	**25,250**

	2021		
	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000
Assessment on individual basis	100.0%	28,052	28,052
Assessment on collective basis			
Current (not past due)	0.8%	5,067	40
Less than 1 month past due	1.8%	10,225	185
1 to 3 months past due	4.0%	1,762	71
More than 3 months past due	14.0%	31,950	4,472
Total		77,056	32,820

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

Trade receivables (continued)

(iii) Other regions

	2022		
	Expected loss rate %	**Gross carrying amount $'000**	**Loss allowance $'000**
Assessment on individual basis	**100.0%**	**5,098**	**5,098**
Assessment on collective basis			
Current (not past due)	**0.8%**	**1,083**	**9**
Less than 1 month past due	**2.4%**	**1,524**	**36**
1 to 3 months past due	**9.5%**	**893**	**85**
More than 3 months past due	**41.2%**	**1,483**	**611**
Total		**10,081**	**5,839**

	2021		
	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000
Assessment on individual basis	100.0%	8,891	8,891
Assessment on collective basis			
Current (not past due)	0.5%	1,027	5
Less than 1 month past due	1.7%	1,350	23
1 to 3 months past due	6.8%	890	61
More than 3 months past due	50.0%	2,084	1,042
Total		14,242	10,022

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

Trade receivables (continued)

These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of the economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2022	2021
	$'000	$'000
Balance at 1 January	**54,027**	59,414
Amounts written off during the year	**(2,083)**	(1,721)
Impairment losses reversed during the year	**(8,139)**	(3,666)
Balance at 31 December	**43,805**	54,027

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(a) Credit risk (Continued)

Other receivables

Impairment of other receivables are assessed individually and collectively and measured as either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

In order to minimise the credit risk of other receivables, the management would make periodic individual and collective assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information and adjusted to reflect probability-weighted forward-looking information, including the default rate where the relevant debtors operates. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The gross carrying amount of other receivables by stage is as follows:

	12-month ECLs	Lifetime ECLs		
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
At 31 December 2022				
Other receivables	**–**	**–**	**11,583**	**11,583**
At 31 December 2021				
Other receivables	–	–	11,548	11,548

Movement in the loss allowance account in respect of other receivables during the year is as follows:

	2022 $'000	2021 $'000
Balance at 1 January	**10,903**	6,047
Impairment losses recognised during the year	**–**	4,699
Exchange adjustments	**(373)**	157
Balance at 31 December	**10,530**	10,903

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk

The treasury function of the Group is arranged centrally to cover expected cash demands, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, which is subject to approval by the parent company's board. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2022					
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000
Payables and accrued charges	89,276	(89,276)	(89,276)	–	–	–
Deposits received	42,090	(42,090)	–	(39,787)	(2,032)	(271)
Dividend payable	9,045	(9,045)	(9,045)	–	–	–
Lease liabilities	166,793	(191,835)	(36,586)	(28,507)	(76,270)	(50,472)
	307,204	(332,246)	(134,907)	(68,294)	(78,302)	(50,743)

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (Continued)

	2021					
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000
Payables and accrued charges	100,763	(100,763)	(100,763)	–	–	–
Deposits received	46,120	(46,120)	–	(43,789)	(2,061)	(270)
Dividend payable	5,603	(5,603)	(5,603)	–	–	–
Lease liabilities	182,913	(208,593)	(46,960)	(26,078)	(71,523)	(64,032)
	335,399	(361,079)	(153,326)	(69,867)	(73,584)	(64,302)

(c) Currency risk

The Group's presentation currency is the Hong Kong Dollar. The Group's revenue, premiums for satellite insurance coverage and debt service and substantially all capital expenditures were denominated in United States Dollars or Renminbi. The Group's remaining expenses were primarily denominated in Hong Kong Dollars.

Given the fact that the exchange rate of United States Dollars and Hong Kong Dollars are currently pegged, management does not expect that there will be any significant currency risk associated with financial statement items denominated in United States Dollars.

The Group has not hedged the foreign currency exposure in relation to financial statement items denominated in Renminbi.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Currency risk (Continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Exposure to foreign currencies (expressed in Hong Kong dollars)	
	2022	2021
	Renminbi	Renminbi
	$'000	$'000
Trade receivables, net	**34,254**	85,615
Deposits, prepayments and other receivables	**1,800**	3,726
Bank deposits with original maturity beyond 3 months	**13,593**	363,432
Cash and cash equivalents	**309,032**	211,030
Payables and accrued charges	**(705)**	(138)
Overall net exposure	**357,974**	663,665

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit for the year (and accumulated profits) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2022		2021	
	Increase/ decrease in foreign exchange rates %	**Effect on profit for the year and accumulated profits $'000**	Increase/ decrease in foreign exchange rates %	Effect on profit for the year and accumulated profits $'000
Renminbi	**+/-5%**	**+/-14,945**	+/-5%	+/-27,708

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the Group entities' profit for the year measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2021.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Equity price risk

As disclosed in note 15, since trading in listed shares of CNC Holdings Limited on the Stock Exchange was suspended since 15 August 2022, the Group does not expose to equity price changes arising from financial assets measured at fair value through profit and loss as at 31 December 2022. As at 31 December 2022, it is estimated that an increase/decrease of 50% (2021: 50%) in the share price of the issuer of the listed investments, with all other variables held constant, would have no change to the Group's profit for the year (and accumulated profits) (2021: increased/decreased of $991,500), as a result of changes in fair value of the financial assets measured at fair value through profit and loss.

The sensitivity analysis indicates the instantaneous change in the Group's profit for the year (and accumulated profits) that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period.

(e) 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

	2022			2021		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Assets						
Investment properties *(note 12)*	**–**	**–**	**9,481**	–	–	10,821
Financial assets measured at fair value through profit or loss *(note 15)*	**–**	**–**	**–**	1,983	–	–

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair values (Continued)

The following table presents the change in level 3 items for the year ended 31 December 2022 and 2021

	Investment properties (note 12) $'000	Financial assets at fair value through profit or loss (note 15) $'000
Balance at 1 January 2022	**10,821**	**–**
Transfer from Level 1	**–**	**1,983**
Fair value change	**(558)**	**(1,983)**
Exchange adjustments	**(782)**	**–**
Balance at 31 December 2022	**9,481**	**–**
Balance at 1 January 2021	10,804	–
Fair value change	(766)	–
Exchange adjustments	783	–
Balance at 31 December 2021	10,821	–

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 15). Except for the above, there was no other transfer between levels of fair value hierarchy.

During the year ended 31 December 2021, there was no transfer between levels of fair value hierarchy.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(e) Fair values (Continued)

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.

Details required under IFRS/HKFRS 13 in respect of investment properties' Level 3 valuations and financial assets measured at fair value through profit or loss's Level 3 valuations are not particularly disclosed as the value of investment properties is not considered significant to the Group and the fair value of financial assets measured at fair value through profit or loss is zero at the end of the reporting period.

All other financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2022 and 2021.

29. COMMITMENTS

At 31 December 2022, the Group had the following outstanding capital commitments not provided for in the consolidated financial statements:

	2022 **$'000**	2021 $'000
Contracted for in respect of acquisition of property, plant and equipment	**209,370**	223,658

30. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. Under the scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000 and thereafter contributions are voluntary. Contributions to the scheme vest immediately. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. As at 31 December 2022, there were no forfeited contributions arising from employees leaving the Mandatory Provident Fund Scheme (2021: Nil) which may be used by the Group to reduce the contribution payable.

As stipulated by the regulations of Mainland China, the subsidiaries in Mainland China participate in basic defined contribution pension plans organized by the respective municipal governments under which they are governed. Employees in Mainland China are entitled to retirement benefits equal to a fixed proportion of their salaries at their normal retirement age. The Group has no other material obligation for payment of basic retirement benefits beyond the annual contributions which are calculated at a rate on the salaries, bonuses and certain allowances of employees.

Other than the above, the Group also participates in supplementary defined contribution retirement plans managed by independent insurance company whereby the Group is required to make contributions to the retirement plans at fixed rate of the employees' salary cost or in accordance with the terms of the plan.

31. MATERIAL RELATED PARTY TRANSACTIONS

(a) Except for those disclosed elsewhere in these consolidated financial statements, the Group entered into the following material transactions with related parties during the year:

	2022 $'000	2021 $'000
Income from fellow subsidiaries for providing satellite transponder capacity and satellite-based telecommunication services *(note (i))**	**328,187**	302,677
Income from a holding company of a shareholder of the Company for providing satellite transponder capacity and satellite-based telecommunication services *(note (i))*	**6,620**	7,169
Income from an associate for providing satellite transponder capacity and satellite-based telecommunication services *(note (i))**	**37,014**	30,448
Income from a subsidiary of an associate for providing satellite transponder capacity and satellite-based telecommunication services *(note (i))**	**24,610**	24,996
Income from an associate for technical support and project management services *(note (ii))**	**3,966**	10,136
Income from an associate for management services *(note (ii))**	**1,083**	–
Income from immediate holding company for human resource services *(note(ii))*	**400**	400
Management fees paid to a fellow subsidiary *(note (iii))*	**(569)**	(380)
Expenses to a fellow subsidiary for satellite transponder capacity and satellite-based telecommunication services *(note (iv))**	**(8,728)**	(11,460)
Expenses to a subsidiary of an associate for satellite transponder capacity and satellite-based telecommunication services *(note (iv))**	**(14,297)**	(940)

* These transactions also constitute connected transactions under the Main Board Listing Rules, details of which are set out in the paragraph headed "Connected transactions" in the Directors' Report of the annual report.

31. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

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 associates or immediate holding company for technical support, project management services, management services or human resource services provided during the year.

(iii) Management fees were paid to a fellow subsidiary for human resource services received during the year.

(iv) Transponder capacity services cost was paid to fellow subsidiaries and a subsidiary of an associate for services received during the year.

(b) Except for those disclosed elsewhere in these consolidated financial statements, at the end of the reporting period, the Group had the following amounts included in the consolidated statement of financial position in respect of amounts owed by and to related parties:

	Trade receivables		Deposits, prepayment and other receivables		Payables and accrued charges		Deferred income	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
A holding company	**–**	–	**870**	459	**–**	–	**–**	–
Associates	**–**	–	**2**	2,791	**18**	29	**2,600**	4,572
A subsidiary of an associate	**–**	–	**–**	–	**4,438**	940	**774**	138
Fellow subsidiaries	**45,446**	84,462	**517**	3,686	**2,768**	–	**1,518**	675
A holding company of a shareholder of the Company	**–**	–	**–**	–	**–**	–	**–**	462

31. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

	2022 **$'000**	2021 $'000
Short-term employee benefits	**12,566**	13,273
Performance related bonuses	**6,928**	13,890
Retirement scheme contributions	**1,538**	1,619
	21,032	28,782

Total remuneration is included in "staff costs" (see note 4(c)).

Emoluments of the key management of the Group fell within the following bands:

	2022 **Number of individuals**	2021 Number of individuals
$0 to $1,000,000	**3**	–
$1,000,001 to $1,500,000	**1**	–
$1,500,001 to $2,000,000	**1**	–
$2,000,001 to $2,500,000	**2**	–
$2,500,001 to $3,000,000	**2**	–
$3,000,001 to $3,500,000	**–**	2
$3,500,001 to $4,000,000	**1**	1
$4,000,001 to $4,500,000	**–**	2
$4,500,001 to $5,000,000	**–**	1
$5,000,001 to $5,500,000	**–**	–
$5,500,001 to $6,000,000	**–**	1
	10	7

32. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	**2022 $'000**	2021 $'000
Non-current asset			
Investments in subsidiaries	16	**615,857**	615,857
Current assets			
Amounts due from subsidiaries		**987,501**	1,013,515
Prepayments and other receivables		**1,928**	398
Dividend receivable		**289,642**	250,000
Cash and cash equivalents		**297,104**	310,030
		1,576,175	1,573,943
Current liabilities			
Payables and accrued charges		**10,759**	16,799
Dividend payable		**9,045**	5,603
		19,804	22,402
Net current assets		**1,556,371**	1,551,541
Net assets		**2,172,228**	2,167,398
Capital and reserves			
Share capital	26(b)	**92,857**	92,857
Share premium	27(i)	**1,230,581**	1,230,581
Contributed surplus	27(ii)	**584,358**	584,358
Accumulated profits		**264,432**	259,602
Total equity	26(a)	**2,172,228**	2,167,398

33. IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

The Directors consider the immediate parent and ultimate controlling party of the Group as of 31 December 2022 to be APT Satellite International Company Limited which is incorporated in the British Virgin Islands, and China Aerospace Science and Technology Corporation which is a state-owned corporation established in the PRC, respectively. Both entities do not produce financial statements available for public use.

34. ACCOUNTING ESTIMATES AND JUDGMENTS

(a) Key sources of estimation uncertainty

The consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the end of the reporting period. Actual results may differ from these estimates under different assumptions or conditions.

Notes 12, 15 and 28(e) contain information about the assumptions and their risk factors relating to the fair value of assets.

(b) Accounting judgment in applying the Group's accounting policies

The following are some of the judgment areas in the application of the Group's accounting policies that currently affect the Group's financial condition and results of operations.

(i) Impairment of intangible asset with indefinite useful life

The Group assesses the impairment of intangible asset with indefinite useful life on an annual basis, or whenever events or changes in circumstances indicate that the carrying amount is likely to exceed the recoverable amount. The orbital slot was solely occupied by a satellite of the Group. As the intangible assets generates cash inflows together with this satellite, the Group performs annual impairment assessment of the intangible assets and the satellite together, by comparing the aggregate carrying value of the intangible assets and the satellite against their aggregate recoverable amount, based on the discounted cashflow forecast prepared by management to determine the amount of impairment loss to be recognised, if any. Testing for impairment requires significant subjective judgments by management. Any changes in the estimates used could have a material impact on the calculation of the recoverable amount and result in a different impairment assessment outcome.

34. ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(b) Accounting judgement in applying the Group's accounting policies (Continued)

(ii) Loss allowance of trade receivables

The Group's customers operate in a number of geographical locations, all of them having different credit profiles. The timing of trade receivable settlement can be influenced by geographical norms and the economic environment in which the customers operate.

The Group's loss allowances are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the ageing of the trade receivables and credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date, all of which involve a significant degree of management judgment.

The Group's loss allowances include a specific element based on individual receivables and a collective element based on historical experience adjusted for geographical norms.

Any changes in these factors may have a material impact on the calculation of the loss allowance. For the year ended 31 December 2022, the Group has recognised reversal impairment loss on trade receivables amounting to $8,139,000 (2021: $3,666,000) in profit or loss.

(iii) Judgement in identifying whether a contract includes a lease – contract for the use of orbital slots

The Group has entered into a contract with an independent third party in 2014 for the use of orbital slots (134E and 138E) for 25-year period. The orbital slots have unique permanent positions in the space which were certified by the relevant international organizations and have its primary intended use to place the satellites for operation. These orbital slots can be used along with a specified number of satellites, in which the model and numbers of satellites are determined by the Group and are not specified in the contract. The Group makes all decisions about the model and numbers of satellites in operating the orbital slots.

The directors of the Company assessed whether or not the Group has contracted for the rights to substantially all of the capacity of the orbital slots and whether the contract with the independent third party contains a lease. After assessing the forecast usage of unique permanent positions in the space and the requirements under the relevant international organizations over the contract term, the directors of the Company have established that no other party is able to use the designated and specified orbital slots for other purpose during the course of the contract to offer the orbital slots to other parties. Therefore, the Group has the right to obtain substantially all of the economic benefits from the use of these specified orbital slots. As a result, the directors of the Company concluded that the Group has contracted for substantially all of the capacity of the orbital slots and therefore the contract contain a lease.

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of these consolidated financial statements, the IASB/HKICPA has issued a number of standards, amendments to standards and interpretations which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS/HKAS 1 and IFRS/HKFRS Practice Statement 2, *Disclosure of Accounting Policies*	1 January 2023
Amendments to IAS/HKAS 8, *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS/HKAS 12, *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IFRS/HKFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS/HKAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS/HKAS 1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to HK Interpretation 5 (Revised), *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*	1 January 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a material impact on the consolidated financial statements.

36. NON-ADJUSTING EVENT AFTER REPORTING PERIOD

After the end of the reporting period, the directors declared a final dividend of $157,857,000. Further details are disclosed in note 8.

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

RESULTS

	Years ended 31 December				
	2018 $'000	2019 $'000	2020 $'000	2021 $'000	**2022** **$'000**
Revenue	1,237,712	1,062,565	889,231	927,807	**944,305**
Cost of services	(501,610)	(526,450)	(495,412)	(481,411)	**(489,255)**
Gross profit	736,102	536,115	393,819	446,396	**455,050**
Other net income	165,761	60,143	63,070	43,957	**8,888**
Valuation loss on investment properties	(527)	(547)	(22)	(766)	**(558)**
Impairment loss in respect of property, plant and equipment	(150,000)	–	–	–	**–**
Administrative expenses	(123,078)	(133,381)	(153,676)	(120,336)	**(109,206)**
Profit from operations	628,258	462,330	303,191	369,251	**354,174**
Fair value changes on financial assets	1,841	(4,958)	(1,842)	(425)	**(1,983)**
Finance costs	(10,562)	(8,986)	(6,797)	(6,189)	**(7,013)**
Loss on disposal of a joint venture	(78)	–	–	–	**–**
Share of profit/(loss) of associates	169	(12,293)	(13,105)	(43,727)	**(57,911)**
Profit before taxation	619,628	436,093	281,447	318,910	**287,267**
Income tax	(112,621)	(73,767)	(49,985)	(55,528)	**(55,657)**
Profit for the year and attributable to equity shareholders of the Company	507,007	362,326	231,462	263,382	**231,610**

ASSETS AND LIABILITIES

	At 31 December				
	2018 $'000	2019 $'000	2020 $'000	2021 $'000	**2022** **$'000**
Total assets	7,154,466	7,083,839	7,195,891	7,295,364	**7,126,678**
Total liabilities	(1,506,979)	(1,230,605)	(1,255,384)	(1,161,255)	**(1,059,855)**
Net assets	5,647,487	5,853,234	5,940,507	6,134,109	**6,066,823**