亞洲電視
ASIA TELEVISION

ASIA TELEVISION HOLDINGS LIMITED
亞洲電視控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 707)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "Directors" and the "Board", respectively) of Asia Television Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018, together with the comparative figures for the corresponding year in 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 *RMB'000*	2017 *RMB'000*
Turnover	*3*	**166,025**	150,748
Cost of sales		**(263,832)**	(110,476)
Gross (loss)/profit		**(97,807)**	40,272
Other income		**2,420**	2,119
Other expenses, gains and losses		**(16,291)**	1,548
Impairment loss on goodwill	*11*	**(114,366)**	–
Net impairment loss on trade and other receivables		**(4,941)**	(173)
Net impairment loss on loan receivables		**(5,349)**	(9,781)
Impairment loss on intangible assets		**(40,683)**	–
Impairment loss on property, plant and equipment		**(30,137)**	–
Impairment loss on interest in an associate	*8*	**(56,798)**	–
Fair value loss on financial assets at fair value through profit or loss		**(43,589)**	(16,697)
Distribution and selling expenses		**(31,883)**	(2,914)
Administrative and operating expenses		**(128,820)**	(103,123)
Finance costs	*4*	**(66,383)**	(34,171)
Share of (loss)/profit of an associate		**(205,129)**	4,009
Loss before taxation	*5*	**(839,756)**	(118,911)
Income tax credit/(expense)	*6*	**617**	(4,082)

	Note	2018 RMB'000	2017 RMB'000
Loss for the year		**(839,139)**	(122,993)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
– exchange differences arising on translation		**31,461**	(61,830)
– share of other comprehensive expense of an associate		**(3,279)**	(394)
Total comprehensive expense for the year, net of income tax		**(810,957)**	(185,217)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(800,530)**	(126,747)
Non-controlling interests		**(38,609)**	3,754
		(839,139)	(122,993)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(780,896)**	(186,638)
Non-controlling interests		**(30,061)**	1,421
		(810,957)	(185,217)

	Note	2018 RMB cents	2017 RMB cents
Loss per share			
– Basic and diluted	7	**(11.35)**	(2.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**35,779**	49,419
Investment properties		**1,130**	–
Prepaid lease payments		**384**	398
Intangible assets		**525,729**	35,731
Goodwill		**20,077**	20,274
Deposits for other investments		**–**	416,250
Other deposits		**5,481**	9,269
Interest in an associate	*8*	**118,141**	279,700
		706,721	811,041
Current assets			
Inventories		**91,501**	109,455
Trade and other receivables, deposits and prepayments	*9*	**217,609**	313,474
Loan receivables		**100,193**	138,349
Prepaid lease payments		**14**	14
Financial assets at fair value through profit or loss		**123,237**	52,413
Pledged bank deposits		**20,620**	38,420
Bank balances and cash		**173,110**	229,914
		726,284	882,039
Current liabilities			
Trade and other payables	*10*	**367,664**	170,525
Bond payables		**67,393**	63,908
Taxation payables		**7,416**	4,764
Government grant		**24**	24
Obligation under finance leases		**205**	188
Short-term bank loans, secured		**90,350**	113,550
Short-term loans from other financial institutions		**220,866**	8,340
Other borrowings		**165,045**	31,635
		918,963	392,934
Net current (liabilities)/assets		**(192,679)**	489,105
Total assets less current liabilities		**514,042**	1,300,146

	Notes	**2018** *RMB'000*	2017 *RMB'000*
Non-current liabilities			
Obligation under finance leases		**205**	389
Government grant		**176**	200
Deferred tax liabilities		**76,340**	855
		76,721	1,444
Net assets		**437,321**	1,298,702
Capital and reserve			
Share capital	*12*	**616,617**	616,617
Reserves		**(154,822)**	640,990
Equity attributable to owners of the Company		**461,795**	1,257,607
Non-controlling interests		**(24,474)**	41,095
Total equity		**437,321**	1,298,702

1. GENERAL

Asia Television Holdings Limited (Formerly known as Co-Prosperity Holdings Limited), which changed its name from Co-Prosperity Holdings Limited to Asia Television Holdings Limited on 11 April 2018, was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands and acts as an investment holding company. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman Islands and principal place of business of the Company is 33 Dai Shing Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong.

The Consolidated Financial Statements have been presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Consolidated Financial Statements include applicable disclosures required by The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The Group's recorded a net loss of RMB839,139,000 during the year ended 31 December 2018 and it had net current liabilities of RMB192,679,000 as at 31 December 2018. These conditions indicate the existence of uncertainties which may cast doubt about the Group's ability to continue as going concern.

The directors of the Company have taken the following measures to mitigate the liquidity pressure and to improve its financial position:

(i) Commenced negotiations with borrowers and other financial institutions to renew loans that have fallen due or will be falling due;

(ii) Implementing policies to monitor cash flows through cutting costs and capital expenditure;

(iii) Executing active measures to expedite collections of outstanding receivables;

(iv) Exploring the possibility of disposing certain non-core assets; and

(v) Obtained a financial undertaking and financial support from a substantial shareholder who is also a director of the Company.

Based on the Group's cash flow projections, taking account of effectiveness and feasibility of the above measures covering a period of twelve months from the end of the reporting period prepared by the management, the directors of the Company consider the Group would be able to finance its operations and to meet its financial obligations as and when they fall due within the forecast period. Accordingly, the Consolidated Financial Statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any future liabilities that may arise and to re-classify non-current assets and liabilities as current assets and liabilities. The effect of these adjustments have not been reflected in the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss, which are measured at fair value.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new and revised HKFRSs – effective 1 January 2018

Save for HKFRS 15 which was early adopted by the Group in last year, the Group has applied, for the first time, the following new and revised standards issued by the HKICPA which are effective for the Group's Consolidated Financial Statements for the annual period beginning on 1 January 2018.

(i) HKFRS 9 Financial Instruments and the related amendment

HKFRS 9 and the amendments to HKFRS 9 have replaced HKAS 39 Financial instruments: recognition and measurement. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment under expected credit losses ("ECL") model) to items that existed as of the date of initial application (i.e. 1 January 2018) on a retrospective basis based on the facts and circumstances that existed as at 1 January 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity.

(a) Classification and measurement of financial assets

In general, HKFRS 9 categorises financial assets into the following three classification categories:

- measured at amortised cost;
- at fair value through other comprehensive income ("FVTOCI"); and
- at fair value through profit or loss ("FVTPL").

These classification categories are different from those set out in HKAS 39 which included held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Details about the Group's accounting policies for its financial assets and financial liabilities are disclosed in note 3 to the Consolidated Financial Statements. The Group did not designate or de-designate any financial asset at FVTPL at 1 January 2018.

The following table shows a reconciliation from how the Group's financial assets which existed as of 1 January 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

	Old classification under HKAS 39	New classification under HKFRS 9	Carrying amount under HKAS 39	Remeasurement	Carrying amount under HKFRS 9
			RMB'000	*RMB'000*	
Investment in listed equity securities	FVTPL	FVTPL	52,413	–	52,413
Trade receivables	Trade receivables	Amortised cost	65,180	(1,417) *(Note)*	63,763
Other receivables	Loan receivables	Amortised cost	193,511	(2,833) *(Note)*	190,678
Other deposits for other assets	Loan receivables	Amortised cost	657	–	657
Loan receivables	Loan receivables	Amortised cost	138,349	(5,127) *(Note)*	133,222
Pledged bank deposits	Loan receivables	Amortised cost	38,420	–	38,420
Bank balances and cash	Loan receivables	Amortised cost	229,914	–	229,914
			718,444	(9,377)	709,067

Note: The amount represents additional impairment losses based on the new ECL under HKFRS 9.

(b) Impairment under ECL model

HKFRS 9 has introduced the "expected credit loss model" to replace the "incurred loss" model under HKAS 39. The "expected credit loss model" requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the "expected loss model" to the following types of financial assets:

- financial assets that are subsequently measured at amortised cost (including cash and cash equivalents, trade receivables and loans receivables);
- contract assets as defined in HKFRS 15; and
- investments in debt securities that are subsequently measured at FVTOCI.

The following table is a reconciliation that shows how the closing loss allowance as at 31 December 2017 determined in accordance with HKAS 39 can be reconciled to the opening loss allowance as at 1 January 2018 determined in accordance with HKFRS 9:–

	RMB'000	*RMB'000*
Loss allowance recognised as at 31 December 2017 under HKAS 39		12,493
Additional loss allowance as a result of the application of the "expected loss model" under HKFRS 9		
– Trade and other receivables	4,250	
– Loans receivables	5,127	9,377
Loss allowance recognised as at 1 January 2018 under HKFRS 9		21,870

(c) Interest in an associate

The net effects arising from the initial application of HKFRS 9 resulted in a decrease in the carrying amounts of interest in an associate of approximately RMB5,664,000 with corresponding adjustments to retained profits by approximately RMB5,590,000.

(d) Effect on the Group's accumulated losses and other reserves as of 1 January 2018

The following table shows the impact of the application of HKFRS 9 on the Group's accumulated losses and other equity components as of 1 January 2018:–

	(Increase)/ decrease in translation reserve	**Increase in the Group's accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Recognition of additional expected credit losses relating to:			
– Trade and other receivables	(132)	4,257	4,125
– Loans receivables	(213)	5,340	5,127
– Interest in an associate	74	5,590	5,664
	(271)	15,187	14,916

(ii) HK(IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration

HK(IFRIC)-Int 22 provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency. The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way, the Group recorded these advances by applying the spot exchange rate on initial recognition. Accordingly, the application of this interpretation has had no significant impact on the amounts reported and/or disclosures set out in these Consolidated Financial Statements.

(iii) Amendments to HKFRS 2 Classification and Measurement of Share-based Payment transactions

The amendments clarify the following:

(a) In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions of a cash-settled share-based payment should follow the same approach as for equity-settled share-based payments;

(b) Where tax law or regulation requires the Group to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, that is, the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature; and

(c) A modification of a share-based payment that changes the transaction from cash-settled to equity settled should be accounted for as follows:

i. the original liability is derecognised;

ii. the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

iii. any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The Group has no share-based payment at the end of the reporting period. Therefore, these amendments do not have any impact on the Group's Consolidated Financial Statements.

(iv) Amendments to HKAS 28 As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The amendments clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

These amendments do not have any impact on the Group's Consolidated Financial Statements.

(v) Amendments to HKAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no impact to the classification at 1 January 2018.

These amendments do not have any impact on the Group's Consolidated Financial Statements.

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) *RMB'000*	The effect on adoption of HKFRS 9 *RMB'000*	1 January 2018 (Restated) *RMB'000*
Non-current assets			
Interest in an associate	279,700	(5,664)	274,036
Current assets			
Trade and other receivables	364,187	(4,250)	359,937
Loan receivables	138,349	(5,127)	133,222

(b) New and revised HKFRSs not yet adopted

		Effective for annual reporting periods beginning on or after
HKAS 19 Amendments	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 Amendments	Long-term Interests in Associates and joint Ventures	1 January 2019
HKAS 28 and HKFRS 10 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint venture	To be determined*
HKFRS 9 Amendments	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017	1 January 2019
HKFRS 3 (Revised) Amendments	Definition of a Business	1 January 2020
HKAS 1 (Revised) and HKAS 28 Amendments	Definition of Material	1 January 2020
Conceptual Framework For Financial Reporting 2018	Revised Conceptual Framework For Financial Reporting	1 January 2020

* The amendments were originally intended to be effective for annual period beginning on or after 1 January 2018. The effective date has now been deferred. Early application of the amendments continues to be permitted.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted on the respective effective dates and the adoption of them is unlikely to have a significant impact on the Consolidated Financial Statements of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under HKFRS 8.

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15, types of goods or services:		
Sales of goods from		
– sales of finished fabrics	**33,914**	42,788
– trading of fabrics and garment products	**3,027**	3,731
	36,941	46,519
Subcontracting services income	**57,938**	68,297
Advertising income	**15,202**	–
Subscription income	**4,237**	–
License fee income – Film right	**1,519**	–
License fee income – Trademarks	**3,816**	–
Other entertainment and media services income	**59**	552
Brokerage and related services income	**8,883**	6,369
Underwriting and placing services income	**7,282**	8,894
Handling services income	**645**	457
	136,522	131,088
Revenue from other sources:		
Loan interest income	**18,160**	14,659
Margin financing interest income	**11,343**	5,001
	166,025	150,748

Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following six reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Processing, printing and sales of finished fabrics and subcontracting services in the PRC;
- Trading of fabrics and clothing;
- Money lending;
- Securities investment;
- Media, cultural and entertainment; and
- Securities brokerage services and margin finance.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets attributable to the activities of the individual segments. Segment liabilities include trade and other payables attributable to the activities of the individual segments and short-term loans managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below:

	Processing, printing and sales of finished fabrics		Trading of fabrics and clothing		Money lending		Securities investment		Entertainment and media		Securities brokerage services and margin finance		Unallocated corporate office		Inter-segment elimination		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**91,852**	111,085	**3,027**	3,731	**18,160**	14,659	**–**	–	**24,833**	552	**28,153**	20,721	**–**	–	**–**	–	**166,025**	150,748
Revenue from inter-segment	**–**	–	**–**	–	**–**	–	**–**	–	**16,709**	12,641	**–**	1,824	**26,869**	54,708	**(43,578)**	(69,173)	**–**	–
	91,852	111,085	**3,027**	3,731	**18,160**	14,659	**–**	–	**41,542**	13,193	**28,153**	22,545	**26,869**	54,708	**(43,578)**	(69,173)	**166,025**	150,748
Reasonable segment revenue and timing of revenue recognition																		
Products and services transferred at a point in time	**33,914**	42,788	**3,027**	3,731	**18,160**	14,659	**–**	–	**1,519**	13,193	**28,153**	22,545	**26,869**	54,708	**(43,578)**	(69,173)	**68,064**	82,451
Services transferred over time	**57,938**	68,297	**–**	–	**–**	–	**–**	–	**40,023**	–	**–**	–	**–**	–	**–**	–	**97,961**	68,297
Reportable segment revenue	**91,852**	111,085	**3,027**	3,731	**18,160**	14,659	**–**	–	**41,542**	13,193	**28,153**	22,545	**26,869**	54,708	**(43,578)**	(69,173)	**166,025**	150,748
Reportable segment (loss)/profit (adjusted EBITDA)	**(16,057)**	2,963	**26**	(653)	**12,755**	4,804	**(49,062)**	(15,091)	**(207,435)**	(46,964)	**9,097**	10,306	**(39,407)**	(35,389)	**–**	–	**(290,083)**	(80,024)
Depreciation and amortisation	**(10,606)**	(7,301)	**(3)**	(7)	**–**	–	**–**	–	**(24,560)**	(326)	**(174)**	(118)	**(834)**	(973)	**–**	–	**(36,177)**	(8,725)
Impairment loss on goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**(114,366)**	–	**–**	–	**–**	–	**–**	–	**(114,366)**	–
Impairment loss on intangible assets	**–**	–	**–**	–	**–**	–	**–**	–	**(40,683)**	–	**–**	–	**–**	–	**–**	–	**(40,683)**	–
Impairment of property, plant and equipment	**(3,606)**	–	**–**	–	**–**	–	**–**	–	**(26,531)**	–	**–**	–	**–**	–	**–**	–	**(30,137)**	–
Finance costs	**(5,947)**	(6,384)	**–**	–	**(19,719)**	(11,705)	**(2,617)**	(1,209)	**–**	(381)	**(4,384)**	(815)	**(53,435)**	(25,382)	**19,719**	11,705	**(66,383)**	(34,171)
Share of (loss)/profit of an associate																	**(205,129)**	4,009
Impairment loss on interest in an associate																	**(56,798)**	–
Loss before taxation																	**(839,756)**	(118,911)
Additions to non-current segment assets during the year	**2,979**	1,594	**–**	–	**–**	–	**–**	–	**41,170**	7,429	**729**	416	**362**	1,118	**–**	–	**45,240**	10,557

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, prepaid lease payments, intangible assets, goodwill, deposits for other investments, other deposits, investments in subsidiaries, interest in an associate and interest in a joint venture ("specified non-current assets").

The geographical location of revenue from customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

	Turnover		**Non-current assets**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**95,668**	111,085	**26,575**	40,527
Malaysia	**–**	–	**118,141**	279,700
Hong Kong	**70,357**	39,663	**556,524**	490,156
	166,025	150,748	**701,240**	810,383

Information about major customers

There are no customers who individually contribute over 10% of the total revenue of the Group.

4. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years		
– bank loans	**5,780**	6,185
– other secured loans	**15,786**	1,209
– other unsecured loans	**35,409**	16,521
	56,975	23,915
Effective interest expense on bond payables	**4,726**	4,856
Effective interest expense on convertible bonds	**–**	1,565
Interest expense on finance leases	**17**	60
Other finance costs	**4,665**	3,775
	66,383	34,171

5. LOSS BEFORE TAXATION

	2018	2017
	RMB'000	*RMB'000*
Loss before taxation has been arrived at after charging/(crediting):		
Directors' remuneration	**5,792**	6,823
Staff's retirement benefits scheme contributions, excluding directors' remuneration	**2,685**	2,331
Other staff costs, excluding directors' remuneration:		
– Staff salaries	**106,555**	53,838
– Staff welfare	**340**	322
Depreciation of property, plant and equipment	**20,070**	8,660
Auditor's remuneration	**1,122**	1,577
Cost of inventories recognised as expenses (including net write-down of inventories amounting to RMB42,597,000 (2017: RMB10,705,000))	**112,757**	110,324
Net (gain)/loss on securities investment – financial assets at fair value through profit or loss decrease in fair value, net		
– disposed of during the year	**(5,247)**	9,311
– held at the end of the reporting period	**48,836**	7,386
	43,589	16,697
Operating lease rentals in respect of		
– prepaid lease payments	**14**	14
– rented premises	**7,261**	8,734
Government rewards and subsidies (including in other income)*	**(360)**	(1,068)
Interest income from bank deposits	**(689)**	(644)

* The government rewards and subsidies which are included in other income provided by the PRC government to the Group were paid mainly as an incentive for energy saving and organisational development of the Group. There are no conditions and contingencies attached to the receipt of the government subsidies and they are non-recurring in nature.

6. TAXATION

The PRC Enterprise Income Tax is calculated at the rate of 25% prevailing in the PRC jurisdiction for the year ended 31 December 2018 (2017: 25%). Provision for Hong Kong Profits Tax has been provided at the rate of 8.25% or 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2018	2017
	RMB'000	*RMB'000*
Loss attributable to the owners of the Company		
Loss for the purposes of basic and diluted loss per share	**(800,530)**	(126,747)

	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**7,055,668**	5,154,314

8. INTEREST IN AN ASSOCIATE

On 9 May 2017, Full Winning Developments Limited ("Full Winning"), a direct wholly-owned subsidiary of the Company, entered into an agreement with Impression Culture Asia Limited, a subsidiary of Sino Haijing Holdings Limited (Stock code: 1106) to acquire 107 million ordinary shares of Yong Tai, a company listed on the Main Market of Bursa Malaysia Securities Berhad, at the consideration of approximately Malaysian Ringgit ("RM") 117,700,000 (equivalent to approximately RMB189,016,000). Following this acquisition, the Group owned as to 16.42% equity interest in Yong Tai.

On 2 August 2017, Full Winning entered into the subscription agreement with Yong Tai. Under the subscription agreement, Full Winning has conditionally agreed to subscribe for 43,000,000 new Yong Tai shares at the issue price of RM1.26 (equivalent to approximately HK$2.29) per share (the "Subscription Share"). The total consideration of the subscription is amount to RM54,180,000 (equivalent to approximately RMB86,857,000).The Subscription Shares to be subscribed by Full

Winning represented approximately 6.17% equity interest in Yong Tai as enlarged by the allotment and issue of the Subscription Shares. Following this subscription, the Group owned as to 21.53% equity interest in Yong Tai.

On 9 January 2018, Full Winning entered into an agreement with Jade Stones Group Limited ("Jade Stones") to acquire 60,000,000 ICPS of Yong Tai at the consideration of RM66,000,000 (equivalent to approximately RMB109,312,000) which represents 8.17% equity interest in Yong Tai. Following this acquisition, the Group owned as to 28.60% equity interest in Yong Tai.

Yong Tai has outstanding ICPS as at the date it became an associate of the Group and as at 31 December 2018. The Group has determined that the ICPS represented present ownership interests in Yong Tai as the ICPS are convertible to ordinary shares of the Company from 28 November 2019 without any further consideration. The effective interest of the Group in Yong Tai after taking into account the ICPS and all issued and outstanding ICPS held by other parties would be 28.60% (2017: 21.53%) as at 31 December 2018.

Based on the quoted market price of the ordinary shares and ICPS held by the Group, total impairment loss of approximately RMB261,186,000 was recognised in the profit or loss during the year (2017: Nil).

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018	2017
	RMB'000	*RMB'000*
Trade receivables from securities brokerage services and margin finance segment *(Note (a))*	**135,498**	57,709
Trade receivables from other segments, net *(Note (b))*	**4,245**	7,471
	139,743	65,180
Deposits paid to suppliers, net	**17,449**	33,518
Other receivables, deposits and prepayments	**60,417**	214,776
	217,609	313,474

(a) Trade receivables from securities brokerage services and margin finance segment

All receivables from cash clients, margin clients and clearing house are not past due at the reporting dates. Hence, the management believes that the impairment allowance of approximately RMB9,958,000 as at 31 December 2018 is enough under ECL model as these balances have not been a significant change in credit risk.

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by the management.

No aging analysis by invoice date is disclosed for trade receivables from securities brokerage services and margin finance segment as, in the opinion of the directors of the Company, an aging analysis is not meaningful in view of the business nature of securities dealings.

(b) Trade receivables from other segments

The following is an aged analysis of trade receivables from other segments presented based on the invoice date at the end of the reporting period:

	2018	2017
	RMB'000	*RMB'000*
0 to 90 day(s)	**3,583**	5,971
91 to 180 days	**461**	144
181 to 270 days	**–**	745
271 to 365 days	**201**	239
Over 365 days	**–**	372
	4,245	7,471

10. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables from securities brokerage services and margin finance segment *(Note (i))*	**146,858**	62,530
Trade payables from other segments *(Note (ii))*	**16,529**	26,021
Customers' deposits	**18,271**	17,771
Deposit on disposals of subsidiaries *(Note (iii))*	**16,681**	–
Deferred revenue	**11,442**	–
Other payables and accruals	**157,883**	64,203
	367,664	170,525

Note:

(i) The trade payable balances arising from the ordinary course of business of securities brokerage services and margin finance are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No aging analysis is disclosed for as in the opinion of the directors of the Company, an aging analysis is not meaningful in view of the business nature of securities dealings and margin financing.

(ii) The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2018	2017
	RMB'000	*RMB'000*
0 to 90 day(s)	**7,403**	7,361
91 to 180 days	**688**	2,193
181 to 270 days	**993**	3,348
271 to 365 days	**864**	4,981
Over 365 days	**6,581**	8,138
	16,529	26,021

(iii) On 16 July 2018, a wholly-owned subsidiary, Co-Prosperity Investment (International) Limited entered into an agreement with Ms. Yang Xiaoqiu to sell 60% of the entire issued share capital of Million Federal International Limited at a consideration of approximately RMB87,790,000 (equivalent to HK$100,000,000). As at 31 December 2018, the Group received a deposit on disposal of this subsidiary of approximately RMB16,681,000 (equivalent to HK$19,000,000).

11. ACQUISITION OF ASIA TELEVISION LIMITED ("ATV")

On 30 April 2016, Star Platinum Enterprises Limited ("Star Platinum"), a wholly owned subsidiary of the Company, entered into arrangements in relation to the acquisition of approximately 52.42% equity interests in ATV and, together with the joint and several provisional liquidators, has proposed the scheme of arrangements to the creditors of ATV by which all liabilities of ATV shall be assumed by Star Platinum. As a result, ATV shall be debt-free and given a fresh start upon the completion of the scheme of arrangements.

On 29 July 2016, Star Platinum has acquired approximately 52.42% equity interests in ATV and its subsidiaries (collectively refer to as "ATV Group") and the Company has given undertaking to provide sufficient financial support to ATV to rebuild its business and operation.

On 8 January 2018, the Group completed the acquisition of ATV Group (the "Acquisition") after completing a series of arrangements (i) scheme of arrangement to be approved by the creditors and the High Court of Hong Kong (the "Court"); (ii) the Court granting the order to sanction the withdrawal of the winding-up petition against ATV; and (iii) ATV resumes normal operation under the management of its new board of directors. As such, ATV is considered as a subsidiary of the Group and was consolidated to the Group on 8 January 2018 in accordance with the relevant accounting standards.

The fair value of net identifiable assets acquired and liabilities assumed of ATV Group at the acquisition date are disclosed as below:

	RMB'000
Investment properties	1,130
Other intangible assets	492,227
Trade and other payables	(65,551)
Bank balances and cash	3,071
Deferred tax liabilities	(75,528)
Net assets acquired	355,349
Non-controlling interests(*)	35,383
	390,732
Goodwill	114,366
Total consideration	505,098

	RMB'000
Total consideration	
– Deposit paid in previous year	415,204
– Amount due from ATV	89,894
	505,098

An analysis of the net inflow of cash and cash equivalents in respect of the acquisition of ATV Group is as follows:

	RMB'000
Total consideration	(505,098)
Cash and bank balances acquired of	3,071
Deposit paid in previous year	415,204
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(86,823)

*Reconciliation of non-controlling interests share net assets of ATV Group

	RMB'000
Net assets acquired	355,349
Share of net assets to non-controlling interests	(169,075)
Less: Share of amount due to the Group	204,458
	35,383

The amount of RMB204,458,000 due to the Group which recorded as liabilities in ATV Group's financial statements and this amount is required to be shared to non-controlling interests but no effect on the Group in regard of the Acquisition.

Note:

The Group has chosen to recognise non-controlling interest at their share of fair value of identifiable assets acquired and liabilities assumed of ATV Group.

Upon completion of the acquisition of ATV, the directors of the Company have engaged an independent firm of valuers, Valtech Valuation Advisory Limited, to carry out a valuation of a media cash generating unit including ATV and another wholly-owned subsidiary of the Group, Asia Television Digital Media Limited that is expected to benefit from the synergies of the combination, based on facts and circumstances existing as at that date.

The directors of the Company became aware of the impairment loss at the date of the Acquisition so that the Group fully recognised the impairment loss of the goodwill arisen from the Acquisition of approximately RMB114,366,000 during the year.

12. SHARE CAPITAL

	Authorised	
	Number of share	**Amount**
	'000	*HK$'000*
Ordinary shares of HK$0.10 each		
As at 1 January 2017, 31 December 2017 and 31 December 2018	20,000,000	2,000,000

	Issued and fully paid		
	Number of share	**Amount**	**Amount**
	'000	*RMB'000*	*HK$'000*
As at 1 January 2017	3,985,920	351,608	398,592
Placement of new shares *(Note (i))*	797,184	70,949	79,718
Placement of new shares *(Note (ii))*	956,620	82,757	95,662
Conversion of convertible bonds *(Note (iii))*	140,000	11,935	14,000
Placement of new shares *(Note (iv))*	1,175,944	99,368	117,594
As at 31 December 2017 and 31 December 2018	7,055,668	616,617	705,566

Note:

(i) On 16 February 2017, the Company entered into a share placing agreement with the placing agent. Pursuant to the 2017 share placing agreement, the placing agent has conditionally agreed to place, on a best effort basis, up to an aggregate of 797,184,000 new ordinary shares of the Company to not less than six placees at a price of not less than HK$0.20 per placing share. On 9 March 2017, 797,184,000 ordinary shares has been successfully placed at HK$0.20 per placing share. These shares rank pari passu in all respects with the existing shares.

(ii) On 30 June 2017, the Company entered into the placing agreement with the placing agent and Sincere Securities Limited ("Sincere Securities") (an indirectly non wholly-owned subsidiary of the Company). Pursuant to the share placing agreement, the placing agent and Sincere Securities has conditionally agreed to place, on a best effort basis, up to an aggregate of 956,620,000 new ordinary shares of the Company to not less than six placees at a price of not less than HK$0.25 per placing share. On 24 July 2017, a total of 956,620,000 shares were successfully placed at HK$0.25 per placing share. These shares ranked pari passu with other shares in issue in all respect.

(iii) During the year ended 31 December 2017, an aggregate principal of HK$30,800,000 (equivalent to approximately RMB25,558,000) of convertible bonds was converted at the conversion price of HK$0.22. These shares ranked pari passu with other shares in issue in all aspect.

(iv) On 24 November 2017, the Company entered into a placing agreement with the placing agent. Pursuant to which the placing agent agreed to place 1,175,944,000 new shares under general mandate at the price of HK$0.40 per placing share to not less than six placees based on a best effort basis. On 19 December 2017, a total of 1,175,944,000 shares were successfully placed at HK$0.4 per placing share. These shares ranked pari passu with other shares in issue in all respect.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited Consolidated Financial Statements for the year. The work performed by Moore Stephens CPA Limited in respect of this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The followings are extracted from the independent auditor's report on the Consolidated Financial Statements in respect of qualified opinion arising from limitation of scope and material uncertainty related to going concern of the Group for the year ended 31 December 2018.

Qualified Opinion Arising from Limitation of Scope

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with 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 Qualified Opinion

Our report on the Consolidated Financial Statements of the Group for the year ended 31 December 2017 contained a qualified opinion on the limitation of our audit scope in relation to the Group has (1) deposits for other investments ("ATV Deposits") of HK$500,000,000 (equivalent to approximately RMB416,250,000) for an investment in Asia Television Limited ("ATV") and (2) receivables due from ATV ("ATV Receivables") of approximately RMB90,006,000 as at 31 December 2017. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of ATV Deposit and ATV Receivables as at 31 December 2017 because the management of the Group was unable to access certain financial information or other information in relation to the assets and liabilities of ATV.

This also caused us to be unable to satisfy ourselves as to the purchase price allocation on acquisition of Star Platinum Enterprises Limited ("Star Platinum"), which was incomplete as at the end of twelve months after the date of acquisition. Consequently, we were unable to determine whether any adjustments or impairment to the ATV Deposits and ATV Receivables, as well as the assets and liabilities obtained from the acquisition of Star Platinum, was necessary.

During the year ended 31 December 2018, the acquisition of ATV by Star Platinum (the "Acquisition") was completed. ATV became a subsidiary of the Group and was consolidated to the Group on 8 January 2018 (the "Completion Date"). Based on the purchase price allocation on the Acquisition, details of which are disclosed in note 11(b) to the Consolidated Financial Statements, the consideration paid by Star Platinum for the Acquisition, which comprised of the ATV Deposit and ATV Receivables (collectively the "ATV Consideration"), exceeded the fair value of identifiable assets and liabilities of ATV and its subsidiaries as at 8 January 2018.

The goodwill arising from the Acquisition of RMB114,366,000 was assessed to be fully impaired as at 8 January 2018 and the impairment loss was recognised in the consolidated profit or loss for the year ended 31 December 2018. The matters that gave rise to the qualification of our audit opinion on the Consolidated Financial Statements of the Group for the year ended 31 December 2017 remain unresolved after the Completion date.

Since opening balances of assets and liabilities affect the determination of the financial performance and cash flows of the Group for the year ended 31 December 2018, we were unable to determine whether adjustments to the opening accumulated losses, financial performance and cash flows of the Group, and related disclosures in the notes to the Consolidated Financial Statements, might be necessary for the year ended 31 December 2018. Further, our opinion on the current year's Consolidated Financial Statements is also qualified because of the possible effects of the unresolved matters on the comparability of the current year's figures and the corresponding figures in the Consolidated Financial Statements.

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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the Consolidated Financial Statements with respect to the Group's ability to continue as going concerns. During the financial year ended 31 December 2018, the Group incurred a net loss from operations of RMB283,360,000 (2017: RMB72,696,000). As at 31 December 2018, the Group's current liabilities exceeded the current assets by RMB192,679,000. These events and conditions indicate a material uncertainty exists that may cast significant doubt about the Group's ability to continue as going concern.

Our opinion is not further modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the year ended 31 December 2018, the Company and its subsidiaries (together, the "Group") had engaged in four business streams including (i) the processing, printing and sales of finished fabrics and subcontracting services and the trading of fabric and clothing business (the "Fabrics and Trading Business"); (ii) the money lending business; (iii) securities investment and securities brokerage services business (the "Investments and Brokerage Services Business"); and (iv) media, cultural and entertainment business.

Fabrics and Trading Business

The Group continued to engage in the Fabrics and Trading Business during the financial year. The overall business environment remained challenging in 2018. Demand from emerging markets remained weak and the substantial increase in direct costs continued to exert pressure on gross profit margin. The fierce competition also made it difficult to pass on various cost increases to customers, along with increasingly demanding environmental standard and requirements applicable in the manufacturing processes. As a result, the Group has focused improving operating efficiency and managing costs last year. We also took other appropriate strategic and operational measures to deal with operational challenges.

For the year 2018, the turnover contributed by the Fabrics and Trading Business was approximately RMB94.9 million (2017: RMB114.8 million), representing a decrease of 17.3% from the previous year. Gross profit from the operation has dropped from RMB4.2 million in 2017 to gross loss of RMB17.9 million in the current year, representing a 526.2% year-on-year decline. The decrease in revenue and segment gross loss were primarily due to the fact that (i) the Group was unable to pass on all the increased costs (such as costs related to labour and increasingly stringent environmental protection requirements) and decrease in the average selling price of the fabric owing to intense competition in the market; (ii) most of the material costs have increased dramatically during the year; (iii) the economic environment of the People's Republic of China (the "PRC") has becoming more uncertain due to the slowdown of economic growth in the PRC, driven by the structural adjustment in the domestic economy and structural reform on the supply side. Besides, operating environment was unfavourable owing to the escalating trade tensions between the United States (the "US") and the PRC, which has brought uncertainties to the future of the textile industry as well as weakened demand from customers. We anticipate the fabric manufacturing and trading industry will further undergo a process of consolidation and we will continue to adopt stringent cost control measures to counteract the operational headwind.

Money Lending Business

The money lending business is conducted through Rende Finance Limited, a locally licenced money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of the Hong Kong). As at 31 December 2018, the loan balances were approximately RMB100.2 million (2017: RMB138.3 million) with terms of 3 months to 1 year.

The money lending business has gradually grown at a stable pace into a significant loan portfolio. The Group adopted the money lending policy and procedure manual which provide guidelines on the handling and monitoring of money lending procedures according to the Money Lenders Ordinance. For the year ended 31 December 2018, the interest income contributed by the money lending business was approximately RMB18.2 million (2017: RMB14.7 million) with EBITDA result of approximately RMB12.8 million (2017: RMB4.8 million).

As a matter of risk management exercise, we will not further enlarge the exposure of the money lending business. We will remain prudent in our credit approval process and exercise stringent internal process in screening applications.

Investment and Brokerage Services Business

During the year under review, the overall performance of the Group's securities investment business was less than satisfactory. The stock market was volatile in 2018 and the Group recorded an overall fair value loss of approximately RMB43.6 million (2017: RMB16.7 million) from the securities investment business. The decrease in fair value of the securities investment was mainly due to the volatility caused by the US-China trade war, US rate hikes, the weakening RMB and economics in emerging markets, which lead to the overall dissatisfactory performance of the stock market.

As at 31 December 2018, the aggregate amount of the Group's financial assets at fair value through profit or loss is approximately RMB123.2 million (2017: RMB52.4 million). The Group managed a portfolio of securities listed in Hong Kong and overseas.

The revenue generated from the securities brokerage services business was approximately RMB28.2 million (2017: RMB20.7 million), significant increase in revenue since the completion of acquisition of Million Federal International Limited together with its subsidiary, Sincere Securities Limited, in March 2017. The Group's overall Investment and Brokerage Services Business was performing well. The improvement of revenue from the securities brokerage services business was mainly due to the revenue generated from margin financing interest income. We expect the revenue arising from brokerage commissions, corporate finance as well as margin financing businesses will continue to contribute to the Group as a stable source of income.

Media, Cultural and Entertainment Business

The Group has noticed the potential growth of media, cultural and entertainment sector and has commenced to look into related development opportunities. During the year, turnover of the media, cultural and entertainment business was approximately RMB24.8 million (2017: 0.6 million). The improvement of the revenue was contributed by advertising and sponsorship income from the launch of ATV's over-the-top platform, including set-top-boxes, mobile app and website. EBITDA for the year ended 31 December 2018 was a loss of approximately RMB207.4 million (2017: a loss of approximately RMB47.0 million) due to start-up costs associated with renovation of the existing facilities at Tai Po and the acquisition of new digital production and editing equipment to remaster and digitalise existing content library and archives, developed a digital broadcasting and distribution platform, and the new content production and licenced contents for our media platform. During the period under review, we have also revived our most popular and classic contents such as "Who want to be a Millionaire?" and "Miss Asia Pageant", along with our new programmes. The Group has expanded its management team and recruited talents in the media and entertainment industry for the launch of mobile application and OTT platform during the period under review.

The short-term strategy for our media and entertainment business is to expand its multiple digital platforms with big data social media platforms. Our goal is to establish a high-quality advertising platform with strong customer base. In the long run, we aim to expand vertically to provide our customers with a "one-stop" advertising solution from creative production to media delivery. In the medium to long term development, it is expected that our platform will cover other Cantonese-Speaking regions. We will focus on developing Malaysia and the Greater Pearl River Delta region before moving on to other countries with large populations.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group had total assets of approximately RMB1,433.0 million (2017: RMB1,693.1 million) which were financed by current liabilities of approximately RMB918.9 million (2017: RMB392.9 million), non-current liabilities of approximately RMB76.7 million (2017: RMB1.4 million) and Shareholders' equity of approximately RMB461.8 million (2017: RMB1,257.6 million).

As at 31 December 2018, excluded clients' monies in segregated account, the Group's cash and bank balances were approximately RMB37.3 million (2017: RMB121.7 million), while pledged bank deposits amounted to RMB20.6 million (2017: RMB38.4 million). As at 31 December 2018, the secured bonds were fixed-rate and were denominated in Hong Kong dollars ("HK$"), the short-term bank loans were fixed-rate loans and denominated in RMB whereas short-term loans from other financial institution and other borrowing were fixed-rate loan and denominated in HK$. The Group's borrowings were secured by land use rights, certain property, plant and equipment, pledged interest in an associate and pledged bank deposits of the Group. Also, one of short term loan from other financial institution is guaranteed by a substantial shareholder and director of the Company.

The current ratio, being a ratio of total current assets to total current liabilities, was approximately 0.8 (2017: 2.2). The gearing ratio, being a ratio of borrowings (comprising obligation under finance leases, bond payables, short-term bank loans, short-term loans from other financial institutions and other borrowings as at 31 December 2018) to shareholders' equity, was 117.8% (2017: 17.3%).

CAPITAL EXPENDITURES

As at 31 December 2018, the Group has no capital commitments (2017: Nil) in respect of purchases of property, plant and equipment.

CONTINGENT LIABILITIES AND EXCHANGE RISK EXPOSURE

As at 31 December 2018, the Group had provided corporate guarantee to a bank in respect of certain credit facilities granted to Shasing-Shapheng (Quanzhou) Textile Industrial Co., Ltd. ("Shasing-Shapheng Quanzhou") of which RMB40,000,000 (2017: Nil) was drawn down. The total amounts to be guaranteed by the Group should not exceed RMB50,000,000. The effective period of the guarantee should be from 16 July 2018 to 15 July 2023. No provision for the Group's obligation under the guarantee contract had been made as the directors of the Company considered the possibility that Shasing-Shapheng Quanzhou would not meet their obligations to the bank is remote, and it was not probable that a claim will be made against the Group under the guarantee contract.

Save for disclosed above, the Group does not have other contingent liabilities.

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi, which are the functional currencies of the respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate action to reduce the exchange risk.

EMPLOYMENT

As at 31 December 2018, the Group had about 632 employees (2017: 740 employees) in Hong Kong and in the PRC.

Remuneration packages for the employees were maintained at a competitive level of the jurisdiction within which the employees were employed to attract, retain and motivate the employees and were reviewed periodically.

In addition, during the year, the Group maintained a share option scheme for the purpose of providing incentives and rewards to the eligible participants for their contributions to the Group. The share option scheme was adopted at the annual general meeting of the Company on 15 June 2016.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or the Group after 31 December 2018 and up to the date of this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the reporting period ended 31 December 2018, neither the Company, nor any of its subsidiaries, had repurchased, sold or redeemed any of its listed shares.

DIVIDEND

The Board does not recommend any payment of final dividend (2017: Nil) for the year.

CORPORATE GOVERNANCE

The Company is committed to maintain good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in the interest of its shareholders. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company (the "Shareholders").

The Directors are in the opinion that the Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "CG Code") during the year ended 31 December 2018 except the following deviations:

In respect of code provision A.6.7 of the Corporate Governance Code, Ms. Han Xingxing, being independent non-executive Director was unable to attend the annual general meeting held on 1 June 2018 (the "2018 AGM") due to other commitments. Mr. Li Yu, being independent non-executive Director was unable to attend the extraordinary general meeting held on 16 March 2018 and the 2018 AGM due to other commitments. The Company shall continue to communicate with the Directors and make best effort to ensure their availabilities to attend general meetings and avoid time conflict.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprised three independent non-executive directors, Ms. Wong Chi Yan, Ms. Han Xingxing and Mr. Li Yu. Ms. Wong Chi Yan is the chairman of the Audit Committee. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Group's Consolidated Financial Statements for the year ended 31 December 2018 have been reviewed by the Audit Committee.

APPRECIATION

Finally, on behalf of the Board, the Company would like to take this opportunity to express it's sincere gratitude to the Directors and all the staff who have contributed their time and efforts to the Group's business operation and to the Shareholders for their supports to the Company.

By order of the Board
Asia Television Holdings Limited
Deng Junjie
Chairman

Hong Kong, 27 March 2019

As at the date of this announcement, the Board comprises Mr. Deng Junjie, Mr. Wang Jiasi, Mr. Chan Wai Kit and Mr. Sze Siu Bun as executive Directors, Ms. Han Xingxing, Mr. Li Yu and Ms. Wong Chi Yan as independent non-executive Directors.