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)

FURTHER ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of Asia Television Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") dated 31 March 2020 in connection with the unaudited annual results for the year ended 31 December 2019 (the "**Unaudited Annual Results Announcement**"). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITOR'S AGREEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Board of the Company is pleased to announce that the Group's auditor, Moore Stephens CPA Limited, has completed its audit of the annual results of the Group for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, including the financial figures in respect of the Group's consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss and other comprehensive income and consolidated cash flows statement for the year then ended, and the related notes thereto as set out thereto. The audited annual results for the year ended 31 December 2019 were reviewed by the Audit Committee and were approved by the Board both on 6 May 2020, details of which are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019	2018
			(Note)
		RMB'000	*RMB'000*
Turnover	*3*	**156,892**	166,025
Cost of sales		**(159,221)**	(263,832)
Gross loss		**(2,329)**	(97,807)
Other gains/(losses), net		**16,778**	(13,871)
Net loss on financial assets at fair value through profit or loss	*5*	**(63,611)**	(43,589)
Impairment loss on property, plant and equipment		**(25,944)**	(30,137)
Impairment loss on intangible assets		**(47,492)**	(40,683)
Impairment loss on right-of-use assets	*12*	**(93,889)**	–
Impairment loss on goodwill		**–**	(114,366)
Impairment loss on interest in an associate	*9*	**(21,075)**	(56,798)
Share of loss of an associate	*9*	**(11,089)**	(205,129)
Loss on deemed disposal of an associate	*9*	**(21,527)**	–
Net impairment loss on trade and other receivables		**(7,647)**	(4,941)
Net impairment loss on loan receivables		**(1,959)**	(5,349)
Loss on the derivative financial instruments	*13*	**(100,744)**	–
Distribution and selling expenses		**(9,759)**	(31,883)
Administrative and operating expenses		**(109,106)**	(128,820)
Finance costs	*4*	**(122,482)**	(66,383)
Loss before taxation	*5*	**(621,875)**	(839,756)
Income tax credit	*6*	**16,562**	617
Loss for the year		**(605,313)**	(839,139)
Other comprehensive (expenses)/income			
Items that will be reclassified subsequently to profit or loss:			
– exchange differences arising on translation		**(408)**	28,182
Total comprehensive expense for the year, net of income tax		**(605,721)**	(810,957)

	Note	**2019**	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Loss for the year attributable to:			
Owners of the Company		**(557,550)**	(800,530)
Non-controlling interests		**(47,763)**	(38,609)
		(605,313)	(839,139)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(566,923)**	(780,896)
Non-controlling interests		**(38,798)**	(30,061)
		(605,721)	(810,957)

		2019	2018
		RMB cents	*RMB cents*
Loss per share attributable to owners of the Company			
– Basic and diluted	*7*	**(7.64)**	(11.35)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is no restated. See Note 2(a).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RMB'000	2018 (Note) RMB'000
Non-current assets			
Property, plant and equipment		**3,850**	35,779
Investment properties		**1,150**	1,130
Prepaid lease payments		**–**	384
Right-of-use assets	*12*	**376,358**	–
Intangible assets		**60,385**	525,729
Goodwill		**20,441**	20,077
Other deposits		**5,464**	5,481
Interest in an associate	*9*	**63,720**	118,141
		531,368	706,721
Current assets			
Inventories		**85,937**	91,501
Trade and other receivables, deposits and prepayments	*10*	**116,598**	217,609
Loan receivables		**86,405**	100,193
Prepaid lease payments		**–**	14
Financial assets at fair value through profit or loss		**91,693**	123,237
Pledged bank deposits		**–**	20,620
Bank balances and cash		**101,167**	173,110
		481,800	726,284
Current liabilities			
Trade and other payables	*11*	**372,698**	367,664
Bond payables		**68,613**	67,393
Taxation payables		**4,166**	7,416
Government grant		**24**	24
Lease liabilities		**2,172**	–
Derivative financial instruments	*13*	**25,529**	–
Obligation under finance leases		**–**	205
Bank loans		**47,050**	90,350
Loans from other financial institutions		**223,764**	220,866
Other borrowings		**41,115**	165,045
		785,131	918,963
Net current liabilities		**(303,331)**	(192,679)
Total assets less current liabilities		**228,037**	514,042

	Notes	**2019** ***RMB'000***	2018 *(Note)* *RMB'000*
Non-current liabilities			
Lease liabilities		**988**	–
Obligation under finance leases		**–**	205
Convertible bonds	*13*	**126,848**	–
Government grant		**152**	176
Deferred tax liabilities		**61,619**	76,340
		189,607	76,721
Net assets		**38,430**	437,321
Capital and reserve			
Share capital	*14*	**648,584**	616,617
Reserves		**(546,890)**	(154,822)
Equity attributable to owners of the Company		**101,694**	461,795
Non-controlling interests		**(63,264)**	(24,474)
Total equity		**38,430**	437,321

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 2(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

1. GENERAL

Asia Television Holdings Limited 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. The directors of the Company considered Hong Kong dollars ("**HK$**") is the functional currency of the Company since the business transactions, in terms of operating, investing and financing activities of the Company itself are mainly denominated in HK$.

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which include all Hong Kong Financial Reporting Standards, 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 approximately RMB605,313,000 during the year ended 31 December 2019 and it had net current liabilities of approximately RMB303,331,000 as at 31 December 2019. 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) Actively negotiating with lenders and other financial institutions to renew loans that have fallen due and new credit facilities;

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

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

(iv) Soliciting for further financing arrangements which include placing of new shares to new potential investors;

(v) Extended one of the loans from other financial institutions which was matured before 31 December 2019 for a maturity on 31 May 2021;

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

(vii) Obtained the new credit facilities of not less than HK$200,000,000 which is effective for a period of 17 months from the reporting date.

Based on the Group's cash flow projections, taking account of effectiveness and feasibility of the above measures covering a period of twelve 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 effects 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 certain financial instruments and investment properties, which are measured at fair value as explained in the accounting policies set out below.

2. APPLICATION OF NEW AND REVISED HKFRSs

(a) Adoption of new and revised HKFRSs – effective 1 January 2019

The Group has applied for the first time, the following new and revised HKFRSs issued by the HKICPA which is effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2019.

(i) HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

(ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties was determined on a portfolio basis; and

(iv) used hindsight based on facts and circumstances as at date of initial application in determining the lease terms of certain leases of properties for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entity is 4.03%.

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	4,105
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application	(912)
Effect from discounting at incremental borrowing rate as at 1 January 2019	(152)
Lease liabilities discounted at relevant incremental borrowing rates relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	3,041
Add: Obligations under finance leases recognised at 1 January 2019	410
Lease liabilities as at 1 January 2019	3,451
Analysed into	
Current	1,479
Non-current	1,972
	3,451

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		3,041
Reclassified from prepaid lease payments and intangible assets	*(a)*	476,205
Amounts included in property, plant and equipment under HKAS 17		
– Assets previously under finance leases	*(b)*	475
		479,721

(a) Upfront payments for leasehold lands in the People's Republic of China (the "**PRC**") and premium over prepaid lease payment in Hong Kong for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the prepaid lease payments and intangible assets amounting to approximately RMB398,000 and RMB475,807,000 respectively, were reclassified to right-of-use assets.

(b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to approximately RMB475,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of approximately RMB205,000 and RMB205,000 to lease liabilities as current and non-current liabilities respectively at 1 January.

(ii) Interest in an associate

The associate applied the practical expedients to the leases previously classified as operating lease under HKAS 17, and elected not to recognise right-of-use assets and lease liabilities for their leases with lease terms ends within 12 months of the date of initial application (i.e. 1 January 2019). Such application has had no impact on the consolidated financial statements of the associate and of the Group.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current Assets			
Property, plant and equipment	35,779	(475)	35,304
Prepaid lease payments	384	(384)	–
Right-of-use assets	–	479,721	479,721
Intangibles assets	525,729	(475,807)	49,922
Current Assets			
Prepaid lease payments	14	(14)	–
Current Liabilities			
Lease liabilities	–	(1,479)	(1,479)
Obligations under finance leases	(205)	205	–
Non-current Liabilities			
Lease liabilities	–	(1,972)	(1,972)
Obligations under finance leases	(205)	205	–

(b) New and revised HKFRSs not yet adopted

		Effective for annual reporting periods beginning on or after
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
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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 at 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.

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15, analysed by types of goods or services:		
Sales of goods from		
– sales of finished fabrics	**29,855**	33,914
– trading of fabrics and garment products	**–**	3,027
	29,855	36,941
Subcontracting services income	**82,871**	57,938
Advertising income	**6,772**	15,202
Subscription income	**–**	4,237
Licence fee income – Film right	**–**	1,519
Licence fee income – Trademarks	**–**	3,816
Other entertainment and media services income	**6,313**	59
Brokerage and related services income	**5,421**	8,883
Underwriting and placing services income	**1,069**	7,282
Handling services income	**210**	645
	132,511	136,522
Revenue from other sources		
Loan interest income	**18,210**	18,160
Margin financing interest income	**6,171**	11,343
	156,892	166,025

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 bank 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 – PRC 2019 *RMB'000*	Trading of fabrics and clothing – Hong Kong 2019 *RMB'000*	Money lending – Hong Kong 2019 *RMB'000*	Securities investment – Hong Kong 2019 *RMB'000*	Entertainment and media – Hong Kong 2019 *RMB'000*	Securities brokerage services and margin finance – Hong Kong 2019 *RMB'000*	Unallocated corporate office 2019 *RMB'000*	Inter-segment elimination 2019 *RMB'000*	Total 2019 *RMB'000*
Revenue from external customers	112,726	–	18,210	–	13,085	12,871	–	–	156,892
Revenue from inter-segment	–	–	–	–	4,365	–	28,706	(33,071)	–
	112,726	–	18,210	–	17,450	12,871	28,706	(33,071)	156,892
Reasonable segment revenue and timing of revenue recognition									
Products and services transferred at a point in time	29,855	–	–	–	3,337	6,700	2,646	(7,011)	35,527
Services transferred over time	82,871	–	18,210	–	14,113	6,171	26,060	(26,060)	121,365
Reportable segment revenue	112,726	–	18,210	–	17,450	12,871	28,706	(33,071)	156,892
Reportable segment (loss)/profit (adjusted EBITDA)	(9,691)	(49)	14,473	134	(54,181)	(3,824)	(12,822)	–	(65,960)
Depreciation and amortisation	(7,781)	–	–	–	(26,326)	(2,088)	(1,128)	–	(37,323)
Impairment on intangible assets	–	–	–	–	(47,492)	–	–	–	(47,492)
Impairment of property, plant and equipment	(18,954)	–	–	–	(6,990)	–	–	–	(25,944)
Impairment of right-of-use assets	(384)	–	–	–	(93,505)	–	–	–	(93,889)
Net (impairment)/reversals of impairment loss on trade and other receivables	(265)	(119)	–	–	1,913	(9,176)	–	–	(7,647)
Net reversal of impairment loss on deposits paid to suppliers	3,071	–	–	–	–	–	–	–	3,071
Net impairment loss on loan receivables	–	–	(1,959)	–	–	–	–	–	(1,959)
Net impairment loss on inventories	(3,249)	–	–	–	(955)	–	–	–	(4,204)
Net loss on financial assets at fair value through profit or loss	–	–	–	(42,387)	(21,224)	–	(21,224)	–	(63,611)
Loss on derivative financial instruments	–	–	–	–	–	–	(100,744)	–	(100,744)
Finance costs	(4,828)	–	(26,060)	(2,596)	(1,781)	(1,515)	(111,762)	26,060	(122,482)
Impairment loss on interest in an associate									(21,075)
Share of loss of an associate									(11,089)
Loss on deemed disposal of an associate									(21,527)
Loss before taxation									(621,875)
Reportable segment assets	107,181	108	86,458	31,358	508,774	200,796	78,493	–	1,013,168
Additions to non-current segment assets	2,412	–	–	–	5,336	1,793	67,498	–	77,039
Reportable segment liabilities	127,059	4,014	1,073	23,785	186,983	84,640	547,184	–	974,738

	Processing, printing and sales of finished fabrics – PRC 2018 *RMB'000*	Trading of fabrics and clothing – Hong Kong 2018 *RMB'000*	Money lending – Hong Kong 2018 *RMB'000*	Securities investment – Hong Kong 2018 *RMB'000*	Entertainment and Media – Hong Kong 2018 *RMB'000*	Securities brokerage services and margin finance – Hong Kong 2018 *RMB'000*	Unallocated corporate office 2018 *RMB'000*	Inter-segment elimination 2018 *RMB'000*	Total 2018 *RMB'000*
Revenue from external customers	91,852	3,027	18,160	–	24,833	28,153	–	–	166,025
Revenue from inter-segment	–	–	–	–	16,709	–	26,869	(43,578)	–
	91,852	3,027	18,160	–	41,542	28,153	26,869	(43,578)	166,025
Reasonable segment revenue and timing of revenue recognition									
Products and services transferred at a point in time	33,914	3,027	–	–	1,519	11,343	26,869	(43,578)	33,094
Services transferred over time	57,938	–	18,160	–	40,023	16,810	–	–	132,931
Reportable segment revenue	91,852	3,027	18,160	–	41,542	28,153	26,869	(43,578)	166,025
Reportable segment profit/(loss) (adjusted EBITDA)	4,382	6	18,104	(5,473)	(131,498)	14,548	(42,287)	–	(142,218)
Depreciation and amortisation	(10,606)	(3)	–	–	(81,058)	(174)	(820)	–	(92,661)
Impairment on goodwill	–	–	–	–	(114,366)	–	–	–	(114,366)
Impairment on intangible assets	–	–	–	–	(40,683)	–	–	–	(40,683)
Impairment of property, plant and equipment	(3,606)	–	–	–	(26,531)	–	–	–	(30,137)
Net reversals of impairment loss/(impairment) on trade and other receivables	503	20	–	–	(2,879)	(5,451)	2,866	–	(4,941)
Net reversal of impairment loss on deposits paid to suppliers	5,095	–	–	–	–	–	–	–	5,095
Net impairment loss on loan receivables	–	–	(5,349)	–	–	–	–	–	(5,349)
Net impairment loss on inventories	(26,037)	–	–	–	(16,560)	–	–	–	(42,597)
Net loss on financial assets at fair value through profit or loss	–	–	–	(43,589)	–	–	–	–	(43,589)
Finance costs	(5,947)	–	(19,719)	(2,617)	–	(4,384)	(53,435)	19,719	(66,383)
Impairment loss on interest in an associate									(56,798)
Share of loss of an associate									(205,129)
Loss before taxation									(839,756)
Reportable segment assets	159,847	230	100,245	202,881	580,355	338,912	1,098,537	(1,048,002)	1,433,005
Additions to non-current segment assets	2,979	–	–	–	41,170	729	362	–	45,240
Reportable segment liabilities	138,091	3,898	412,380	67,233	160,977	208,349	417,138	(412,382)	995,684

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	2019 *RMB'000*	2018 *RMB'000*
Receivables, which are included in "Trade and other receivables" *(Note 10)*		
– Sales of goods from finished fabrics and garment products	**5,680**	2,152
– Subcontracting services income	**91**	35
– Entertainment and media services income	**–**	2,058
– Brokerage and related services income *(Note)*	**64,310**	135,498
	70,081	139,743
Contract liabilities, which are included in "Trade and other payables" *(Note 11)*		
– Sales of goods from finished fabrics and garment products	**11,023**	5,720
– Subcontracting services income	**12,978**	12,551
– Entertainment and media services income	**4,468**	11,442
	28,469	29,713

The contract liabilities comprised the customers' deposits and receipt in advance.

The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Note: Due to the business nature of brokerage services and margin finance business, it is assumed that the entire trade receivables balances belong to the category of brokerage and related services income as customers would not indicate whether they are settling the brokerage and related services fee, handling services fee or margin financing interest.

4. FINANCE COSTS

	2019 *RMB'000*	2018 *RMB'000*
Interest on bank loans	**4,821**	5,780
Interest on other secured loans*	**49,733**	15,786
Interest on other unsecured loans*	**57,296**	35,409
Interest on bond payables	**4,939**	4,726
Interest on lease liabilities	**149**	–
Interest on finance leases	**–**	17
Interest on convertible bonds *(Note 13)*	**929**	–
Other finance costs	**4,615**	4,665
	122,482	66,383

* The amount comprised the interest payable for the year ended 31 December 2019 and the default interest at rates of ranging from 6% to 36% per annum accrued on the overdue outstanding balance in accordance with the relevant loan agreements.

5. LOSS BEFORE TAXATION

	2019	2018
	RMB'000	*RMB'000*
Loss before taxation has been arrived at after charging/(crediting):		
Directors' remuneration	**3,706**	5,792
Staff cost (excluding directors' remuneration)#		
– Staff salaries	**66,219**	106,555
– Retirement benefits scheme contributions	**1,128**	2,685
– Staff welfare	**739**	340
Penalties to The Securities and Futures Commission (the "**SFC**")*	**4,410**	–
Amortisation of intangible assets	**7,394**	72,591
Depreciation## of:		
– Property, plant and equipment	**11,136**	20,070
– Right-of-use assets *(Note 12)*	**18,793**	–
Auditor's remuneration and other services		
– Audit services	**1,235**	1,122
– Non-audit services	**128**	358
	1,363	1,480
Cost of inventories recognised as expenses (including net write-down of inventories amounting to RMB4,204,000 (2018: RMB42,597,000))	**68,854**	83,768
Net loss on financial assets at fair value through profit or loss		
(a) securities investment		
– Realised loss/(gain) on disposal	**32,793**	(5,247)
– Fair value loss	**9,594**	48,836
(b) movie investment		
– Fair value loss	**21,224**	–
	63,611	43,589
Operating lease rentals in respect of		
– prepaid lease payments	**–**	14
– rented premises	**1,289**	7,261

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 2(a).

* The SFC has reprimanded and fined the Group HK$5,000,000 for a series of internal control failings and regulatory breaches.

Total staff cost of approximately RMB32,851,000 (2018: RMB57,775,000), RMB6,115,000 (2018: RMB15,146,000) and RMB29,120,000 (2018: RMB36,659,000) has been charged to cost of sales, distribution and selling expenses and administrative and operating expenses, respectively for the year ended 31 December 2019.

Total depreciation of approximately RMB5,313,000 (2018: RMB7,063,000) and RMB24,616,000 (2018: RMB13,007,000) has been charged to cost of sales and administrative and operating expenses, respectively for the year ended 31 December 2019.

6. INCOME TAX CREDIT

The PRC Enterprise Income Tax ("**EIT**") is calculated at the rate of 25% prevailing in the PRC jurisdiction for the year ended 31 December 2019 (2018: 25%). Provision for Hong Kong Profits Tax has been provided at the rate of 8.25% or 16.5% (2018: 8.25% or 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%.

	2019	2018
	RMB'000	*RMB'000*
Current tax		
– Hong Kong Profits Tax	**184**	1,391
– EIT	**845**	620
– (Over)/under-provision in respect of prior year	**(3)**	6
	1,026	2,017
Deferred tax	**(17,588)**	(2,634)
	(16,562)	(617)

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share for the current year and prior year are based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year are set forth below.

The calculation of diluted loss per share for the year are based on the loss for the year attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

For the year ended 31 December 2019, as the Company's outstanding convertible bonds had an anti-dilutive effect to the basic loss per share calculation, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted loss per share for the year ended 31 December 2019 are equal.

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

	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	**(557,550)**	(800,530)
Add: Interest on convertible bonds *(Note 4)*	**–***	–
Adjusted loss for the year attributable to owners of the Company used in the diluted loss per share calculation	**(557,550)**	(800,530)

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**7,301,969**	7,055,668

* No adjustment/effect considered due to anti-dilutive effects.

8. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2019 (2018: Nil). The Board resolved not to declare the payment of any final dividend for the year (2018: Nil).

9. INTEREST IN AN ASSOCIATE

	2019	2018
	RMB'000	*RMB'000*
Share of fair value of net assets on acquisition	**235,817**	235,817
Goodwill	**149,579**	149,579
Share of post-acquisition profit or loss	**(217,799)**	(206,710)
	167,597	178,686
Loss on deemed disposal	**(21,527)**	–
Impairment loss	**(77,873)**	(56,798)
Currency realignment	**(4,477)**	(3,747)
	63,720	118,141

Upon the special issue and conversion of Irredeemable Convertible Preference Share ("**ICPS**") during the year ended 31 December 2019, the registered capital of Yong Tai Berhad ("**Yong Tai**") was enlarged from approximately RM535,901,000 to RM611,404,000 (equivalent to approximately RMB852,375,644 to RMB994,081,000) and the Group's effective equity interest in Yong Tai was diluted to 19.78% resulting in a loss on deemed disposal of approximately RMB21,527,000. In view of the significant influence can be still exercised through participation in the directors' and shareholders' meeting of Yong Tai, it continued to be classified as an associate even the equity interests was diluted to lower than 20%.

Based on the quoted market price of the ordinary shares and ICPS, total impairment loss of approximately RMB21,075,000 was recognised in the profit or loss during the year ended 31 December 2019 (2018: RMB56,798,000).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	RMB'000	*RMB'000*
Trade receivables from securities brokerage services and margin finance segment *(Note (a))*	**78,694**	145,456
Less: Allowances for bad and doubtful debts	**(14,384)**	(9,958)
	64,310	135,498
Trade receivables from other segments *(Note (b))*	**10,400**	10,536
Less: Allowances for bad and doubtful debts	**(4,629)**	(6,291)
	5,771	4,245
Deposits paid to suppliers	**21,518**	29,081
Less: Allowances for impairment	**(8,561)**	(11,632)
	12,957	17,449
Other deposits, receivables and prepayments	**33,560**	60,417
	116,598	217,609

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

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk.

Trade receivables from cash clients and securities clearing houses are repayable on demand subsequent to the settlement date. The normal settlement terms of said trade receivables are, in general, two days after trade date. The Group allows a credit period mutually agreed with the contracting parties for receivables from margin clients.

The Group maintains accounts with the securities clearing houses through which it conducts securities trading transactions and settlement on a net basis.

No aging analysis is disclosed for as in the opinion of the directors of the Company, an analysis is not meaningful in view of the business nature.

(b) Trade receivables from other segments

The Group does not provide credit period to its customers. The ageing analysis of the trade receivables from other segments, net of impairment as at the reporting date, based on invoice date and due date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
0 to 90 day(s)	**5,555**	3,583
91 to 180 days	**216**	461
181 to 270 days	**–**	–
271 to 365 days	**–**	201
	5,771	4,245

11. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables from securities brokerage services and margin finance segment *(Note (i))*	**74,719**	146,858
Trade payables from other segments *(Note (ii))*	**14,733**	16,529
Deposit on disposal of subsidiaries *(Note (iii))*	**16,982**	16,681
Other payables and accruals	**266,264**	187,596
	372,698	367,664

Notes:

(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.

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

	2019	2018
	RMB'000	*RMB'000*
0 to 90 day(s)	**5,797**	7,403
91 to 180 days	**1,096**	688
181 to 270 days	**242**	993
271 to 365 days	**967**	864
Over 365 days	**6,631**	6,581
	14,733	16,529

(iii) On 16 July 2018, Co-Prosperity Investment (International) Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party (the "**Vendor**"), pursuant to which the Vendor was conditionally to acquire 60% shareholding of Million Federal International Limited at the consideration of approximately RMB87,790,000 (equivalent to HK$100,000,000). Such transaction has not been completed up to the date of this announcement.

12. RIGHT-OF-USE ASSETS

As a lessee

The Group has lease contracts for various offices and branches used for its operation. Those leases generally run for an initial period of one to two years. There are no lease contracts that include variable lease payments. Certain leases of motor vehicles were accounted for as finance leases during the year ended 31 December 2018 and carried interests ranged from 2.95% to 3.81%.

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leased properties	**Premium over prepaid lease payments** *(Note)*	**Prepaid lease payments**	**Motor vehicles**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019 – Upon application of HKFRS 16 *(Note 2(a)(i))*	3,041	475,807	398	475	479,721
Additions	1,793	–	–		1,793
Depreciation *(Note 5)*	(1,811)	(16,771)	(14)	(197)	(18,793)
Impairment loss *(Note)*	–	(93,505)	(384)	–	(93,889)
Currency realignment	54	7,466	–	6	7,526
As at 31 December 2019	3,077	372,997	–	284	376,358

Note:

Such balance represented the premium over prepaid lease payments obtained upon the completion of the acquisition of Asia Television Limited ("**ATV**"), which is under Media CGU.

Media CGU belongs to the Group's reporting segment of media, cultural and entertainment business.

The recoverable amount of Media CGU as at 31 December 2019 has been determined to be approximately RMB401,376,000 (2018: RMB524,355,000) based on the value-in-use calculation (2018: value-in-use calculation) with reference to a professional valuation performed by the independent valuer. That value-in-use calculations use cash flow projections based on financial budgets approved by management covering an indefinite period (2018: indefinite period) as estimated by the Group. Management determined the budgeted revenue and costs based on past performance and its expectations for the market development. Based on the assessment, impairment loss on premium over prepaid lease payments of approximately RMB93,505,000 was recognised during the year ended 31 December 2019.

13. CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENTS

On 24 September 2019, the Company entered into the subscription agreement with Mr. Deng Junjie ("**Mr. Deng**"), the substantial shareholder and the director of the Company, pursuant to which Mr. Deng has conditionally agreed to subscribe and the Company has conditionally agreed to issue the 6% convertible bonds in two phases in an aggregate principal amount of HK$400,000,000 (equivalent to approximately RMB362,765,000) at the conversion price of HK$0.1 per conversion share.

The subscription agreement became unconditional upon the conditions precedents have been all fulfilled on 2 December 2019. Accordingly, the derivative financial instrument measured at fair value of approximately HK$82,654,000 (equivalent to approximately RMB73,876,000) was recognised and the corresponding amount was recognised as capital contribution from Mr. Deng in the capacity of a substantial shareholder of the Company.

Phase I completion in respect of the convertible bonds in the principal amount of HK$200,000,000 (equivalent to approximately RMB178,778,000) has been taken place on 17 December 2019.

The Phase I of convertible bonds recognised at the date of issuance (i.e. 2 December 2019) and the end of the year was calculated as follows:

	Derivative financial instruments RMB'000	Equity component RMB'000	Liability component RMB'000	Total RMB'000
Fair value at the date of issuance	1,339	53,256	126,861	180,117
Proceeds from issuance				178,778
Derecognition of derivative financial instruments upon the issuance of Phase I convertible bonds	(1,339)			1,339
	–			
Transaction costs on issuance		(225)	(536)	
		53,031	126,325	
Effective interest expenses *(Note 4)*		–	929	
Interest payable (included in other payables)		–	(411)	
Currency realignment		(3)	5	
At 31 December 2019		53,028	126,848	

The derivative financial instruments recognised at the date the subscription agreement became unconditional, the date of issuance and the end of the year was calculated as follows:

	Phase I RMB'000	Phase II RMB'000
At 2 December 2019 (the date of subscription agreement became unconditional)	40,670	33,206
Fair value loss related to Phase I convertible bonds recognised in the consolidated profit or loss	(42,009)	–
At 17 December 2019 (the date of issuance)	(1,339)	
Derecognition of derivative financial instruments upon the issuance of Phase I convertible bonds	1,339	–
Fair value loss related to Phase II convertible bonds recognised in the consolidated profit or loss	–	(58,735)
At 31 December 2019	–	(25,529)

Up to the date of this announcement, the Company received HK$110,000,000 (equivalent to approximately RMB98,318,000) from Mr. Deng for the Phase II convertible bonds. The remaining consideration would be settled by on or before 1 June 2020 pursuant to the letter of confirmation signed on 4 May 2020. Phase II convertible bonds will be issued upon the consideration is fully settled.

14. SHARE CAPITAL

	Number of share	Authorised Amount
	'000	*HK$'000*
Ordinary shares of HK$0.10 each		
As at 1 January 2018, 31 December 2018 and 31 December 2019	20,000,000	2,000,000

	Issued and fully paid		
	Number of share	**Amount**	**Amount**
	'000	*RMB'000*	*RMB'000*
As at 1 January 2018, 31 December 2018 and 1 January 2019	7,055,668	616,617	705,566
Issue of consideration shares for movie investment *(Note)*	370,000	31,967	37,000
As at 31 December 2019	7,425,668	648,584	742,566

Note: On 11 April 2019 and 14 May 2019, the Company entered into two movie investment agreements with an independent third party, pursuant to which the Company agreed to acquire the income rights of two movies at the aggregate consideration of HK$92,500,000 (equivalent to approximately RMB82,677,000), which was satisfied by the allotment and issue of 370,000,000 shares in aggregate fair value of approximately HK$92,500,000 (equivalent to approximately RMB79,918,000) based on the fair value of each share of HK$0.25 on issue date.

15. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) Since January 2020, the epidemic of Coronavirus Disease 2019 ("**COVID-19**") has spread across China and other countries and it has affected the business and economic activities of the Group to some extent.

Subject to the development and spread of COVID-19 subsequent to the date of these consolidated financial statements, COVID-19 may have further impact on the financial results of the Group, the extent of which could not be reliably estimated as at the date of these consolidated financial statements.

The Group will closely monitoring the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

(b) The fair value of securities investment classified as financial assets at fair value through profit or loss has been dropped by approximately 21% as at the date of this announcement.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed with Moore Stephens CPA Limited as at the date of their publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

	Disclosure in the unaudited result announcement 2019	**Disclosure in this announcement 2019**	**Difference**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	(158,266)	(159,221)	(955)
Other gains/(losses), net	16,777	16,778	1
Net loss on financial assets at fair value through profit or loss	(42,387)	(63,611)	(21,224)
Impairment loss on property, plant and equipment	(25,890)	(25,944)	(54)
Impairment loss on intangible assets	(35,101)	(47,492)	(12,391)
Impairment loss on right-of-use assets	–	(93,889)	(93,889)
Loss on derecognition of financial asset at fair value through profit or loss	(21,224)	–	21,224
Loss on the derivative financial instruments	–	(100,744)	(100,744)
Administrative and operating expenses	(121,316)	(109,106)	12,210
Finance costs	(122,478)	(122,482)	(4)
Income tax credit	(745)	16,562	17,307
Other comprehensive income/(expanses)			
Items that will be reclassified subsequently to profit or loss:			
– exchange differences arising on translation	8,197	(408)	(8,605)
Loss for the year attributable to:			
Owner of the Company	(426,635)	(557,550)	(130,915)
Non-controlling interest	(159)	(47,763)	(47,604)
Total comprehensive expanses for the year attributable to:			
Owner of the Company	(426,630)	(566,923)	(140,293)
Non-controlling interest	8,033	(38,798)	(46,831)

	Disclosure in the unaudited result announcement 2019	Disclosure in this announcement 2019	Difference
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	1,147	3,850	2,703
Right-of-use assets	470,871	376,358	(94,513)
Intangible assets	73,271	60,385	(12,886)
Current assets			
Trade and other receivables, deposits and prepayments	137,933	116,598	(21,335)
Current liabilities			
Trade and other payables	372,125	372,698	573
Taxation payables	4,140	4,166	26
Non-current liabilities			
Convertible bonds	126,029	126,848	819
Deferred tax liabilities	84,379	61,619	(22,760)
Capital and reserves			
Reserves	(489,032)	(546,890)	(57,858)
Non-controlling interests	(16,433)	(63,264)	(46,831)

These difference are mainly due to:

- the reclassification other gains/(losses), net of certain items included in administrative and operating expenses, costs of sales, other gains/(losses), net, trade and other receivables, deposits and prepayments, trade and other payables, taxable payables.

- the further impairment losses and the corresponding deferred tax liabilities provided on certain non-financial assets based on the value-in-use calculations with reference to the estimation by the valuer.

- recognition of the fair value of derivative financial instrument associated with the convertible bonds at the date of convertible bonds became unconditional.

- fair value adjustment on remeasurement of derivative financial instruments associated with the convertible bonds at the reporting date.

- fair value adjustment of movie investments classified as financial assets at FVTPL.

- the further adjustment in relation to the fair value of the convertible bonds at the issue date with reference to the valuation.

- derecognition of prepayment recorded in a PRC subsidiary as administrative and operating expenses.

- the further impairment loss of intangible assets with reference to the estimation by the valuer.

- the adjustment of property, plant and equipment and depreciation.

- the resulting adjustment of the translation reserves.

- the resulting adjustment of non-controlling interests.

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 2019 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 the comparability of the current year's figures and corresponding figures in the consolidated financial statements and material uncertainty related to going concern of the Group for the year ended 31 December 2019.

Qualified opinion

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 2019, 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 Hong Kong Companies Ordinance.

Basis for Qualified Opinion – Corresponding figures

As detailed in auditor's report dated 27 March 2019, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of deposits for other investments on Asia Television Limited ("**ATV**") ("**ATV Deposits**") and receivables due from ATV ("**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 based on the purchase price allocation of the Acquisition, the consideration paid by Star Platinum for the Acquisition comprised of the ATV Deposits and ATV Receivables exceeded the fair value of identifiable assets and liabilities of ATV and its subsidiaries. The goodwill then arising from the Acquisition of RMB114,366,000 was assessed to be fully impaired, the impairment loss was recognised in the consolidated profit or loss for the year ended 31 December 2018.

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. Our opinion on the consolidated financial statements for the year ended 31 December 2018 is qualified accordingly.

Our opinion on the current year's consolidated financial statements is also qualified because of the possible effects of these 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

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates that, the Group incurred a net loss from operations of approximately RMB605,313,000 for the year ended 31 December 2019 and the Group's current liabilities exceeded the current assets by approximately RMB303,331,000 as of 31 December 2019. These events or 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 modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

During the year ended 31 December 2019, Asia Television Holdings Limited (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 2019. Weak demand from emerging markets and the substantial increase in direct costs continued to exert tremendous 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 standards 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 2019, the turnover contributed by the Fabrics and Trading Business was approximately Renminbi ("**RMB**") 112.7 million (2018: RMB94.9 million), representing an increase of 18.8% from the previous year, was mainly due to the increase in revenue contributed by subcontracting services. Gross loss from the operation has reduced substantially from approximately RMB18.1 million in 2018 to gross loss of approximately RMB8.8 million in the current year, representing a 51.4% year-on-year decline. Nevertheless, the 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 extremely 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 prolong process of consolidation and we will continue to adopt stringent cost control measures and consider of downsizing to counteract the operational headwinds.

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 2019, the loan balances were approximately RMB86.4 million (2018: RMB100.2 million) with terms of 3 months to 1 year.

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 2019, the interest income contributed by the money lending business was approximately RMB18.2 million (2018: RMB18.2 million) with EBITDA result of approximately RMB14.5 million (2018: RMB18.1 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. Global financial markets experienced a turbulent ride in 2019 primarily due to the US-China trade overhang and sluggish global economic growth. The stock market was volatile in 2019 and the Group recorded an overall fair value loss of approximately RMB42.4 million (2018: RMB43.6 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, the unrest of Hong Kong society, the weakening RMB and economics in emerging markets, which lead to the overall unsatisfactory performance of the stock market.

As at 31 December 2019, the aggregate amount of the Group's listed securities held for trading at fair value is approximately RMB31.4 million (2018: RMB123.2 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 RMB12.9 million (2018: RMB28.2 million), representing a decrease of 54.3% from the previous year, the decrease in revenue was mainly due to the overall decrease in revenue generated from brokerage and related services, underwriting and placing services and margin financing interest.

Media, Cultural and Entertainment Business

During the year, turnover of the media, cultural and entertainment business was approximately RMB13.1 million (2018: 24.8 million). Since the beginning of social unrest in June 2019, adversity in the economy and business environment in Hong Kong, and uncertainties in global markets have given rise to sharp decline in advertising and subscription income. EBITDA for the year ended 31 December 2019 was a loss of approximately RMB54.2 million (2018: a loss of approximately RMB131.5 million), the improvement was mainly due to restructuring, downsizing and the adoption of stringent cost control measures. During the period under review, we have also revived our most popular and classic contents such as "Miss Asia Pageant", along with our new programmes. The Group has streamlined its management team and outsourced certain programmes for the 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 e-commence platform with strong customer base. In the long run, we aim to expand vertically to provide our customers with a "one-stop" solution from creative production to media delivery. In the medium to long term development, it is expected that our platform will cover other Chinese-Speaking regions. We will focus on developing Malaysia, Singapore, Hong Kong and Taiwan before moving on to other countries with large populations.

THE REMEDIAL ACTIONS TO BE UNDERTAKEN RELATED TO MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The management has drawn 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 2019, the Group incurred a net loss of approximately RMB605,313,000. As at 31 December 2019, the Group's current liabilities exceeded the current assets by approximately RMB303,331,000. These events and conditions indicate a material uncertainty exists that may cast significant doubt about the Group's ability to continue as going concern.

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

(i) Actively negotiating with lenders and other financial institutions to renew loans that have fallen due and new credit facilities;

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

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

(iv) Soliciting for further financing arrangements which include placing of new shares to new potential investors;

(v) Extended one of the loans from other financial institutions which was matured before 31 December 2019 for maturity on 31 May 2021;

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

(vii) Obtained the new credit facilities of not less than HK$200,000,000 which is effective from a period of 17 months from the report date.

The management has commenced to look into related development opportunities such as diversified source of income and is processing the following actions to improve the financial performance of the Group:

(i) negotiating with third parties to jointly organise music events and produce film rights;

(ii) negotiating with third parties to invest in film rights;

(iii) revitalizing and developing the mobile application and OTT platform for Singapore, Malaysia, Hong Kong and Taiwan; and

(iv) implementing policies to monitor cash flows through cutting costs and capital expenditure.

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 have fallen due or will be failing due in coming twelve months. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group had total assets of approximately RMB1,013.2 million (2018: RMB1,433.0 million) which were financed by current liabilities of approximately RMB785.1 million (2018: RMB919.0 million), non-current liabilities of approximately RMB189.6 million (2018: RMB76.7 million) and the shareholders of the Company (the "**Shareholders**") equity of approximately RMB101.7 million (2018: RMB461.8 million).

As at 31 December 2019, excluded clients' monies in segregated account, the Group's cash and bank balances were approximately RMB29.7 million (2018: RMB37.3 million), while pledged bank deposits amounted to RMB0.0 million (2018: RMB20.6 million). As at 31 December 2019, the secured bonds were fixed-rate and were denominated in Hong Kong dollars ("**HK$**"), the short-term bank loans were fixed-rate loans and denominated in RMB whereas loans from other financial institution and other borrowing were fixed-rate loan and denominated in HK$. The Group's borrowings were secured by property, plant and equipment, interest in an associate, financial assets at FVTPL, rights-of-use assets, trade and other receivables, deposits and prepayments, pledged bank deposits and bank balances and cash of the Group.

The current ratio, being a ratio of total current assets to total current liabilities, was approximately 0.6 (2018: 0.8). The gearing ratio, being a ratio of borrowings (comprising leases liabilities, bond payables, convertible bonds, bank loans, loans from other financial institutions and other borrowings as at 31 December 2019) to Shareholders' equity, was 502.1% (2018: 117.8%).

LITIGATIONS

I. LITIGATION IN RELATION TO THE LOAN AGREEMENT

Reference is made to the announcements of the Company dated 28 January 2019, 30 July 2019, 1 August 2019, 2 September 2019 and 13 January 2020 (the "**Litigation Related Announcements**") in relation to, inter alia, a litigation in relation to the breach of the Loan Agreement (as defined below).

As disclosed in the Litigation Related Announcements, on 28 January 2019, the Company, as the borrower, entered into a loan agreement (the "**Loan Agreement**") with Tse's Finance Limited (the "**Lender**"), pursuant to which the Lender agreed to provide to the Borrower a term loan of HK$50,000,000, at an interest rate of 2.5% per month for a term of 2 months (the "**Loan**"). Pursuant to the Loan Agreement, the Company shall repay the principal amount of the Loan in full and the interest incurred on the maturity date of the Loan.

On 30 July 2019, the Company received a writ of summons ("**Writ**") together with a Statement of Claim issued in the Court of First Instance of High Court of Hong Kong by the Lender against the Company. On 1 August 2019, the Lender filed a Notice of Discontinuance and therefore the Writ is withdrawn. On 2 September 2019, the Company received another writ of summons ("**Writ II**") together with a Statement of Claim issued in the Court of First Instance of High Court of Hong Kong by the Lender against the Company. On 13 January 2020, the Company settled the judgment debt to the Lender in full, including the principal sum of HK$50,000,000.00, all the accrued interests and related expenses in the aggregate amount of HK$64,798,719.71. Since the Lender has confirmed that it had received the settlement amount, it confirmed that no further legal actions in relation to the Loan Agreement will be taken accordingly.

II. LITIGATION IN RELATION TO STATUTORY DEMANDS

Reference is made to the announcements of Company dated 21 October 2019, 24 October 2019, 28 October 2019 and 18 December 2019 (the "**Statutory Demands Related Announcements**") in relation to, inter alia, the commencement of litigations in relation to two alleged outstanding debts.

As disclosed in the Statutory Demands Related Announcements, on 2 October 2019, a statutory demand under section 178(1)(A) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) ("**Ordinance**") ("**Statutory Demand I**") was served on the Company by a creditor (the "**Creditor I**") to demand the Company to repay the alleged outstanding debt in the amount of HK$150,177,884.47 (the "**Debt I**") within 3 weeks after the service of the Statutory Demand I. On 9 October 2019, a statutory demand under section 178(1)(A) of the Ordinance ("**Statutory Demand II**") was served on the Company by a creditor (the "**Creditor II**") to demand the Company to repay the alleged outstanding debt in the amount of HK$222,707,496.00 (the "**Debt II**") within 3 weeks after service of the Statutory Demand II. After the expiry of the 3-week period after the services of Statutory Demand I and Statutory Demand II, both Creditor I and Creditor II may present a winding-up petition against the Company.

Reference is made to the announcements of Company dated 7 April 2020 (the "**2020 Statutory Demand Announcement**") in relation to, inter alia, the commencement of litigation in relation to the alleged outstanding debts.

As disclosed in the 2020 Statutory Demand Announcement, on 23 March 2020, a statutory demand under section 178(1)(A) of the Ordinance ("**Statutory Demand III**") was served on the Company by a creditor (the "**Creditor III**") to demand the Company to repay the alleged outstanding debt in the amount of HK$45,978,301.36 (the "**Debt III**") within 3 weeks after the service of the Statutory Demand III. After the expiry of the 3-week period after the services of Statutory Demand III, Creditor III may present a winding-up petition against the Company. As at the date of this announcement, the Company is proactively engaging in negotiations with the Creditor III for better terms on the repayment schedule and for waiving the breaches.

Creditor I then has agreed that they would not present the winding up petition if the Company could repay part of the outstanding debt of HK$20,000,000 by 23 October 2019, and expected the Company to repay the remaining outstanding debts after the completion of the connected transaction in relation to subscription of convertible bonds under specific mandate (the "**Completion of Subscription**") with the estimated gross proceeds of approximately HK$400 million (the "**Gross Proceeds**") as stated in the announcement dated 24 September 2019 (the "**Subscription Announcement**"). Creditor II has also agreed that they would not present the winding up petition if the Company could repay part of the outstanding debt of HK$50,000,000 by 30 October 2019, and expected the Company to repay the remaining outstanding debts after the Completion of Subscription with the Gross Proceeds as stated in the Subscription Announcement.

On 18 December 2019, the Company completely repaid all the alleged outstanding debt to Creditor I, including the principal sum of HK$137 million, all the accrued interests and all the accrued legal and professional fees in the aggregate amount of HK$165,287,167.42. As a result of the Creditor I has confirmed that it had received the settlement amount, the Statutory Demand I was deemed to be lapsed accordingly. As at the date of this announcement, the Company is still proactively engaging in negotiations with Creditor II for better terms on the repayment schedule and for the avoidance of the potential winding-up petition. The Company is also negotiating with various other lenders for new credit lines in order to improve the cashflow position of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS OF THE GROUP

Disposal of Million Federal International Limited

On 16 July 2018, Co-Prosperity Investment (International) Limited, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement to dispose 60% of the entire issued share capital of Million Federal International Limited and its subsidiaries at the consideration of approximately RMB85 million (equivalent to HK$100 million). Sincere Securities Limited, a wholly-owned subsidiary of Million Federal International Limited, is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities. The transaction has not been completed up to the date of this announcement.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed securities held for trading, at fair value

As at 31 December 2019, the Group held listed securities held for trading at fair value through profit or loss of approximately RMB31,361,000, particulars of which are set out below:

Stock code	Name of Securities	No. of shares held by the Group as at 31 December 2019	% of share capital owned by the Group	Investment cost *(Note 1)* *RMB'000*	Market value at 31 December 2019 *(Note 1)* *RMB'000*	Unrealised loss on change in fair value for the year ended 31 December 2019 *(Note 1)* *RMB'000*	% of the Group's total assets
7	Hong Kong Finance Investment Holding Group Limited	16,000,000	0.40%	13,271	11,584	(2,117)	1.14%
286	Aidigong Maternal & Child Health Limited	26,902,000	0.70%	19,895	13,225	(2,135)	1.31%
	Other listed securities held for trading, at fair value				6,552		0.65%
				Total	31,361		3.10%

Notes:

1. The investment cost, market value as at 31 December 2019, unrealized loss on change in fair value and the percentage of the Group's total assets in the the above table have been subject to rounding adjustments. Accordingly figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

2. The market value of each of the securities investments under financial assets at fair value through profit or loss as at 31 December 2019 are less than RMB3,000,000.

Movie investments, at fair value

	Investment costs *RMB'000*	Fair value at 31 December 2019 *RMB'000*	% of the Group's total assets as at 31 December 2019
Movie investments at fair value	82,667	60,332	5.95%

Notes:

1 Movie Investment Agreement I

On 11 April 2019, the Company entered into a movie investment agreement (the "**Movie Investment Agreement I**") with Filmko Pictures Limited ("**Filmko Pictures**"), pursuant to which Filmko Pictures has conditionally agreed to sell and the Company has conditionally agreed to acquire the right to share 15% of the net distribution revenue of the movie "Double World《征途》" (the "**Acquisition I**") by the allotment and issue of a total of 270,000,000 new Shares (the "**Consideration Shares I**") to Filmko Pictures (or its nominee(s)). On 26 April 2019, the Consideration Shares I were allotted and issued to Filmko Pictures (or its nominees) at the issue price of HK$0.25 per Share under the general mandate granted by the shareholders of the Company to the Directors at the annual general meeting held on 1 June 2018 (the "**2018 General Mandate**") and the Acquisition I was completed on 26 April 2019.

The total income from the movie income right will be received after the first release date of the movie. The first release date has not been fixed to the date of this announcement. The fair values of the investments as at 31 December 2019 have been determined by external valuation experts based on the best estimation on the expected future revenue generated by the films less relevant costs.

2 Movie Investment Agreement II

On 14 May 2019, the Company entered into a movie investment agreement (the "**Movie Investment Agreement II**") with Filmko Pictures, pursuant to which Filmko Pictures has conditionally agreed to sell and the Company has conditionally agreed to acquire the right to share 10% of the net distribution revenue of the movie "Little Q《小Q》", (the "**Acquisition II**") was satisfied by the allotment and issue of a total of 100,000,000 new Shares (the "**Consideration Shares II**") pursuant to the Movie Investment Agreement II to Filmko Pictures (or its nominee(s)). On 22 May 2019, the Consideration Shares II were allotted and issued to Filmko Pictures (or its nominees) at the issue price of HK$0.25 per Share under the 2018 General Mandate and the Acquisition II was completed on 22 May 2019.

During the year ended 31 December 2019, Filmko Pictures acknowledged that the Group could receive approximately RMB840,000 from the investment. The income was already settled.

Details of the Movie Investment Agreement I and Movie Investment Agreement II were set out in the Company's announcements dated 11 April 2019, 26 April 2019, 14 May 2019 and 22 May 2019. The Movie Investment Agreement I and Movie Investment Agreement II were completed on 26 April 2019 and 22 May 2019 respectively.

Investment strategy

The Group will adopt preservation strategies to meet the challenges posted by the market to improve the performance and maximize the returns of shareholders as a whole.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group has no capital commitments (2018: Nil) in respect of purchases of property, plant and equipment.

CONTINGENT LIABILITIES AND EXCHANGE RISK EXPOSURE

The Group has provided corporate guarantees in favour of a financial institution in respect of certain credit facilities granted to an independent third party, Shasing-Shapheng Quanzhou and a related company, Fujian Xiesheng Xiefeng Printing and Dyeing Industry Co., Ltd (2018: Shasing-Shapheng Quanzhou). The total amounts to be guaranteed by the Group should not exceed RMB50,000,000 and RMB180,000,000 respectively (2018: RMB50,000,000). As at 31 December 2019, the guaranteed loans drawn down amounted to RMB20,000,000 and RMB20,850,000 respectively (2018: RMB40,000,000).

The effective period of the guarantees was from 16 July 2018 to 15 July 2023 and from 17 October 2019 to 16 October 2024 respectively (2018: 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 and Fujian Xiesheng Xiefeng Printing and Dyeing Industry Co., Ltd would not meet their obligations to the financial institution are remote, and it was not probable that a claim will be made against the Group under the guarantee contracts.

Except for the corporate guarantees disclosed above, the Group and the Company did not have any other contingent liabilities as at the end of the current and prior financial years.

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 2019, the Group had about 436 employees (2018: 632 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

The forthcoming financial year is expected to be challenging due to the outbreak of Coronavirus Disease 2019 (the "**COVID-19 outbreak**"). The Group is not yet able to quantify the aforesaid influence due to the COVID-19 outbreak. However, the Group will pay close attention to the development of the COVID-19 outbreak and its impact and will continue to perform relevant assessments and take proactive measures as appropriate.

Up to the date of this announcement, the Company received HK$110,000,000 (equivalent to approximately RMB98,318,000) from Mr. Deng for the Phase II convertible bonds. The remaining consideration would be settled by on or before 1 June 2020 pursuant to the letter of confirmation signed on 4 May 2020. Phase II convertible bonds will be issued upon the consideration is fully settled.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the reporting period ended 31 December 2019, 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 (2018: 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 2019 except the following deviations:

In respect of code provision A.6.7 of the Corporate Governance Code, Ms. Han Xingxing and Mr. Li Yu, being independent non-executive Directors were unable to attend the annual general meeting held on 27 June 2019 due to other commitments. Ms. Han Xingxing, Mr. Li Yu and Ms. Wong Chi Yan being independent non-executive Directors were unable to attend the extraordinary general meeting held on 29 November 2019 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 four independent non-executive directors, Ms. Wong Chi Yan, Ms. Han Xingxing, Mr. Li Yu and Mr. Lee Cheung Yuet Horace. 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 2019 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company ("**2020 AGM**") is scheduled to be held on Tuesday, 30 June 2020. The notice of the 2020 AGM together with the 2019 annual report of the Company will be published on the websites of the Company (www.atvgroup.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk), and despatched to the Shareholders on or before 15 May 2020.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June, 2020 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a Shareholder to be eligible to attend and vote at the 2020 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 June 2020.

By order of the Board
Asia Television Holdings Limited
Deng Junjie
Co-Chairman and Executive Director

Hong Kong, 6 May 2020

As at the date of this announcement, the Board comprises Mr. Deng Junjie, Mr. Leong Wei Ping 梁瑋玶先生, Mr. Chan Wai Kit, Mr. Sze Siu Bun and Ms. Sun Tingting as executive Directors, Dato' Sri Lai Chai Suang 拿督斯里賴彩雲博士* and Mr. Andy Yong Kim Seng 楊錦成先生* as non-executive Directors, Ms. Han Xingxing, Mr. Li Yu, Ms. Wong Chi Yan and Mr. Lee Cheung Yuet Horace as independent non-executive Directors.*

* *For identification purpose only*