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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)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the “Directors” and the “Board”, respectively) of Asia Television Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2019, together with the comparative figures for the corresponding year in 2018. The Group’s unaudited financial information in this announcement was prepared based on the unaudited consolidated financial statements of the Group for the year ended 31 December 2019.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

		2019	2018
	Notes	RMB'000	(Note) RMB'000
Turnover	3	156,892	166,025
Cost of sales		(158,266)	(263,832)
Gross loss		(1,374)	(97,807)
Other gains/(losses), net		16,777	(13,871)
Net loss on financial assets at fair value through profit or loss	5	(42,387)	(43,589)
Impairment loss on property, plant and equipment		(25,890)	(30,137)
Impairment loss on intangible assets		(35,101)	(40,683)
Impairment loss on goodwill		–	(114,366)
Impairment loss on interest in an associate		(21,075)	(56,798)
Share of loss of an associate		(11,089)	(205,129)
Loss on deemed disposal of an associate		(21,527)	–
Net impairment loss on trade and other receivables	9	(7,647)	(4,941)
Net impairment loss on loan receivables		(1,959)	(5,349)
Loss on derecognition of financial asset at fair value through profit or loss		(21,224)	–
Distribution and selling expenses		(9,759)	(31,883)
Administrative and operating expenses		(121,316)	(128,820)
Finance costs	4	(122,478)	(66,383)

		2019	2018
	<i>Notes</i>	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
Loss before taxation	5	(426,049)	(839,756)
Income tax (expense)/credit	6	(745)	617
Loss for the year		(426,794)	(839,139)
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
– exchange differences arising on translation		8,197	28,182
Total comprehensive expense for the year, net of income tax		(418,597)	(810,957)
Loss for the year attributable to:			
Owners of the Company		(426,635)	(800,530)
Non-controlling interests		(159)	(38,609)
		(426,794)	(839,139)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(426,630)	(780,896)
Non-controlling interests		8,033	(30,061)
		(418,597)	(810,957)
		2019	2018
		<i>RMB cents</i>	<i>RMB cents</i>
Loss per share attributable to owners of the Company			
– Basic and diluted	7	(5.84)	(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 not restated. See Note 2(a).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		2019	2018
	<i>Notes</i>	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,147	35,779
Investment properties		1,150	1,130
Prepaid lease payments		–	384
Right-of-use assets		470,871	–
Intangible assets		73,271	525,729
Goodwill		20,441	20,077
Other deposits		5,464	5,481
Interest in an associate		63,720	118,141
		636,064	706,721
Current assets			
Inventories		85,937	91,501
Trade and other receivables, deposits and prepayments	9	137,933	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
		503,135	726,284
Current liabilities			
Trade and other payables	10	372,125	367,664
Bond payables		68,613	67,393
Taxation payables		4,140	7,416
Government grant		24	24
Lease liabilities		2,172	–
Derivative financial instruments		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
		784,532	918,963
Net current liabilities		(281,397)	(192,679)
Total assets less current liabilities		354,667	514,042

		2019	2018
	<i>Note</i>	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		988	–
Obligation under finance leases		–	205
Convertible bonds		126,029	–
Government grant		152	176
Deferred tax liabilities		84,379	76,340
		<u>211,548</u>	<u>76,721</u>
Net assets		<u>143,119</u>	<u>437,321</u>
Capital and reserve			
Share capital	12	648,584	616,617
Reserves		<u>(489,032)</u>	<u>(154,822)</u>
Equity attributable to owners of the Company		<u>159,552</u>	<u>461,795</u>
Non-controlling interests		<u>(16,433)</u>	<u>(24,474)</u>
Total equity		<u>143,119</u>	<u>437,321</u>

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.

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 RMB426,794,000 during the year ended 31 December 2019 and it had net current liabilities of approximately RMB281,397,000 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 and obtaining new financial facilities; and
- (v) Obtained a financial undertaking and financial support from a substantial shareholder of the Company which 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 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 (including the borrowings amounted to approximately RMB312 million) as and when they have fallen due or will be falling due on coming 12 months. 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 HONG KONG FINANCIAL REPORTING STANDARDS

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

The Group has applied for the first time, the following new and revised standard 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 adoption 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 rate 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 <i>RMB'000</i>
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 adoption of HKFRS 16 as at 1 January 2019	3,041
Add: Obligations under finance leases recognised at 31 December 2018	410
Lease liabilities as at 1 January 2019	3,451
Analysed as	
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:

	<i>Notes</i>	Right-of-use assets <i>RMB'000</i>
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)	<u>475</u>
		<u>479,721</u>

- (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 2019.

(ii) *Interest in an associate*

The associate applied the practical expedients to the leases previously classified as operating lease under HKAS17, 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 <i>RMB'000</i>	Adjustments <i>RMB'000</i>	Carrying amounts under HKFRS 16 at 1 January 2019 <i>RMB'000</i>
Non-current Assets			
Property, plant and equipment	35,779	(475)	35,304
Prepaid lease payments	384	(384)	–
Right-of-use assets	–	479,720	479,720
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 lease	<u>205</u>	<u>(205)</u>	<u>–</u>

(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 <i>RMB'000</i>	2018 <i>RMB'000</i>
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	<u>–</u>	<u>3,027</u>
	29,855	36,941
Subcontracting services income	82,871	57,938
Advertising income	6,772	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	6,313	59
Brokerage and related services income	5,421	8,883
Underwriting and placing services income	1,069	7,282
Handling services income	<u>210</u>	<u>645</u>
	132,511	136,522
Revenue from other sources		
Loan interest income	18,210	18,160
Margin financing interest income	<u>6,171</u>	<u>11,343</u>
	<u>156,892</u>	<u>166,025</u>

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 RMB'000	Trading of fabrics and clothing – Hong Kong RMB'000	Money lending – Hong Kong RMB'000	Securities investment – Hong Kong RMB'000	Entertainment and Media – Hong Kong RMB'000	Securities brokerage services and margin finance – Hong Kong RMB'000	Unallocated corporate office RMB'000	Inter-segment elimination RMB'000	Total RMB'000
2019									
Revenue from external customers	112,726	-	18,210	-	13,085	12,871	-	-	156,892
Revenue from inter-segment	-	-	-	-	4,365	-	2,646	(7,011)	-
	<u>112,726</u>	<u>-</u>	<u>18,210</u>	<u>-</u>	<u>17,450</u>	<u>12,871</u>	<u>2,646</u>	<u>(7,011)</u>	<u>156,892</u>
Reportable 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	<u>82,871</u>	<u>-</u>	<u>18,210</u>	<u>-</u>	<u>14,113</u>	<u>6,171</u>	<u>-</u>	<u>-</u>	<u>121,365</u>
Reportable segment revenue	<u>112,726</u>	<u>-</u>	<u>18,210</u>	<u>-</u>	<u>17,450</u>	<u>12,871</u>	<u>2,646</u>	<u>(7,011)</u>	<u>156,892</u>
Reportable segment (loss)/profit (adjusted EBITDA)	<u>(9,695)</u>	<u>(49)</u>	<u>14,473</u>	<u>134</u>	<u>(32,953)</u>	<u>(3,824)</u>	<u>(45,549)</u>	<u>-</u>	<u>(77,463)</u>
Depreciation and amortisation	(7,781)	-	-	-	(26,326)	(2,088)	(582)	-	(36,777)
Impairment on intangible assets	-	-	-	-	(35,101)	-	-	-	(35,101)
Impairment of property, plant and equipment	(18,900)	-	-	-	(6,990)	-	-	-	(25,890)
Impairment of right-of-use assets	(300)	-	-	-	-	-	-	-	(300)
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)	-	-	-	(954)	-	-	-	(4,203)
Net loss on financial assets at fair value through profit or loss	-	-	-	(42,387)	-	-	-	-	(42,387)
Loss on derecognition of financial asset at fair value through profit or loss	-	-	-	-	(21,224)	-	-	-	(21,224)
Finance costs	(4,828)	-	-	(2,596)	(1,781)	(1,515)	(111,758)	-	(122,478)
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									<u>(426,049)</u>
Reportable segment assets	89,367	108	86,458	66,027	526,300	170,351	200,588	-	1,139,199
Additions to non-current segment assets	2,412	-	-	-	64,252	-	17	-	66,681
Reportable segment liabilities	<u>127,059</u>	<u>4,014</u>	<u>1,073</u>	<u>23,785</u>	<u>203,928</u>	<u>84,427</u>	<u>551,794</u>	<u>-</u>	<u>996,080</u>

	Processing, printing and sales of finished fabrics – PRC RMB'000	Trading of fabrics and clothing – Hong Kong RMB'000	Money lending – Hong Kong RMB'000	Securities investment – Hong Kong RMB'000	Entertainment and Media – Hong Kong RMB'000	Securities brokerage services and margin finance – Hong Kong RMB'000	Unallocated corporate office RMB'000	Inter-segment elimination RMB'000	Total RMB'000
2018									
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)	–
	<u>91,852</u>	<u>3,027</u>	<u>18,160</u>	<u>–</u>	<u>41,542</u>	<u>28,153</u>	<u>26,869</u>	<u>(43,578)</u>	<u>166,025</u>
Reportable 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	<u>57,938</u>	<u>–</u>	<u>18,160</u>	<u>–</u>	<u>40,023</u>	<u>16,810</u>	<u>–</u>	<u>–</u>	<u>132,931</u>
Reportable segment revenue	<u>91,852</u>	<u>3,027</u>	<u>18,160</u>	<u>–</u>	<u>41,542</u>	<u>28,153</u>	<u>26,869</u>	<u>(43,578)</u>	<u>166,025</u>
Reportable segment (loss)/profit (adjusted EBITDA)	<u>4,382</u>	<u>6</u>	<u>18,104</u>	<u>(5,473)</u>	<u>(131,498)</u>	<u>14,548</u>	<u>(42,287)</u>	<u>–</u>	<u>(142,218)</u>
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									<u>(205,129)</u>
Loss before taxation									<u>(839,756)</u>
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	<u>2,979</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>41,170</u>	<u>729</u>	<u>362</u>	<u>–</u>	<u>45,240</u>
Reportable segment liabilities	<u>138,091</u>	<u>3,898</u>	<u>412,380</u>	<u>67,233</u>	<u>160,977</u>	<u>208,349</u>	<u>417,138</u>	<u>(412,382)</u>	<u>995,684</u>

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 non-financial assets ("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 delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

	Turnover		Non-current assets	
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC	112,726	95,668	932	26,575
Malaysia	–	–	63,720	118,141
Hong Kong	44,166	70,357	565,948	556,524
	<u>156,892</u>	<u>166,025</u>	<u>630,600</u>	<u>701,240</u>

Information about major customers

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

Contract balances

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

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Receivables, which are included in "Trade and other receivables" (<i>Note 9</i>)		
– 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 (<i>Note</i>)	64,310	135,498
	<u>70,081</u>	<u>139,743</u>
Contract liabilities, which are included in "Trade and other payables" (<i>Note 10</i>)		
– 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
	<u>28,469</u>	<u>29,713</u>

The contract liabilities comprised the customer's 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	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense on bank loans	4,821	5,780
Interest expense on other secured loans*	49,733	15,786
Interest expense on other unsecured loans*	57,296	35,409
Interest on bond payables	4,939	4,726
Interest on lease liabilities	149	–
Interest expense on finance leases	–	17
Interest expenses on convertible bonds	925	–
Other finance costs	4,615	4,665
	<u>122,478</u>	<u>66,383</u>

* The amount comprised the interest payable for the year ended 31 December 2019 and the default interest at a rate 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 <i>RMB'000</i>	2018 <i>RMB'000</i>
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	2,122	2,685
– Staff welfare	739	340
Amortisation of intangible assets	7,394	72,591
Depreciation of:		
– Property, plant and equipment	10,590	20,070
– Right-of-use assets	18,793	–
Auditor's remuneration	1,235	1,122
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 – securities investments		
– Realised loss/(gain) on disposal	32,793	(5,247)
– Fair value loss	9,594	48,836
	<u>42,387</u>	<u>43,589</u>
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).

6. INCOME TAX (EXPENSE)/CREDIT

The PRC Enterprise Income Tax 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%.

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year:

During the year, no adjustment had been made to the basic loss per share amounts presented in respect of a dilution as the impact of the potential dilutive ordinary shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented for the year.

During the year ended 31 December 2019, the calculation of the diluted loss per share is based on the loss for the year attributable to owners of the Company, adjusted to reflect the impact from the interest expense on the convertible bonds.

The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year ended 31 December 2019, as used in the basic loss per share calculation, 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.

The calculation of basic and diluted loss per share is based on:

	2019 RMB'000	2018 <i>RMB'000</i>
Loss		
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	(426,635)	(800,530)
Add: Interest on convertible bonds	<u>925</u>	<u>–</u>
Adjusted loss for the year attributable to owners of the Company used in the diluted loss per share calculation	<u>(425,710)</u>	<u>(800,530)</u>
	2019 RMB'000	2018 <i>RMB'000</i>
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>7,301,969</u>	<u>7,055,668</u>

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. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables from securities brokerage services and margin finance segment (<i>Note (a)</i>)	83,550	145,456
Less: Allowances for bad and doubtful debts	<u>(19,240)</u>	<u>(9,958)</u>
	64,310	135,498
Trade receivables from other segments (<i>Note (b)</i>)	10,400	10,536
Less: Allowances for bad and doubtful debts	<u>(4,629)</u>	<u>(6,291)</u>
	<u>5,771</u>	<u>4,245</u>
Deposits paid to suppliers (<i>Note (c)</i>)	21,518	29,081
Less: Allowances for impairment	<u>(8,561)</u>	<u>(11,632)</u>
	<u>12,957</u>	<u>17,449</u>
Other deposits, receivables and prepayments	<u>54,895</u>	<u>60,417</u>
	<u>137,933</u>	<u>217,609</u>

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

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.

The impairment allowance is considered as adequately provided for as the directors of the Company have individually evaluated their account receivables after taking into account the loan-to-collateral value (“LTV”) for each borrower, and other information available of those borrowers in default of settlement to determine the net present value of expected future cash inflow.

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.

Movement in the allowances for bad and doubtful debts:

	2019 RMB'000	2018 <i>RMB'000</i>
At the beginning under HKAS 39	–	3,567
Impact on initial application of HKFRS 9	–	315
Adjusted balance at 1 January	9,958	3,882
Impairment loss made during the year	10,932	5,451
Reversal of impairment loss recognised during the year	(1,756)	–
Currency realignment	106	625
As at 31 December	19,240	9,958

(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 RMB'000	2018 <i>RMB'000</i>
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

The Group applies the simplified approach for all trade receivables of other segments. To measure expected credit loss, trade receivables have been grouped based on shared credit risk characteristic and the days past due. The expected credit loss also incorporated forward looking information.

Movement in the allowances for bad and doubtful debts:

	2019 RMB'000	2018 <i>RMB'000</i>
At the beginning under HKAS 39	–	2,712
Impact on initial application of HKFRS 9	–	1,102
Adjusted balance at 1 January	6,291	3,814
Impairment loss made during the year	1,299	3,010
Reversal of impairment loss recognised during the year	(2,828)	(654)
Currency realignment	(133)	121
As at 31 December	4,629	6,291

Except for receivables from margin client, the Group does not hold any collateral or other credit enhancements over these balances.

(c) Deposits paid to suppliers

Deposits was paid to certain independent third parties as deposits to purchase raw materials of the processing and printing of fabrics in the subsequent period. Movement in allowance for impairment of deposits paid to suppliers is as follows:

	2019 RMB'000	2018 <i>RMB'000</i>
As at 1 January	11,632	16,727
Impairment loss during the year	1,182	2,908
Reversal of impairment loss recognised during the year	(4,253)	(8,003)
As at 31 December	8,561	11,632

10. TRADE AND OTHER PAYABLES

	2019 RMB'000	2018 <i>RMB'000</i>
Trade payables from securities brokerage services and margin finance segment (<i>Note (i)</i>)	74,719	146,858
Trade payables from other segments (<i>Note (ii)</i>)	14,733	16,529
Other payables	282,673	204,277
	372,125	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 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:

	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

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 (the “Provisional Liquidators”), had proposed the scheme of arrangements to the creditors of ATV by which all liabilities of ATV should be assumed by Star Platinum. As a result, ATV should be debt-free and given a fresh start upon the completion of the scheme of arrangements.

On 29 July 2016, Star Platinum had acquired approximately 52.42% equity interests in ATV and its subsidiaries (collectively refer to as “ATV Group”) and the Company had given undertaking to provide sufficient financial support to ATV to rebuild its business and operation. The liquidation position of ATV had been released by the Court on 8 January 2018 and ATV Group became subsidiaries of the Group.

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 was 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 were disclosed as below:

	<i>RMB'000</i>
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
	<i>RMB'000</i>
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 was as follows:

	<i>RMB'000</i>
Total consideration	(505,098)
Cash and bank balances acquired of	3,071
Deposit paid	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

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

The share of amount due to the Group was recorded as liabilities in ATV Group's financial statements and this amount was required to be shared to non-controlling interests but there was no effect on the Group in regard of the Acquisition.

The Group had chosen to recognise non-controlling interests 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 had engaged an independent firm of valuers, Valtech Valuation Advisory Limited ("Valtech"), 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 was 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 ended 31 December 2018.

12. SHARE CAPITAL

	Authorised		
	Number of share '000	Amount HK\$'000	
Ordinary shares of HK\$0.10 each			
As at 1 January 2018, 31 December 2018 and 31 December 2019	<u>20,000,000</u>	<u>2,000,000</u>	
	Issued and fully paid		
	Number of '000	Amount RMB'000	Amount 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)	<u>370,000</u>	<u>31,967</u>	<u>37,000</u>
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 the movie investment agreement with an independent third party, pursuant to which the Company agreed to acquire the income rights of two movies at the consideration of HK\$67,500,000 and HK\$25,000,000 (equivalent to approximately RMB63,332,000 and RMB22,345,000) respectively, which was satisfied by the allotment and issue of 370,000,000 shares in aggregate at the issue price of HK\$0.25 per share.

13. SIGNIFICANT 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.

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. The increase in 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 segment financial assets at fair value through profit or loss 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 RMB87.2 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-commerce 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 RMB426,794,000. As at 31 December 2019, the Group’s current liabilities exceeded the current assets by approximately RMB281,397,000. 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 and obtaining new financial facilities; and
- (v) Obtained a financial undertaking and financial support from a substantial shareholder of the Company which is also a director of the Company.

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 (including the borrowing amounting to approximately RMB312 million) as and when they have fallen due or will be falling 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 RMB1,139.2 million (2018: RMB1,433.0 million) which were financed by current liabilities of approximately RMB784.5 million (2018: RMB918.9 million), non-current liabilities of approximately RMB211.5 million (2018: RMB76.7 million) and the shareholders of the Company (the "Shareholders") equity of approximately RMB159.6 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 RMBNil (2018: RMB20.6 million). As at 31 December 2019, the secured bonds were fixed-rate and were denominated in Hong Kong dollars ("HK\$"), the 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, rights-of-use assets, inventories, 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 obligation under finance leases, leases liabilities, bond payables, bank loans, loans from other financial institutions and other borrowings as at 31 December 2019) to Shareholders' equity, was 239.9% (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.

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 <i>(Note 1)</i> RMB'000	Market value at 31 December 2019 <i>(Note 1)</i> RMB'000	Unrealised loss on change in fair value for the year ended 31 December 2019 <i>(Note 1)</i> 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	(2,145)	1.02%
286	Aidigong Maternal & Child Health Limited	26,902,000	0.70%	19,895	13,225	(2,164)	1.16%
	Other listed securities held for trading, at fair value				6,552		0.58%
				Total	<u>31,361</u>		<u>2.75%</u>

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 financial assets at fair value through profit or loss in others investments as at 31 December 2019 are less than RMB3,000,000.

Movie investments, at fair value

			% of the Group's total assets as at
Name of Movie Investment	Investment costs <i>RMB\$000</i>	Fair value at 31 December 2019 <i>RMB\$000</i>	31 December 2019
The right to share 15% of the total net income of the movie “Double World 《征 途》” (Note 1)	60,332	60,332	5.30%
The right to share 10% of the total net income of the movie “Little Q 《小 Q》” (Note 2)	<u>22,345</u>	<u>—</u>	<u>0.00%</u>
Total		60,332	5.30%

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 total net income of the movie "Double World 《征 途》" (the "Acquisition I"), at a consideration of HK\$67,500,000, which was satisfied 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.

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 total net income of the movie “Little Q 《小Q》”, (the “Acquisition II”), at a consideration of HK\$25,000,000, which 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. The loss of approximately RMB21,224,000 from the Hong Kong’s movie investment mainly attributable to the People’s Republic of China (“PRC”) box office receipts worse than expected. In general, the PRC box office receipts of Hong Kong’s movies have not performed well following by months-long anti-government protests in Hong Kong during the second half of 2019.

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 EXPENDITURES

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.

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.

REVIEW OF UNAUDITED ANNUAL RESULTS

Due to the novel coronavirus outbreak, the auditing processes of the consolidated financial results of the Group for the year ended 31 December 2019 have not completed as the progress of the relevant audit field works in the PRC and Malaysia has been affected in light of the suspension of work and travel restrictions imposed due to the epidemic.

In respect of our film rights, movie investments and convertible bonds, the major assets and liabilities of the Group are required to be assessed by valuer at the end of each accounting period. In view of the traffic restrictions due to the epidemic and the policy of requiring 14-day home quarantine for returnees in many places, the difficulty of implementing the valuation process and the time required to obtain the basis for the valuation will increase significantly. Based on the above, the valuer cannot complete all valuations before 31 March 2020.

Due to the reasons above, the Company's auditors have not fully completed the auditing process for the annual results for the year ended 31 December 2019. In order to keep the Shareholders and potential investors informed of the business operation and financial position of the Group, after discussion with the auditor, the Board decides to publish the unaudited annual results announcement of the Company for the year ended 31 December 2019 together with the audited comparative figures for the corresponding period in 2018 on the planned date of announcement first. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The Group's unaudited consolidated financial statements for the year ended 31 December 2019 have been reviewed by the Audit Committee.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed on or before end of April 2020.

PUBLICATION OF ANNUAL REPORT

This unaudited annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company (<http://www.atvgroup.com.hk>). The annual report of the Company for the year ended 31 December 2019 containing all the information as required by the Listing Rules will be despatched to the Shareholders and made available for review on the same websites in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises Mr. Deng Junjie, Mr. Leong Wei Ping 梁瑋珩先生, 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*