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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “Board”) of directors (the “Director(s)”) of Asia Television Holdings Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Period”) together with the comparative figures for the corresponding period in 2020 are as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Turnover	4	69,603	54,773
Cost of sales		(70,481)	(42,244)
Gross (loss)/profit		(878)	12,529
Gain on disposal a subsidiary	15	80,840	–
Other gains/(losses), net		940	(1,715)
Net impairment gain on loan receivables		338	754
Net impairment loss on account receivables		(625)	(4,826)
Impairment loss on interest in an associate		–	(20,308)
Share of loss of an associate		–	(12,276)
Loss on deemed disposal of an associate		–	(5,160)
Gain on the derivative financial instruments		–	44,437
Net loss on financial assets at fair value through profit or loss		(16,311)	(7,053)
Distribution and selling expenses		(3,405)	(1,990)
Administrative and operating expenses		(41,876)	(51,509)
Finance costs	5	(40,297)	(46,964)

		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Loss before taxation	6	(21,274)	(94,081)
Taxation	7	(67)	1,159
Loss for the period		(21,341)	(92,922)
Other comprehensive income/(expense)			
– Items that will be reclassified subsequently to profit or loss:			
– exchange differences arising on translation		8,241	(11,587)
– share of other comprehensive income of an associate		–	(648)
Total comprehensive expense for the period		(13,100)	(105,157)
Loss for the period attributable to:			
Owners of the Company		(16,721)	(87,411)
Non-controlling interests		(4,620)	(5,511)
		(21,341)	(92,922)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(8,493)	(97,269)
Non-controlling interests		(4,607)	(7,888)
		(13,100)	(105,157)
		<i>RMB cents</i>	<i>RMB cents</i>
Loss per share			
– Basic and diluted	8	(0.17)	(1.18)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
	<i>Notes</i>		
Non-Current Assets			
Property, plant and equipment		17,342	18,977
Investment properties		1,070	1,080
Right-of-use assets		291,143	300,308
Intangible assets		62,060	68,486
Goodwill		19,012	19,188
Other deposits		5,078	5,549
		<u>395,705</u>	<u>413,588</u>
Current Assets			
Inventories		66,154	87,271
Trade and other receivables, deposits and prepayments	10	66,854	92,119
Loan receivables	11	22,797	20,065
Financial assets at fair value through profit or loss		60,559	77,740
Bank balances and cash		100,021	118,403
		<u>316,385</u>	<u>395,598</u>
Current Liabilities			
Trade and other payables	12	286,678	341,666
Bond payables	15	58,321	69,118
Taxation payables		3,317	4,553
Government grant		–	252
Lease liabilities		247	707
Bank loans		2,161	45,700
Loans from other financial institutions		186,211	166,290
Other borrowings		16,362	16,513
		<u>553,297</u>	<u>644,799</u>

		At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
	<i>Notes</i>		
Net current liabilities		<u>(236,912)</u>	<u>(249,201)</u>
Total assets less current liabilities		<u>158,793</u>	<u>164,387</u>
Non-current Liabilities			
Convertible bonds		101,005	92,801
Government grant		–	128
Deferred tax liabilities		<u>48,929</u>	<u>49,609</u>
		<u>149,934</u>	<u>142,538</u>
Net assets		<u>8,859</u>	<u>21,849</u>
Capital and reserves			
Share capital	13	870,809	870,809
Reserves		<u>(752,921)</u>	<u>(744,538)</u>
Equity attributable to owners of the Company		<u>117,888</u>	<u>126,271</u>
Non-controlling interests		<u>(109,029)</u>	<u>(104,422)</u>
Total equity		<u>8,859</u>	<u>21,849</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital RMB'000	Share premium RMB'000	Share option RMB'000	Special reserve RMB'000 Note (i)	Other reserve RMB'000	Convertible bond equity reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve fund RMB'000 Note (ii)	Accumulated losses RMB'000	Total RMB'000		
As 1 January 2021 (audited)	870,809	1,162,519	-	98,731	73,876	15,185	17,414	30,560	(2,142,823)	126,271	(104,422)	21,849
Loss for the period	-	-	-	-	-	-	-	-	(16,721)	(16,721)	(4,620)	(21,341)
Other comprehensive expense for the period												
– Exchange differences arising on translation	-	-	-	-	-	-	8,228	-	-	8,228	13	8,241
Total comprehensive expense for the period	-	-	-	-	-	-	8,228	-	(16,721)	(8,493)	(4,607)	(13,100)
Recognition of equity-settled share-based payment	-	-	110	-	-	-	-	-	-	110	-	110
At 30 June 2021 (unaudited)	870,809	1,162,519	110	98,731	73,876	15,185	25,642	30,560	(2,159,544)	117,888	(109,029)	8,859

For the six months ended 30 June 2020

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Special reserve	Other reserve	Convertible bond equity reserve	Translation reserve	Statutory surplus reserve fund	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			Note (i)				Note (ii)				
As 1 January 2020 (audited)	648,584	1,162,050	98,731	73,876	53,028	4,567	30,560	(1,969,702)	101,694	(63,264)	38,430
Loss for the period	-	-	-	-	-	-	-	(87,411)	(87,411)	(5,511)	(92,922)
Other comprehensive expense for the period											
– Exchange differences arising on translation	-	-	-	-	-	(9,858)	-	-	(9,858)	(2,377)	(12,235)
Total comprehensive expense for the period	-	-	-	-	-	(9,858)	-	(87,411)	(97,269)	(7,888)	(105,157)
Transfer from convertible bond liability component to equity portion	-	-	-	-	135,990	-	-	-	135,990	-	135,990
At 30 June 2020 (unaudited)	648,584	1,162,050	98,731	73,876	189,018	(5,291)	30,560	(2,057,113)	140,415	(71,152)	69,263

Notes:

- (i) The special reserve represents the differences between the nominal amount of the shares issued by the Company and the Group's former holding company and the aggregate amount of paid-up capital of the subsidiaries acquired pursuant to the group reorganisation in 2005 in preparation for the listing of the Company's shares, net of subsequent distribution to shareholders.
- (ii) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund which is non-distributable. Appropriation to such reserve is made out of net profit after taxation of the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by their board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of a capitalisation issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL

The Company 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. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The unaudited interim condensed consolidated financial statements (the “Interim Financial Statements”) are presented in Renminbi (“RMB”).

2. BASIS OF PREPARATION

These Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2020. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021 but they do not have a material effect on the Group’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these Interim Financial Statements.

4. REVENUE AND SEGMENT INFORMATION

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.

(i) **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 basis:

Segment assets include all 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, other borrowing and short-term loans managed directly by the segments.

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

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2021 and 2020 are set out below.

	Six months ended 30 June 2021 (unaudited)								
	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
Reportable segment revenue and timing of revenue recognition									
Products and services transferred at a point in time	13,154	-	2,585	-	-	5,547	-	-	21,286
Services transferred over time	37,738	-	-	-	10,579	-	-	-	48,317
Revenue from external customers	50,892	-	2,585	-	10,579	5,547	-	-	69,603
Revenue from inter-segment	-	-	-	-	-	-	6,380	(6,380)	-
Reportable segment revenue	50,892	-	2,585	-	10,579	5,547	6,380	(6,380)	69,603
Reportable segment profit/(loss) (adjusted EBITDA)	(1,404)	-	2,575	-	(26,141)	704	(12,570)	-	(36,836)
Depreciation and amortisation	(140)	-	-	-	(6,137)	(562)	(1,545)	-	(8,384)
Net impairment gain on loan receivables	-	-	338	-	-	-	-	-	338
Impairment loss on trade receivables	-	-	-	-	-	(625)	-	-	(625)
Net gain/(loss) on financial assets at fair value through profit or loss	-	-	-	396	(1,176)	243	(15,774)	-	(16,311)
Finance costs	(1,154)	-	-	-	(5)	(1,007)	(38,130)	-	(40,296)
Gain on disposal of a subsidiary	-	-	-	-	-	-	-	-	80,840
Loss before taxation									(21,274)
	At 30 June 2021 (unaudited)								
Reportable segment assets	75,767	98	22,836	42	387,019	149,748	76,580	-	712,090
Reportable segment liabilities	33,343	14,507	520	-	168,419	69,477	411,193	5,772	703,231

Six months ended 30 June 2020 (unaudited)

	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
Reportable segment revenue and timing of revenue recognition									
Products and services transferred at a point in time	7,165	–	5,141	–	–	9,194	–	–	21,500
Services transferred over time	31,076	–	–	–	2,197	–	–	–	33,273
Revenue from external customers	38,241	–	5,141	–	2,197	9,194	–	–	54,773
Revenue from inter-segment	–	–	–	–	–	–	13,254	(13,254)	–
Reportable segment revenue	38,241	–	5,141	–	2,197	9,194	13,254	(13,254)	54,773
Reportable segment profit/(loss) (adjusted EBITDA)	(6,985)	–	5,096	(175)	(19,381)	3,314	(15,221)	–	(33,352)
Depreciation and amortisation	(4)	–	–	–	(7,607)	(1,050)	(672)	–	(9,333)
Net impairment loss on loan receivables	–	–	754	–	–	–	–	–	754
Impairment loss on trade receivables	–	–	–	–	–	(4,826)	–	–	(4,826)
Net gain/(loss) on financial assets at fair value through profit or loss	–	–	–	659	(7,712)	–	–	–	(7,053)
Gain on derivative financial instruments	–	–	–	–	–	–	44,437	–	44,437
Finance costs	(1,512)	–	–	(290)	–	(1,701)	(43,461)	–	(46,964)
Impairment loss on interest in an associate									(20,308)
Share of loss of an associate									(12,276)
Loss of deemed disposal of an associate									(5,160)
Loss before taxation									(94,081)

At 30 June 2020 (unaudited)

Reportable segment assets	101,567	109	15,017	25,275	536,876	191,503	480,589	(382,315)	968,621
Reportable segment liabilities	132,205	4,096	307,070	17,344	145,394	77,232	525,525	(309,508)	899,358

(ii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, prepaid lease payments, intangible assets, goodwill, deposits for other investments, deposits paid for acquisition of property, plant and equipment, investment properties and interest in an associate (the "Specified Non-current Assets"). The geographical location of 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, in the case of property, plant and equipment, the location of the operation to which they are allocated.

	Turnover		Specified Non-current assets	
	Six months ended		At	At
	30 June		30 June	31 December
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
The PRC	50,892	38,241	–	2,057
Malaysia	–	–	74	96
Hong Kong	18,711	16,532	390,553	405,886
	69,603	54,773	390,627	408,039

Information about major customers

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

(iii) **Contract balances**

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

	At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
Receivables, which are included in		
“Trade and other receivables”		
– Sales of goods from finished fabrics and garment products	2,012	9,137
– Subcontracting services income	767	1,782
– Entertainment and media services income	1,290	851
– Brokerage and related services income (<i>note</i>)	19,755	42,337
	<u>23,824</u>	<u>54,107</u>
Contract liabilities – which included in		
“Trade and other payables”		
– Sales of goods from finished fabrics and garment products	1,632	13,669
– Subcontracting services income	1,591	19,318
– Entertainment and media services income	71	42
	<u>3,294</u>	<u>33,029</u>

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

The Group applies the practical expedient in paragraph 121 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.

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank loans	1,154	1,512
Interest on other secured loans	27,343	26,522
Interest on other unsecured loans	76	2,698
Interest on bond payables	2,312	2,533
Interest on lease liabilities	9	53
Interest on convertible bonds	8,400	11,702
Other finance costs	1,003	1,944
	40,297	46,964

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss before taxation was arrived at after charging/(crediting):		
Cost of inventories recognised as expenses	48,412	38,663
Depreciation of :		
– Property, plant and equipment	2,188	793
– Right-of-use assets	6,196	8,714
Net loss on financial assets at fair value through profit or loss		
(a) securities investment		
– Realised (gain)/loss on disposal	(349)	848
– Fair value loss/(gain)	16,660	(1,507)
(b) movie investment		
– Fair value loss	–	7,712
Net impairment gain on loan receivables	(338)	(754)
Gain on disposal of a subsidiary	(80,840)	–
Net impairment loss on account receivables	625	4,826
Impairment loss on interest in an associate	–	20,308
Gain on the derivative financial instruments	–	(44,437)

7. TAXATION

The PRC Enterprise Income Tax is calculated at the rate of 25% prevailing in the PRC jurisdiction for the period ended 30 June 2021 (2020: 25%). Provision for Hong Kong Profits Tax has been provided at the rate of 8.25% or 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

No provision for Hong Kong Profits Tax and the PRC Enterprise Income Tax has been made in the Interim Financial Statements as the Group's operations in Hong Kong and PRC had no assessable profit for the Period.

8. LOSS PER SHARE

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

The calculation of diluted loss per share for the period 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 period 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 period ended 30 June 2021, 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 period ended 30 June 2021 are equal.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss		
Loss for the period attributable to owners of the Company used in the basic loss per share calculation	(16,721)	(87,411)
Add: Interest on convertible bonds*	—	—
Adjusted loss for the period attributable to owners of the Company used in the diluted loss per share calculation	<u>(16,721)</u>	<u>(87,411)</u>

	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<u>9,925,668</u>	<u>7,425,668</u>

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

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2020: Nil).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Trade receivables from securities brokerage services and margin finance segment (<i>note i</i>)	38,273	56,687
Less: Allowances for bad and doubtful debts	<u>(18,518)</u>	<u>(14,350)</u>
	<u>19,755</u>	<u>42,337</u>
Trade receivables from other segments (<i>note ii</i>)	8,288	16,099
Less: Allowances for bad and doubtful debts	<u>(4,219)</u>	<u>(4,329)</u>
	<u>4,069</u>	<u>11,770</u>
Deposits paid to suppliers	20,233	16,145
Less: Allowances for impairment	<u>(3,250)</u>	<u>(7,705)</u>
	<u>16,983</u>	<u>8,440</u>
Other deposits, receivables and prepayments		
– Value-added tax recoverable	50	539
– Other receivables and prepayments	24,477	26,569
– Other deposits	506	1,441
– Amounts due from related companies (<i>note iii</i>)	<u>1,014</u>	<u>1,023</u>
	<u>26,047</u>	<u>29,572</u>
	<u>66,854</u>	<u>92,119</u>

Notes:

(i) Trade receivables from securities brokerage services and margin financial segment

All receivables from cash clients, margin clients and clearing house are not past due at the reporting dates for which the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

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 management.

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

(ii) 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:

	At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
0 to 90 day(s)	2,890	11,093
91 to 180 days	180	548
181 to 270 days	999	129
271 to 365 days	–	–
Over 365 days	–	–
	<u>4,069</u>	<u>11,770</u>

(iii) The amounts due from a related company/a non-controlling owner of subsidiaries are unsecured, interest-free and repayable on demand.

11. LOAN RECEIVABLES

The credit quality analysis of the loan receivables is as follows:

	At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
Unsecured loans		
– principal	42,366	42,759
– interest	5,441	2,968
Less: Impairment loss recognised	<u>(25,010)</u>	<u>(25,662)</u>
	<u>22,797</u>	<u>20,065</u>

The Group's loan receivables, which arise from the money lending business in Hong Kong, were denominated in Hong Kong dollars. The net carrying value of the loan principal and interest receivables in original currency as at 30 June 2021 amounted to approximately HK\$26,695,000 (31 December 2020: HK\$22,958,000) and approximately HK\$633,000 (31 December 2020: HK\$958,000), respectively.

Aging analysis of loan receivables (after impairment allowances) prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
Less than 1 month	–	–
1 to 3 month(s)	–	13,389
4 to 6 months	9,801	–
7 to 12 months	<u>12,996</u>	<u>6,676</u>
	<u>22,797</u>	<u>20,065</u>

12. TRADE AND OTHER PAYABLES

	At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
Trade payables from securities brokerage services and margin finance segment (<i>note i</i>)	37,525	69,139
Trade payables from other segments (<i>note ii</i>)	15,969	21,744
Other payables and accruals (<i>note iii</i>)	133,069	140,136
Other payables on film rights and licence fees	125	125
Other payables on convertible bonds interest	–	2,527
Amount due to a director (<i>note iv</i>)	37,778	24,802
Amounts due to directors of the subsidiaries (<i>note iv</i>)	144	153
Amount due to a shareholder of the Company (<i>note iv</i>)	366	369
Amounts due to non-controlling owners of subsidiaries (<i>note iv</i>)	28,868	20,476
Amounts due to related companies (<i>note v</i>)	29,540	29,166
Contract liabilities	3,294	33,029
	<u>286,678</u>	<u>341,666</u>

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, 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:

	At 30 June 2021 <i>RMB'000</i> (unaudited)	At 31 December 2020 <i>RMB'000</i> (audited)
0 to 90 day(s)	10,700	11,725
91 to 180 days	1,716	2,708
181 to 270 days	135	1,596
271 to 365 days	6	58
Over 365 days	3,412	5,657
	<u>15,969</u>	<u>21,744</u>

- (iii) Other payables mainly represents (i) amounts due to certain independent third parties; (ii) interest payables and (iii) accrued staff costs and director's remuneration.
- (iv) The amounts due are unsecured, interest-free and repayable on demand.
- (v) The amounts are due to related companies in which directors of certain subsidiaries have significant influence or direct equity interest. The amounts due are unsecured, interest-free and repayable on demand.

13. SHARE CAPITAL

	Number of share '000	Authorised Amount HK\$'000
Ordinary shares of HK\$0.10 each		
As at 31 December 2020 (audited) and 30 June 2021 (unaudited)	<u>20,000,000</u>	<u>2,000,000</u>
	Issued and fully paid	
	Number of shares '000	Amount RMB'000 Amount HK\$'000
As at 31 December 2020 (audited) and 30 June 2021 (unaudited)	<u>9,925,668</u>	<u>870,809</u> <u>992,566</u>

14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents the carrying value of the Group's financial instruments measured at fair value across the three levels of the fair value hierarchy defined in Hong Kong Financial Reporting Standard 13 "Fair Value Measurement" with fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The fair value hierarchy has the following levels:

- Level 1: fair values measured quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: fair value measured using significant unobservable inputs.

The financial assets measured at fair value in the Interim Financial Statements grouped into the fair value hierarchy as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2021				
Financial assets at FVTPL				
– Equity securities listed in Hong Kong, at fair value	5,392	–	–	5,392
– Equity securities listed in overseas, at fair value	55,167	–	–	55,167
	60,559	–	–	60,559
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2020				
Financial assets at FVTPL				
– Equity securities listed in Hong Kong, at fair value	6,512	–	–	6,512
– Equity securities listed in overseas, at fair value	71,228	–	–	71,228
	77,740	–	–	77,740

There were no transfers between the three Levels during the period and prior period.

15. DISPOSAL OF A SUBSIDIARY AND RENEWAL OF BOND

On 31 May 2021, the Group received a letter from the legal adviser of the Bond Holder informing the Company that the Bond Holder has enforced the pledged share capital of a wholly owned subsidiary of the Company, namely 協盛(石獅市)染織實業有限公司 (“Xie Sheng”), by disposing the entire share capital of Xie Sheng to a third party by way of sale. Xie Sheng is principally engaged in processing, printing and sales of finished fabrics.

Upon further enquiry with the Bond Holder, the Company was notified that the Bond Holder enforced the security accompanying the Bond by way of disposal of the Pledged Shares of Xie Sheng to a third party (the “Third Party”) by way of sale at the consideration of HK\$15,000,000 on 31 May 2021. The sale proceeds were applied towards settlement of all outstanding interest of the Bond up to 31 May 2021 and partial settlement of the principal of the Bond. As at 1 June 2021, the outstanding principal due under the Bond was HK\$69,698,082. Such disposal resulted in a gain of approximately RMB80,840,000.

The Company has been advised by its legal adviser that due to the default of the Company under the Bond, the Bond Holder is entitled to enforce the security accompanying the Bond by way of disposal of the Pledged Shares. The Company has also considered that the consideration for the disposal of the Pledged Shares to be reasonable after considering (i) Xie Sheng recorded net loss for the past 3 consecutive years ended 31 December 2020; (ii) Xie Sheng record gross loss for the past 2 consecutive years ended 31 December 2020; and (iii) Xie Sheng recorded net liabilities of approximately RMB61,254,000 as at 31 December 2020.

The Group therefore entered into negotiation with the Bond Holder with a view to settle the matter amicably. On 17 June 2021, the Company and the Bond Holder entered into a supplemental agreement (the “Supplemental Agreement”) amending the terms and conditions of the Bond in the following manner:

- The principal amount due under the Bond as at 1 June 2021 shall be HK\$69,698,082. Interest on the said outstanding principal amount of the Bond shall continue to accrue at the rate of 8% per annum from 1 June 2021 in accordance with the terms and conditions of the Bond.
- For the avoidance of doubt, all other security held by the Bond Holder in relation to the Bond shall continue to be in full force and effect.

Save as amended, all other terms and conditions of the Bond shall remain unchanged and in full force and effect.

Details of the disposal and the bond renewal are set out in the announcements of the Company dated 31 May 2021 and 17 June 2021.

The net assets of Xie Sheng at the date of disposal were as follows:

	<i>RMB'000</i>
Property, plant and equipment	4,192
Inventories	17,194
Trade and other receivables, deposits and prepayments	7,869
Financial assets at fair value through profit or loss	1
Bank balances and cash	1,518
Trade and other payables	(53,590)
Taxation payables	(24)
Bank loans	(45,350)
Government grant	(152)
	<hr/>
Net liabilities disposed of	(68,342)
	<hr/>
Gain on disposal of the subsidiary	80,840
	<hr/>
Total consideration	12,498
	<hr/>
	<i>RMB'000</i>
Satisfied by:	
Settlement of bond payables	12,498
	<hr/>

RMB'000

Net cash outflow arising on disposal:

Cash consideration

–

Cash and bank balances disposed of

(1,518)

(1,518)

16. MATERIAL RELATED PARTY TRANSACTIONS

The Directors represented key management of the Group. During the Period, the Directors' remuneration of approximately RMB2,277,762 (2020: RMB2,528,000) was charged to the profit or loss.

The material related party transactions for both periods are disclosed as below:

Name of related party	Nature	Six months ended 30 June	
		2021	2020
		RMB'000 (unaudited)	RMB'000 (unaudited)
Incharm Limited (<i>note i</i>)	Rental expenses	–	528
Sincere Bullion Limited	Rental expenses	–	264

Note:

- (i) Companies in which directors of certain subsidiaries have significant influence. Rental expenses were charged based on terms mutually agreed.

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2021.

At 31 December 2020, the Group have provided corporate guarantees in favour of a financial institution in respect of certain credit facilities granted to an independent third party, Shasing-Shapheng (Quanzhou) Textile Industrial Co., Ltd. ("Shasing-Shapheng Quanzhou") and a related company, Fujian Xiesheng Xiefeng Printing and Dyeing Industry Co., Ltd ("Fujian Xiesheng Xiefeng"). The total amounts to be guaranteed by the Group to Shasing-Shapheng Quanzhou and Fujian Xiesheng Xiefeng should not exceed RMB50,000,000 and RMB180,000,000 respectively. As at 31 December 2020, the guaranteed loans drawn down amounted to RMB20,000,000 and RMB45,600,000 respectively.

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.

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 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 31 December 2020.

18. EVENTS AFTER THE REPORTING PERIOD

PLACING OF CONVERTIBLE BONDS

Convertible Bonds A

On 14 May 2021, the Company entered into the Subscription Agreement with Mr. Deng Junjie, pursuant to which Mr. Deng Junjie has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in two phases in an aggregate principal amount of HK\$200,000,000 at the conversion price of HK\$0.10 per Conversion Share (or HK\$1.0 per Conversion Share after the Capital Reorganization becoming effective).

Pursuant to the Subscription Agreement, Phase 1 Completion shall take place on Phase 1 Completion Date (or such other date as may be agreed between the Company and Mr. Deng Junjie). As additional time is required to proceed with Phase 1 Completion, on 5 August 2021, Mr. Deng Junjie and the Company entered into a letter of confirmation, pursuant to which the parties mutually agreed to extend the Phase 1 Completion Date to on or before 5 September 2021.

Please refer to the Company's circulars dated 27 June 2021 and announcement dated 5 August 2021 for further details.

Convertible Bonds B

On 14 May 2021, the Company entered into the Subscription Agreement with the Nanotechnology Singapore Pte. Ltd., pursuant to which Nanotechnology Singapore Pte. Ltd. has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in an aggregate principal amount of HK\$300,000,000 at the conversion price of HK\$0.10 per Conversion Share (or HK\$1.0 per Conversion Share after the Capital Reorganization becoming effective).

Pursuant to the Subscription Agreement, Completion shall take place on Completion Date (or such other date as may be agreed between the Company and Nanotechnology Singapore Pte. Ltd.). As additional time is required to proceed with Completion, on 5 August 2021, Nanotechnology Singapore Pte. Ltd. and the Company entered into a letter of confirmation, pursuant to which the parties mutually agreed to extend the Phase 1 Completion Date to on or before 5 September 2021.

Please refer to the Company's circulars dated 27 June 2021 and announcement dated 5 August 2021 for further details.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the Period (2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2021 (the “Period”), Asia Television Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) engaged in four major business streams including (i) processing, printing and sales of finished fabrics and subcontracting services and the trading of fabric and clothing business (“Fabrics and Trading Business”); (ii) money lending business; (iii) securities investment and brokerage services business; and (iv) media, cultural and entertainment business.

BUSINESS AND OPERATIONAL REVIEW

Fabrics and Trading Business

During the first half of 2021, revenue generated from the Fabric and Trading Business increased from approximately RMB38.2 million for the period ended 30 June 2020 to approximately RMB50.9 million for the period ended 30 June 2021 as customer demand increased supported by recovering consumer sentiments. The reportable segment loss improved from approximately RMB6.9 million for the period ended 30 June 2020 to RMB1.4 million for the period ended 30 June 2021 due to adoption of the cost control measure to reduce the raw material wastage in the production. However, together with the logistics shortage for product delivery and the additional raw material costs caused by the imbalance of demand and supply, the Group’s Fabric and Trading business was still under much pressure during the Period.

The Group disposed of the entire equity interest in a subsidiary, namely 協盛(石獅市)染織實業有限公司 (“Xie Sheng”), which was principally engaged in the Fabric and Trading business. Details of the disposal of Xie Sheng are set out in the announcements of the Company dated 31 May and 17 June 2021 and note 15 to the Interim Financial Statements.

Apart from the above disposals, we continue to develop the Fabric and Trading Business.

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 30 June 2021, the loan balances were approximately RMB22.8 million (as at 31 December 2020: RMB20.1 million) with terms of 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 period ended 30 June 2021, the interest income contributed by the money lending business was approximately RMB2.6 million (2020: RMB5.1 million) with the reportable segment profit result of approximately RMB2.5 million (2020: RMB5.1 million).

During times of economic uncertainty, the Company would implement cautious and prudent measures and tighten the credit policies, and decrease the proportion of money lending business with high value customers.

Securities Investment and Brokerage Services Business

To enhance the financial performance, the Group held listed securities as investment during the period. During the period, the Group recorded an overall fair value loss of approximately RMB16.3 million (2020: fair value loss of approximately RMB7.1 million) as the stock market was volatile in 2021.

As at 30 June 2021, the aggregate amount of the Group's listed securities held for trading at fair value is approximately RMB60.6 million (As at 31 December 2020: RMB77.8 million). The decrease mainly represents the recognition of the fair value loss of approximately RMB16.7 million during this period. The Group managed a portfolio of securities listed in Hong Kong and overseas.

The Group recorded revenue from brokerage services business for the period of approximately RMB5.6 million (2020: RMB9.2 million), representing a decrease of 39.1% as compared to that for the same period in the last year. The decrease is mainly contributed by volatility and uncertainty of Hong Kong stock market.

Media, Cultural and Entertainment Business

Revenue of the media, cultural and entertainment business increased from RMB2.2 million for the period ended 30 June 2020 to RMB10.6 million for the period ended 31 June 2021 driven by the shooting and broadcasting income. However, the reportable segment loss increased from approximately RMB19.4 million for the period ended 30 June 2020 to approximately RMB26.1 million for the period ended 30 June 2021, due to an increase in the expenses of approximately RMB16.6 million for developing the media, cultural and entertainment business in the different region as compared to the same period of the last year.

The short-term strategy for our media and entertainment business is to expand its multiple digital platforms and seek investment opportunities in film rights. 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 the media, cultural and entertainment business in different regions.

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

During the six months ended 30 June 2021, the Group incurred a net loss of approximately RMB21.3 million. As at 30 June 2021, the Group had net current liabilities of approximately RMB236.9 million. 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 to renew loans that have fallen due;
- (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 convertible bonds to new potential investors; and
- (v) The Directors of the Company anticipates that the Group will generate positive cash flows from its operations in the foreseeable future.

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 different regions; 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 fall due within the forecast period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Financial Review

Turnover

The Group's turnover increased by approximately 27.1% to RMB69.6 million, primarily due to the arise in turnover of (i) the Fabrics and Trading Business by approximately RMB12.7 million and (ii) entertainment and cultural business of approximately RMB8.4 million, respectively.

Gross Profit and Gross Profit Margin and Net Loss

The Group recorded a gross loss of approximately RMB0.8 million for the period ended 30 June 2021 as compared to a gross profit of approximately RMB12.5 million for the period ended 30 June 2020. The main reason for the change from the gross profit to the gross loss was an increase of costs of sales of approximately RMB16.6 million for developing the media, cultural and entertainment in the different region as compared to the same period of the last year.

The Group recorded a net loss of approximately RMB21.3 million, as compared to a net loss of approximately RMB92.9 million for the six months ended 30 June 2020. The decrease in the unaudited consolidated loss attributable to owners of the Company was mainly attributable to the net effect of:

- (i) the gain on disposal of a subsidiary, namely 協盛(石獅市)染織實業有限公司 ("Xie Sheng"), of approximately RMB80,840,000 due to the holder of the bond of the Company enforced the pledged share capital of Xie Sheng by disposing Xie Sheng's share capital to a third party by way of sales the during the period of 2021;

- (ii) an increase in the net loss on financial assets at fair value through profit or loss of approximately RMB9,258,000 as compared to the same period of the last year;
- (iii) an increase in the expenses of approximately RMB16,579,000 for developing the media, cultural and entertainment business in the different region as compared to the same period of the last year;
- (iv) an absence of the impairment loss on interest in an associate of approximately RMB20,308,000 and the share of loss of an associate of approximately RMB12,276,000 as recognised in the same period last year; and
- (v) an absence of gain on the derivative financial instruments of approximately RMB 44,437,000 as recognised in the same period of the last year.

Other Income

The Group recorded net gains from other expenses, gains and losses of approximately RMB0.9 million (2020: net expenses from other expenses, gains and losses of RMB1.7 million).

Distribution and Selling Expenses and administrative expenses

The distribution and selling expenses increased by approximately 71.1% to approximately RMB3.4 million (2020: RMB2.0 million) while the administrative expenses decreased to approximately RMB41.9 million, representing a decline of 18.7% as compared to the corresponding period (2020: RMB51.5 million) which was mainly due to stringent cost control measures and reduction of labour costs.

Finance Cost

Finance costs decreased by approximately 14.2% to approximately RMB40.3 million (2020: RMB47.0 million) as a result of the decrease in interest expense arising from downsizing the loan amount by way of conversion of the convertible bonds into ordinary shares in the second half of 2020.

Business Development and Future Prospects

The management believes it is the best interest of the Group to continue to consolidate its existing Fabric and Trading Business, money lending business and brokerage services business and diversify into new business in the media, cultural and entertainment, which should be able to generate relatively stable income stream given the existing market conditions and the available resources within the Company.

Given the dynamic changes in the macroeconomic environment and policy changes in the PRC, together with the unstable political and economic environment in Hong Kong, it is foreseeable that the year of 2021 will be another challenging year. Despite the challenges, the management believes there are still opportunities for our business growth. The Group will pay close attention to the internal and external economic situation and continue to closely monitor and make efforts on adjusting internal structure to optimize the businesses.

As always, our management team will leverage on our internal innovation as well as develop in a pragmatic and aggressive approach and continue its persistent efforts to bring desirable return to the shareholders. In light of the global economic trend and fierce competition in the market, the Group has continuously reviewed its business strategy and development plan, expand its income source and improve its operating performance of the Group.

MATERIAL ACQUISITION OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Conversion of 60,000,000 ICPS of Yong Tai Berhad

Pursuant to the Company's announcements dated 9 January 2018, 17 January 2018 and 31 March 2021, the Group had served a conversion notice to Yong Tai to fully exercise its conversion rights attaching to the Sales ICPS, and on 31 March 2021, Yong Tai allotted and issued to the Group 60,000,000 new Yong Tai Shares at nil conversion price per new Yong Tai Share, which representing approximately 4.54% of the enlarged issued and paid-up share capital of Yong Tai upon fully conversion of the Sales ICPS (the "Conversion") as at 31 March 2021. Upon the Conversion, the Group was interested in approximately 10.34% of the entire issued share capital of Yong Tai. The Group's interest in Yong Tai is accounted for as financial assets at fair value through profit or loss in the financial statements of the Group.

Enforcement of a pledge over the shares in a subsidiary

Pursuant to the Company's announcements dated 20 October 2020, 6 November 2020, 28 January 2021, 31 May 2021 and 17 June 2021, the holder (the "Bond Holder") of the bond (the "Bond") of the Company enforced the security accompanying the Bond by way of disposal of the pledged shares of a wholly owned subsidiary of the Company, namely 協盛（石獅市）染織實業有限公司 to a third party by way of sale at the consideration of HK\$15,000,000 on 31 May 2021. The sale proceeds were applied towards settlement of all outstanding interest of the Bond up to 31 May 2021 and partial settlement of the principal of the Bond. Details are set out in note 15 to the Interim Financial Statements.

Proposed Disposal of Brokerage Services Business

On 26 May 2020, Co-Prosperity Investment (International) Limited, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the "Agreement") to dispose 60% of the entire issued share capital of Million Federal International Limited ("Million Federal") and its subsidiaries at the consideration of approximately HK\$62 million (subject to adjustment). Sincere Securities Limited, a wholly-owned subsidiary of Million Federal, is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities. Pursuant to the Company's announcement dated 26 May 2021, as certain conditions precedent set out in the Agreement had not been satisfied on or before 26 May 2021, the Agreement was terminated on 26 May 2021 and the transaction will not proceed.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group had total assets of approximately RMB712.1 million (31 December 2020: RMB809.2 million) which were financed by current liabilities of approximately RMB553.3 million (31 December 2020: RMB644.8 million), non-current liabilities of approximately RMB149.9 million (31 December 2020: RMB142.5 million) and shareholders' equity of approximately RMB117.9 million (31 December 2020: RMB126.3 million).

As at 30 June 2021, excluded client's monies in segregated account, the Group's cash and bank balances was approximately RMB35.5 million (31 December 2020: RMB47.0 million). As at 30 June 2021, the secured bonds were fixed-rate and were denominated in Hong Kong dollars, the short-term bank loans were fixed-rate loans and denominated in RMB whereas short-term loans from other financial institution and other borrowing were fixed-rate loan and denominated in Hong Kong dollar. The Group's borrowings were secured by property, plant and equipment, financial assets at fair value through profit or loss, 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 (31 December 2020: 0.6). The gearing ratio, being a ratio of borrowings (comprising obligations under finance leases, bond payables, other borrowing, short-term bank loans, short-term loans from other financial institution and convertible bonds) to shareholders' equity, was approximately 309.0% (31 December 2020: 309.8%).

CAPITAL STRUCTURE

As at 30 June 2021, 9,925,668,000 ordinary shares of the Company (the "Share(s)") were issued and fully paid.

Pursuant to the Company's announcements dated 14 May 2021, 25 June 2021, and 21 July 2021 and the Company's circular dated 27 June 2021, the resolutions of the capital reorganisation, the change in board lot size, the subscriptions of convertible bonds and the refreshment of Share Option Scheme mandate limit had been passed in the extraordinary general meeting held on 21 July 2021.

The Company had further announced on 5 August 2021 that the completion of the subscriptions of the convertible bonds would be extended to on or before 5 September 2021. Details are set out in note 18 to the Interim Financial Statements.

CHARGES ON ASSETS

As at 30 June 2021, the Group's borrowings were secured by assets with a total carrying value of approximately RMB712.1 million (31 December 2020: RMB809.2 million).

CAPITAL COMMITMENTS

As at 30 June 2021, except for disclosure elsewhere in this announcement, the Group did not have any capital commitments (31 December 2020: Nil).

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 17 to the Interim Financial Statements.

EVENTS AFTER THE REPORTING PERIOD

Details are set out in note 18 to the Interim Financial Statements.

EXCHANGE RISK EXPOSURE

The Group's business transactions were mainly denominated in RMB and Hong Kong dollar. The Group currently does not have any established hedging policies in place. Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure by using appropriate financial instruments and adopting appropriate hedging policies to control the risks, when the need arises. The Group was not engaged in any hedging contracts with respect to the foreign exchange risks.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had about 162 employees (31 December 2020: 409 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.

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.

On 21 May 2021, the Company granted an aggregate of 290,000,000 share options to the existing Directors and employees. Exercise price of the share options granted is HK\$0.12. The share options granted are valid until the last day of 5-year period after the date of grant and shall vest on the second anniversary of the last trading day of the month following the grantee's service relationship start date.

LITIGATIONS

I. LITIGATIONS IN RELATION TO STATUTORY DEMANDS

Reference are made to the announcements of the Company dated 21 October 2019, 24 October 2019 and 28 October 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 9 October 2019, a statutory demand under section 178(1)(A) of the 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\$222,707,496 (the “Debt”) within 3 weeks after service of the Statutory Demand I. After the expiry of the 3-week period after the services of Statutory Demand I, the Creditor I may present a winding-up petition against the Company.

Creditor I has agreed that they would not present the winding up petition immediately if the Company could repay part of the outstanding debt, 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 with the estimated gross proceeds of approximately HK\$400 million as stated in the announcement dated 24 September 2019.

As at the date of this announcement, the Company is still proactively engaging in negotiations with Creditor I 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.

Reference are made to the announcements of Company dated 7 April 2020 and 12 May 2020 (the “2020 Statutory Demand Announcements”) in relation to, inter alia, the commencement of litigation in relation to the alleged outstanding debts.

As disclosed in the 2020 Statutory Demand Announcements, on 23 March 2020, 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\$45,978,301.36 (the “Debt II”) within 3 weeks after the service of the Statutory Demand II. After the expiry of the 3-week period after the services of Statutory Demand II, Creditor II may present a winding-up petition against the Company. On 12 May 2020, the Company has reached a settlement agreement (the “Settlement Agreement”) with the Creditor II. Pursuant to the terms and conditions of the Settlement Agreement, the Company shall pay and discharge the outstanding debts to the Creditor II in accordance with the repayment schedule in the Settlement Agreement. However, on 11 August 2020, the Statutory Demand II under the Ordinance was served on the Company by the Creditor II again to demand the Company to repay the outstanding debt and the accrued interests of the Debt II.

II. LITIGATION IN RELATION TO WRIT OF SUMMONS

On 22 May 2020, Asia Television Limited, an indirect non-wholly owned subsidiary of the Company, received a writ of summons under action number HCA 774/2020 (the “Writ of Summons”) together with statement of claim issued in the Court of First Instance of High Court of Hong Kong by HONG KONG SCIENCE TECHNOLOGY PARKS CORPORATION (the “Plaintiff”) against Asia Television Limited, as defendant (the “Defendant”).

According to the Writ of Summons, the Defendant purchased the property located at 25 -37 Dai Shing Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong (the “Property”) in September 2005 and signed the deed of variation (the “Deed of Variation”) with the Plaintiff. According to the Deed of Variation and the lease documents, the Defendant must abide by certain terms when using the Property, including only for television programme and film production, broadcasting programme, distribution, publications, multi-media entertainment and other related business. Otherwise, an additional premium of HK\$3,721.00 needs to be paid daily (the “Additional Premium”), and the Plaintiff also has the right to re-enter the Property. The Plaintiff believed that the Defendant violated the terms of the lease documents and the Deed of Variation, so it requested the Defendant to return the Property and recover the additional premium from 1 August 2017. The Plaintiff claims against the Defendant, among others (i) vacant possession of the Property; (ii) additional premium at HK\$3,721.00 per day from 1 August 2017 to 22 May 2020; (iii) mesne profits from 23 May 2020 to the date of the Defendant delivers vacant possession of the Property to the Plaintiff; (iv) costs on an indemnity basis; and (v) further or other relief as the Court may order.

The Defendant is seeking legal advice in respect of the above proceeding in HCA 774/2020 and would defend its position. The Company will make further announcement(s) to update the shareholders of the Company and the potential investors on any significant development regarding the above claim as and when appropriate. There was no other development for this litigation during the reporting period.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who work for the interests of the Group.

A share option scheme (the “Share Option Scheme”) was adopted at the annual general meeting of the Company (the “2016 AGM”) on 15 June 2016. The Share Option Scheme became valid and effective for a period of ten years commencing from the date of the 2016 AGM. Eligible participants of the Share Option Scheme include (a) full time or part time employees of our Group (including any Directors or directors of any subsidiary or any invested entity); (b) any suppliers, customers, consultants, agents, advisers, service providers; and (c) any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date it was adopted.

An offer of the grant of any option under the Share Option Scheme may be accepted within 21 business days from the date of grant together with a remittance of HK\$1.00 by way of consideration for the grant thereof. No option shall be granted to any eligible person if any further grant of options would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person in the 12 months period up to and including such further grant would exceed 1% of the total number of shares in issue, unless such further grant has been duly approved by the Company’s shareholders in general meeting.

The exercise price of the option shall be determined at the discretion of the board of directors which shall be not less than the highest of: (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (ii) the average closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company’s shares.

The total number of shares in respect of which options may be granted under the Share Option Scheme shall not exceed 992,566,800 shares, being 10.0% of the total number of shares in issue as at the date of this announcement.

On 21 May 2021, the Company granted an aggregate of 290,000,000 share options to the existing Directors and employees. Exercise price of the share options granted is HK\$0.12. The share options granted are valid until the last day of 5-year period after the date of grant and shall vest on the second anniversary of the last trading day of the month following the grantee's service relationship start date.

As at 30 June 2021, share options to subscribe for an aggregated of 174,000,000 Shares have been vested to the grantees of the share options.

As at 30 June 2021, the total number of securities available for issue under the Share Option Scheme pursuant to its terms was 290,000,000 Shares, representing in aggregate approximately 2.9% of the Company's issued share capital.

Details of the share options granted under the Share Option Scheme for the six months ended 30 June 2021 were as follows:

		Number of share options				
		Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2021
Name	Date of grant					
Executive Directors						
Mr. Leong Wei Ping	21 May 2021	–	29,000,000	–	–	29,000,000
Mr. Chan Wai Kit	21 May 2021	–	29,000,000	–	–	29,000,000
Ms. Sun Tingting	21 May 2021	–	29,000,000	–	–	29,000,000
Non-executive Directors						
Dato’ Sri Lai Chai Suang	21 May 2021	–	29,000,000	–	–	29,000,000
Mr. Andy Yong Kim Seng	21 May 2021	–	29,000,000	–	–	29,000,000
Sub-total		–	145,000,000	–	–	145,000,000
Employees in aggregate	21 May 2021	–	145,000,000	–	–	145,000,000
Total		–	290,000,000	–	–	290,000,000

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Director or the chief executive of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and neither the Director nor the chief executive, nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or any had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Period.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the Period.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the Period, except as stated below. In respect of code provision A.6.7 of the Corporate Governance Code. Dato' Sri Lai Chai Suang, being non-executive Director was unable to attend the annual general meeting held on 30 June 2021 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.

DIRECTORS' COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the Period and all Directors confirmed that they have fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE REVIEW

The Group's audit committee (the "Audit Committee") comprises four members, namely Mr. Li Yu, Ms. Han Xingxing, Ms. Wong Chi Yan and Mr. Lee Cheung Yuet Horace, who are independent non-executive Directors. The chairman of the Audit Committee is Ms. Wong Chi Yan. The primary duties of the Audit Committee are, among others, to review the financial reporting system and internal control procedures of the Group, to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to review the financial information and accounting policies of the Group. This unaudited interim results including the accounting principles and practices adopted by the Group have been reviewed and approved by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim report of the Group for the Period, which contains the detailed results and other information of the Group for the Period required pursuant to Appendix 16 of the Listing Rules, will be despatched to the shareholders of the Company and published on the Stock Exchange's website at www.hkexnews.hk and the Company's designated website at www.atvgroup.com.hk in due course. This announcement can also be accessed on the above websites.

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

Hong Kong, 31 August 2021

As at the date of this announcement, the Board comprises Mr. Leong Wei Ping 梁瑋珮先生, Mr. Chan Wai Kit, Mr. Sze Siu Bun and Ms. Sun Tingting as executive Directors, Mr. Deng Junjie, 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