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)

(1) SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021; AND (2) BREACH OF LISTING RULES IN RESPECT OF RENEWAL OF LOAN

(1) SUPPLEMENTAL INFORMATION IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the annual report of Asia Television Holdings Limited (the "**Company**" and its subsidiaries, collectively referred to as the "**Group**") dated 31 May 2022 in relation to the annual results of the Group for the year ended 31 December 2021 (the "**2021 Annual Report**"). Capitalised terms used in this announcement shall have the same meanings as those defined in the 2021 Annual Report unless otherwise defined herein.

Further to the information disclosed in the 2021 Annual Report, the Company wishes to provide to the shareholders of the Company and the potential investors with the following supplementary information:

MONEY LENDING BUSINESS

(i) Business model

The Group commenced the Money Lending Business in 2015 and the Group has operated this business for around 6 years. The Money Lending Business is engaged in the provision of loan financing and the revenue from the Money Lending Business is comprised of loan interest. The loans have provided in forms of term loans and loan facilities.

The Group mainly targets at individual customers and corporate customers locate in Hong Kong, Macau and the People's Republic of China.

The customers are mainly introduced by the management of the Group (the "**Management**") and the existing borrowers.

The Group lends out the loans by using its internal resources.

In determining the terms of the loans for individual and corporate term loans and loan facilities granted by the Group, the Group has established and adopted the following policy. Depends on the type of the loans, the loan amount, the financial capabilities and the reputation of borrowers and/or guarantors, the interest rate per annum of the loans will be ranging from 12% to 33% and terms ranging from 3 months to 1 year.

As at 31 December 2021, there was one outstanding unsecured loan (the "**Outstanding Loan**") which was granted and renewed during the year ended 31 December 2021 and the net carrying value of principal amount of the outstanding loan was approximately RMB13.5 million. A personal guarantee in favour of the Group had been executed as security of the Outstanding Loan.

As at 31 December 2021, there were total of 5 outstanding loans with an aggregate principal amount (the "**Aggregate Principal Amount**") of approximately RMB43.3 million were granted between 2016 and 2021, out of which approximately 54.8% of the loans were secured by personal guarantee and the remaining were unsecured. The principal amount of the outstanding loan to the largest borrower constituted approximately 32.2% of the Aggregate Principal Amount.

Set out below is the summary of the 5 outstanding loans as at 31 December 2021:

Name of borrower	**Identity**	**Contract date**	**Due date**	**Renewal contract record**	**Principal amount (RMB)**	**Interest rate**	**Terms**	**Collaterals / Personal Guarantee**	**Independent Third Party - both borrower(s) and/or guarantor(s)**	**Settlement of the principal amount up to the date of this announcement**
Hua Wei International Security Management Limited (華衛國際安全管理有限公司)	Corporation	24 October 2016	31 March 2022	23 January 2017 - 22 April 2017; 22 April 2017 - 31 March 2018; 1 April 2018 - 31 March 2019; 1 April 2019 - 31 March 2020; 1 April 2020 - 31 March 2021; and 1 April 2021 - 31 March 2022	13,966,200	14%	1 Year	Personal Guarantee	Yes	HK$1,685,605
Client A	Individual	3 February 2016	2 February 2017	Not Applicable	8,167,000	13%	1 Year	Nil	Yes	Nil *(Note 1)*
Client B	Corporation	23 January 2018	22 April 2018	Not Applicable	4,083,500	26%	3 Months	Nil	Yes	Nil *(Note 2)*
Client C	Individual	8 September 2019	7 September 2020	Not Applicable	7,320,900	12%	1 Year	Nil	Yes	Nil *(Note 3)*
Client D	Corporation	15 December 2020	14 December 2021	Not Applicable	9,800,400	33%	1 Year	Personal Guarantee	Yes	HK$1,199,000 *(Note 4)*

Note:

1. *As at the date of this announcement, Client A had been declared bankrupt and the Group had taken legal proceedings against Client A to collect the loan.*

2. *As at the date of this announcement, Client B had been liquidated and the Group had taken legal proceedings against Client B to collect the loan.*

3. *Client C and the Company were negotiating on the repayment schedule of the outstanding loan.*

4. *The Group had taken legal proceedings against Client D to collect the loan. As at the date of this announcement, Client D and the Company were negotiating on the repayment schedule of the remaining loan. Based on the preliminarily negotiation, Client D intended to settle the outstanding amount by the end of year 2022.*

(ii) Credit risk assessment policy

The Group had adopted the credit risk assessment for the potential customers by taking the following steps:

a) The Group will conduct the know-your-client procedure, which consists of background check, obtaining and review of identification documents (such as identity card for individuals, business registration and/or the certificate of incorporation for corporate customers) and conduct public search.

b) The Group will then assess the creditworthiness of the potential customers by taking into account the customer's occupation, financial condition, asset portfolio and credit history.

- For individual customers, the Group will assess their financial capabilities by reviewing their asset portfolio as well as their background and public reputation;

- For corporate customers, the Group will assess their financial capabilities by reviewing their financial statements, business potential and/or asset portfolio.

(iii) Management's discussion on movements in loan impairments (and write-offs) and the underlying reasons

The Group has adopted the following impairment policy for the outstanding loans:-

For each of the non-overdue loans, rate of expected credit loss was determined with reference to the contractual interest rate of each loan, market risk-free rate, expected GDP growth rate and the remining terms of the loan. Expected credit loss will be assessed individually for each loan.

For each of the overdue loans, breach of payment terms is an indicator that the borrowers will be unable to repay the loan balance in the view of Management, full impairment will be made if the loan receivables were due over 90 days with no repayment plan provided by the borrowers.

Accordingly, with reference to the impairment policy, the Group made an impairment loss for loan receivables (the "**Loan Impairment**") of approximately RMB6.45 million during the year ended 31 December 2021. As at the date of this announcement, subsequent payment of HK$1,199,000 (equivalent to approximately RMB 1.0 million) for the impaired outstanding loan had been settled by the borrower.

The Board is of the view that the provision of the Loan Impairment is in compliance with the relevant requirements under the Group's impairment policy and accounting policies and the Loan Impairment gives a fairer view of the financial conditions and operation results of the Group for the year ended 31 December 2021.

(iv) Internal controls in terms of credit approval, ongoing monitoring of loan recoverability and loan collection

After completion of the credit risk assessment, the loan application will be reported to the Management for approval. After obtaining of the aforesaid approval, the relevant loan document will be executed.

For ongoing monitoring, the Group will closely monitor repayment on the scheduled dated. In general, the Group will arrange call with the existing borrowers on a quarterly basis to understand if there is any material deterioration in the client's financial capabilities. Any delay in scheduled repayments will be immediately reported to the Management, which will determine what action should be taken.

For secured loans of both individual and corporate customers, the Group would consider the value of the collaterals and grants loans with a loan-to-value ratio (the "**LTV Ratio**") of no more than 70%. During the post-loan monitoring process, the Group would notice the value of the collateral and the actual LTV Ratio with respect to the loans advanced. If the LTV Ratio is over the acceptable level (i.e 70%), the Group may require the borrower to deposit additional collateral or realise the value of the collateral in order to bring the LTV Ratio back to acceptable level.

In event that there is delay in repayment of the loans, the Group will contact the borrowers and issue the demand letters to the borrowers. The Management will discuss in details with the borrowers for reasons of the late repayment and plans for repayment. After considering all circumstances available to the Group, with limitation to reasons for late payment, recent financial capabilities of the borrowers, the market conditions, the attitudes of the borrowers and subsequent payments made by borrowers, the Management will determine whether it constitute a delinquent loan and whether the Group should take further legal actions against the borrowers. Generally, when the loan is overdue for more than 3 months, a demand letter will be served to the borrower. If no concrete response is received, legal proceedings may be commenced against the borrower. The Group may take legal actions to collect the loan if necessary.

For post-loan monitoring, the Group should conduct annual review on each loan which remains outstanding and if the Group notices that there is a material deterioration in the borrower's financial position, the Group may require repayment from the borrowers. In the event that the borrower fails to respond to the request as mentioned above, the Group may take appropriate legal actions for debts which have been due for a long period.

ISSUANCE OF CONVERTIBLE BONDS

On 24 September 2019, the Company entered into the subscription agreement to issue the 6% convertible bonds in an aggregate principal amount of HK$400 million (the "**Subscription**"). The Subscription was completed on 29 September 2020 and raised net proceeds of HK$399 million (the "**Net Proceeds**").

Due to the negotiations with creditors for rescheduling of the repayment for the borrowings of the Group and the accrued interest due on or before January 2020, the Net Proceeds applied in the repayment was reduced by approximately HK$18 million; and approximately HK$15 million of the Net Proceeds was applied for the leasehold improvements for the Group during the year ended 31 December 2020.

Accordingly, the Net Proceeds were utilised during the year ended 31 December 2020.

Set out below is the summary of the Net Proceeds utilised up to 31 December 2020:

	Approximate amount of Net Proceeds *HK$ million*	**Re-allocation of the Net Proceeds** *HK$ million*	**Approximate actual amount utilised from the Subscription to 31 December 2020** *HK$ million*
Repayment of the borrowings of the Group and the accrued interest due on or before January 2020	349	331	331
General working capital of the Group	50	53	53
Purchase of property, plant and equipment of the Group	-	15	15
	399	399	399

IMPAIRMENT LOSS IN RESPECT OF THE RIGHT-OF-USE ASSETS IN RELATION TO THE MEDIA CASH GENERATING UNIT

The Company engaged an independent professional qualified valuer, Valtech Valuation Advisory Limited (the "**Valuer**"), to conduct valuations to determine the value in use of the cash generating unit in Media segment (the "**Media CGU**") for the year ended 31 December 2020and 2021. The Company provided the Valuer a financial forecast for each of the year ended 31 December 2020 (the "**2020 Forecast**") and 2021 (the "**2021 Forecast**") based on the latest performance and future business plan of the Media segment. The figures in the 2021 Forecast were estimated with a more prudent approach after taking into account the past performance and the Management's expectations for the market development.

The key assumption changes for the 2020 Forecast and 2021 Forecast were mainly attributable to:

a) An absence of the advertising, the broadcasting and sponsorship income in Singapore under the 2021 Forecast when compare the 2020 Forecast as the large amount of the investment need for launching the new over-the-top platform in Singapore;

b) Decrease by the range from 38% to 52% for the five-years forecast under the 2021 Forecast when compared to that of the 2020 Forecast in the estimated advertising, broadcasting and sponsorship income in Malaysia under the 2021 Forecast as the amendment was made in the light of the Company's operational experience from launching broadcasting program targeting for Malaysia during the year of 2021;

c) Increase by the range from 5% to 27% for the five-years forecast under the 2021 Forecast when compared to that of the 2020 Forecast in the estimated operation costs for production of broadcast program as additional costs to production were resulted from taking on risk associated with production, such as production disruptions, during the pandemic situation; and

d) The broadcasting program targeting for Taiwan had been delays and expected to be released in 2023 under the 2021 Forecast.

Therefore, the valuation of the value in use of the Media CGU would be affected and an impairment loss on right-of-use assets of approximately HK$231.5 million was recognised.

SHARE OPTION SCHEME

On 21 May 2021, the Company granted an aggregate of 290,000,000 share options (the "**Share Options**") to the existing Directors and employees. Exercise price of the Share Options granted is HK$0.12. The closing price of the shares of the Company immediately before the date of grant of the Share Options was HK$0.042.

As at 31 December 2021, the total number of securities available for issue under the Share Option Scheme pursuant to its terms and after the refreshment of the share option scheme limit under the Share Option Scheme on 21 July 2021 was 992,566,800 Shares, representing in aggregate 10% of the Company's issued share capital.

QUALIFIED OPINION IN RESPECT OF THE CONSEQUENTIAL EFFECTS OF THE DISPOSAL OF YONG TAI ON THE COMPARABILITY OF THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

As at the dated of this announcement, upon discussion with the auditor of the Company, the disposal of 73,209,000 ordinary shares of Yong Tai would not have consequential effects on the Company's consolidated financial statements for the year ending 31 December 2022. In view of above, the Company expects that the audit modification would be removed in the annual report for the year ending 31 December 2022.

(2) BREACH OF LISTING RULES IN RESPECT OF RENEWAL OF LOAN

BACKGROUND

The Board wishes to announce that on 24 October 2016, Rende Finance Limited (the "**Lender**"), a wholly owned subsidiary of the Company, entered into a loan agreement (the "**Loan Agreement**") with Hua Wei International Security Management Limited (華衛國際安全管理有限公司) ("**Hua Wei**"), pursuant to which the Lender had agreed to lend to Hua Wei a term loan (the "**Hua Wei Loan**") in the principal amount of HK15,000,000 (equivalent to approximately RMB 13,428,450 as at the date of 31 December 2016) repayable on 23 January 2017. A personal guarantee in favour of the Group had been executed by 戚鲁岩 (Qi Luyan*) and 葛艷紅 (Ge YanHong*), as guarantors, on 24 October 2016 as security of the Hua Wei Loan.

Renewal of the Hua Wei Loan

Between January 2017 to April 2021, the Lender and Hua Wei had entered into loan renewal agreements to renew and extend the repayment date of the Hua Wei Loan. Save for the extension of the repayment date, other terms under the Loan Agreement remained unchanged in each of the renewals. Set out below are the renewal details of the Hua Wei Loan:

Date of the loan agreement / loan renewal agreement	Repayment Date	Term	Principal amount	Interest rate

24 October 2016	22 January 2017	91 Days	**HK$**15,000,000	14%
23 January 2017 (the "**First Renewal**")	22 April 2017	89 Days		
22 April 2017 (the "**Second Renewal**")	31 March 2018	343 Days		
1 April 2018 (the "**Third Renewal**")	31 March 2019	1 Year		
1 April 2019 (the "**Forth Renewal**")	31 March 2020	1 Year		
1 April 2020 (the "**Fifth Renewal**")	31 March 2021	1 Year		
1 April 2021 (the "**Final Renewal**")	31 March 2022	1 Year		

Information of Hua Wei

Hua Wei is a company incorporated in Macao Special Administrative Region of the People's Republic of China with limited liability which is principally engaged in the provision of the safety management and consultancy services. To the best knowledge, information and belief of the Company, having made all reasonable enquiries, as at the loan first granted in 2016, Hua Wei was ultimately beneficially owned by Qi Luyan. As at the date of the Fifth Renewal, Hua Wei was ultimately beneficially owned by Forrester Guy Jeremy. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, both Qi Luyan and Forrester Guy Jeremy are not connected with (as defined in the Listing Rules) any directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates.

Information of the Lender

The Lender is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company and is principally engaged in the money lending business.

Reasons for and benefits of entering into the Loan Agreement and the loan renewal agreements

The Group is principally 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; (ii) money lending business; (iii) securities investment and broker service business; and (iv) media, cultural and entertainment business. As one of the principal businesses of the Group, the Hua Wei Loan provided interest income to the Group.

In view of above and (i) Hua Wei had paid the whole respective interests on time on each of the loan period for approximately 5 years, except the delayed repayment for the Final Renewal; (ii) the generated interest income from the Hua Wei Loan of approximately HK$11.4 million, representing approximately 76% of the loan principal amount of HK$15 million; and (iii) the Group had performed the credit risk assessment on Hua Wei prior to each of the extension which including but not limited to the review of the financial statements of Hua Wei of its respective financial period, the Board considers that the transactions contemplated under the Loan Agreement and the respective loan renewal agreements are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Loan Agreement and the respective loan renewal agreements are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios (as defined under the Listing Rules) in respects of the provision of Hua Wei Loan, the First Renewal, the Forth Renewal and the Final Renewal (whether on standalone basis or when aggregated with the provision of the Hua Wei Loan or renewals of the Hua Wei Loan (if applicable) which were conducted within 12 months pursuant to Rule 14.22 of the Listing Rules) was above 5%, the provision of Hua Wei Loan, the First Renewal, the Forth Renewal and the Final Renewal did not constitute notifiable transactions of the Company. However, based on the review of the Board, as one of the applicable percentage ratios (as defined under the Listing Rules) in respects of the Second Renewal, the Third Renewal and the Fifth Renewal, was above 5% but all of them were less than 25%, the aforesaid three renewals constituted disclosable transactions of the Company under Chapter 14 of the Listing Rules and were subject to the reporting and announcement requirements under the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Hua Wei and its ultimate beneficial owner(s) are parties who are not connected with (as defined in the Listing Rules) any directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates, therefore, the provision and renewal of Hua Wei Loan did not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

REASONS FOR THE BREACH OF LISTING RULES

The Company submitted that they have inadvertently failed to timely comply with the relevant requirements under Rule 14.34 of the Listing Rules (the "**Non-Compliance**") upon entering into the loan renewal agreements in relation to the Hua Wei Loan on 22 April 2017, 1 April 2018 and 1 April 2020. Such Non-Compliance is mainly due to the inadvertent oversight by certain management of the Group involved in the renewal of the Hua Wei Loan. The Directors explained that the Non-Compliance was due to (i) the inadvertent oversight and error of the Group in computing the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules; and (ii) the failure of the Group to aggregate the transactions contemplated thereunder the respective loan renewal agreements pursuant to Rule 14.22 of the Listing Rules.

REMEDIAL MEASURES

The Company wishes to submit that the Non-Compliance was inadvertent and the Company had no intention to circumvent from the applicable requirements under Chapter 14 of the Listing Rules in relation to the Second Renewal, Third Renewal and the Fifth Renewal.

In order to prevent the reoccurrence of the Non-Compliance in the future and ensure full compliance with the Listing Rules on an on-going basis, the Company intends to adopt the following remedial measures:

(i) providing regular internal trainings on notifiable transaction(s) to all relevant personnel, including senior management in all business departments of the Group to reinforce and re-explain the relevant requirements of the Listing Rules;

(ii) strengthening the implementation of its internal control system on transactions, including but not limited to the strengthening of the coordination and reporting arrangements for notifiable transactions among various departments of the Company; and

(iii) for any potential transaction(s) which may constitute new notifiable transaction(s) of the Group, consulting professional advisers and the Stock Exchange (where necessary) in a timely manner prior to the entering into of such transaction(s).

The Company would like to stress that the Company will endeavor to carry out necessary measures and appropriate actions for the full compliance with the Listing Rules on an on-going basis.

By order of the Board
Asia Television Holdings Limited
Dato' Sri Lai Chai Suang
Chairman and executive Director

Hong Kong, 10 November 2022

As at the date of this announcement, the board of directors comprises Dato' Sri Lai Chai Suang 拿督斯里賴彩雲博士, Mr. Leong Wei Ping 梁瑋玶先生*, Mr. Chan Wai Kit, Ms. Sun Tingting, Mr. Sze Siu Bun and Ms. Tang Po Yi as 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*