亞洲電視
ASIA TELEVISION

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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 707)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

SUPPLEMENTAL INFORMATION IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Reference is made to the annual report of Asia Television Holdings Limited (the "**Company**" and its subsidiaries, collectively referred to as the "**Group**") dated 28 April 2023 in relation to the annual results of the Group for the year ended 31 December 2022 (the "**2022 Annual Report**"). Capitalised terms used in this announcement shall have the same meanings as those defined in the 2022 Annual Report unless otherwise defined herein.

Further to the information disclosed in the 2022 Annual Report, the Company wishes to provide to the shareholders of the Company and the potential investors with the following supplementary information:

MEDIA, CULTURAL AND ENTERTAINMENT BUSINESS

(i) Business model

The Group commenced the media, cultural and entertainment business in 2018 and the Group has operated this business for round 5 years. The revenue from the media, cultural and entertainment business is mainly comprised of advertising income, sponsorship income, shooting and broadcasting services income.

Our media platforms have been designed specifically to cater to Chinese-speaking regions.

Utilizing these platforms, we provide a comprehensive suite of services, including advertisement design, production, and advertising solutions for our clients. Additionally, we secure sponsorship income through tailored sponsorship activities, programs, and performance events within designated sponsorship periods. Equipped with our in-house production teams, we offer shooting and broadcasting services to meet our customers' needs. Our primary markets currently encompass China, Hong Kong, and Malaysia.

(ii) The key reasons of significant fluctuations in revenue of the Media CGU for 2022 to 2024 were mainly attributable to:

a) A decline of approximately 60% in broadcasting service and advertising income is projected for 2023 under the 2022 forecast, compared to the actual 2022 figures, given the roughly 47.8% decrease in media revenue from RMB67,190,000 in 2021 to RMB35,134,000 in 2022. The management has adopted a more cautious approach due to the challenging economic environment, which contributed to the reduction in advertising, broadcasting, and sponsorship income. The expected growth rate for this particular revenue source is estimated to be 2.5% following the year 2023.

b) Increase by approximately HKD13 million in 2023 and approximately HKD28 million in 2024 under the 2022 Forecast when compared the actual 2022 figures in the estimated income by the strategic utilization of social media platforms in order to capitalize on the burgeoning livestreaming e-commerce market. The livestreaming initiative is anticipated to launch in the second half of 2023, which is expected to drive additional revenue. The anticipated growth rate for this specific revenue stream is projected to range between 5.4%-6.4% following the year 2023.

c) Increase by HKD 12 million in 2024 under the 2022 Forecast when compared to the that of the 2022 actual revenue in the estimated advertising, the broadcasting and sponsorship income. The projected revenue growth is designed to take advantage of the Malaysian media market through the tactical deployment of supplementary resources such as investments in variety or other tv shows in the area. By adopting a focused strategy, this initiative will facilitate in-depth exploration and broadened reach within the Malaysian media sector. The anticipated growth rate for this specific revenue stream is projected to range between 6.5%-7.4% following the year 2024.

(iii) Management's assessment on the basis of valuation in respect Media CGU and the impairment.

During the year, the Group assessed the recoverable amount of a media cash generating unit ("**CGU**") mainly comprises of ATV and its subsidiaries, which are engaged in entertainment and media services and represented the media, cultural and entertainment reportable segment of the Group and as a result recognised impairment losses on property, plant and equipment, right-of-use assets and intangible assets of approximately RMB7,170,000, RMB31,910,000 and RMB21,895,000.

Below details is the impairment assessment of the Media CGU.

The key assumptions used by management in setting the financial budgets for were as follows:

a) The board realize that the pre-tax discount rate calculated by using weighted average cost of capital (i.e. post tax discount rate) was applied.

The board has obtained understanding on the methodology adopted, source of reference of the inputs and the calculation to derive the post-tax discount rate, i.e. Weighted Average Cost of Capital ("**WACC**");

It is the board's understanding that the valuer adopted the Modified Capital Asset Pricing Model for the discount rate calculation. The key inputs and source of reference include:

Inputs	**Sources of reference**	**Board's Assessment**
Risk Free Rate	Bloomberg	Bloomberg is a well-known database which considered as reasonable.
Beta	Bloomberg	Bloomberg is a well-known database which considered as reasonable.
Equity Risk Premium	Research of Aswath Damodaran	Aswath Damodaran is a well-known professor in corporate finance and valuation field. The research is published annually which is commonly adopted in valuation industry.

Inputs	**Sources of reference**	**Board's Assessment**
Size Premium	Duff & Phelps Cost of Capital Navigator	Duff & Phelps is a well-known consultancy firm and considered the research performed is not unreasonable.
Specific Risk Premium	Valuer's professional judgement	The valuation report stated the basis of the determination of the specific risk premium. The board review the rationale of valuer and no disagreement.
Cost of Debt	Company's historical interest rate per annual report.	Considered as acceptable basis.

The Board further compared the discount rate adopted in current year and last year. The movement is explained by the valuer and considered as acceptable.

b) The decline of approximately 60% in broadcasting service and advertising income is projected for 2023 under the 2022 forecast, compared to the actual 2022 figures, given the roughly 47.8% decrease in media revenue from RMB67,190,000 in 2021 to RMB35,134,000 in 2022. The management has adopted a more cautious approach due to the challenging economic environment, which contributed to the reduction in advertising, broadcasting, and sponsorship income. The board has thoroughly assessed the projected decrease in the context of the evolving environment that the Group is expected to face. The expected growth rate for this particular revenue source is estimated to be 2.5% following the year 2023. This growth rate has been verified by the board, using the Hong Kong Inflation growth as per the International Monetary Fund projection.

c) To diversify the income stream of the media segment, the Company planned to introduce a livestreaming initiative during the second half of 2023. This new venture is expected to generate additional revenue, thereby enhancing the Company's financial performance in the future. The board has carefully evaluated the livestreaming proposal submitted by the corresponding management team. The anticipated growth rate for this specific revenue stream is projected to range between 5.4%-6.4% following the year 2024. The growth is expected by referring a nature growth and inflation growth. This growth rate has been verified by the board, using the Hong Kong Inflation growth and GDP as per the International Monetary Fund projection.

d) The projected revenue growth is designed to take advantage of the Malaysian media market through the tactical deployment of supplementary resources such as investments in variety or other broadcasting shows in the area. By adopting a focused strategy, this initiative will facilitate in-depth exploration and broadened reach within the Malaysian media sector. The revenue generated from this endeavor is projected to commence in 2024. The board has assessed the proposal presented by the relevant management team. The anticipated growth rate for this specific revenue stream is projected to range between 6.5%-7.4% following the year 2024. This growth rate has been verified by the board, using Malaysia GDP & Inflation growth per International Monetary Fund projection.

By order of the Board
Asia Television Holdings Limited
Leong Wei Ping
Executive Director

Hong Kong, 15 June 2023

As at the date of this announcement, the board of directors comprises Mr. Liu Minbin, Ms. Tang Po Yi, Mr. Leong Wei Ping 梁瑋玶先生, Mr. Sze Siu Bun, Ms. Sun Tingting and Ms. Zha Mengling as executive Directors, Ms. Han Xingxing, Mr. Li Yu and Mr. Lau Jing Yeung William as independent non-executive Directors.*

* *For identification purpose only*