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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 2024

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 2024 (the “Period”) together with the comparative figures for the corresponding period in 2023 are as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Turnover	4	28,778	24,511
Cost of sales		(25,242)	(22,842)
Gross Gain		3,536	1,669
Gain on disposal of a subsidiary	15	–	21,751
Other gains, net		110	277
Share of gain of an associate		224	1,886
Recovery of the impaired loan receivables		3,738	–
Net gain on financial assets at fair value through profit or loss		2,235	11,299
Distribution and selling expenses		(3,661)	(731)
Administrative and operating expenses		(8,736)	(21,782)
Finance costs	5	(34,215)	(30,537)

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Loss before taxation	6	(36,769)	(16,168)
Taxation	7	(37)	(25)
Loss for the period		<u>(36,806)</u>	<u>(16,193)</u>
Other comprehensive expense			
– Items that will be subsequently to profit or loss:			
– exchange differences arising on translation		<u>(24,352)</u>	<u>(23,479)</u>
Total comprehensive expense for the period		<u>(61,158)</u>	<u>(39,672)</u>
Loss for the period attributable to:			
Owners of the Company		(34,874)	(12,893)
Non-controlling interests		<u>(1,932)</u>	<u>(3,300)</u>
		<u>(36,806)</u>	<u>(16,193)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(52,638)	(23,229)
Non-controlling interests		<u>(8,520)</u>	<u>(16,443)</u>
		<u>(61,158)</u>	<u>(39,672)</u>
		RMB cents	RMB cents
Loss per share			
– Basic and diluted	8	<u>(3.19)</u>	<u>(0.12)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		4,118	4,489
Investment properties		954	920
Right-of-use assets		6,775	6,688
Intangible assets		3,449	3,449
Interest in an associate		7,332	7,108
		<u>22,628</u>	<u>22,654</u>
Current assets			
Inventories		38,944	37,970
Trade and other receivables, deposits and prepayments	<i>10</i>	60,138	38,387
Financial assets at fair value through profit or loss		10	14,008
Bank balances and cash		4,556	13,918
		<u>103,648</u>	<u>104,283</u>
Current liabilities			
Trade and other payables	<i>12</i>	495,520	449,830
Contract liabilities		5,580	6,810
Bond payables		81,218	75,808
Taxation payables		2,867	4,120
Lease liabilities		182	177
Loans from other financial institutions		185,242	178,618
Other borrowings		102,973	99,415
		<u>873,582</u>	<u>814,778</u>

		At 30 June 2024	At 31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net current liabilities		<u>(769,934)</u>	<u>(710,495)</u>
Total assets less current liabilities		<u>(747,306)</u>	<u>(687,841)</u>
Non-current liabilities			
Lease liabilities		464	513
Other borrowings		1,550	1,550
Deferred tax liabilities		<u>2,541</u>	<u>799</u>
		<u>4,555</u>	<u>2,862</u>
Net liabilities		<u>(751,861)</u>	<u>(690,703)</u>
Capital and reserve			
Share capital	<i>13</i>	9,567	956,689
Reserves		<u>(452,365)</u>	<u>(1,346,849)</u>
Equity attributable to owners of the Company		<u>(442,798)</u>	<u>(390,160)</u>
Non-controlling interests		<u>(309,063)</u>	<u>(300,543)</u>
Capital deficiency		<u>(751,861)</u>	<u>(690,703)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Special reserve	Other reserve	Convertible bond equity reserve	Share-base payments reserve	Translation reserve	Statutory surplus reserve fund	Accumulated losses	Total	Non-controlling interests	Capital deficiency
	RMB'000	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)				
At 1 January 2024 (audited)	956,689	1,163,325	82,374	73,876	-	2,035	(2,479)	25,557	(2,691,537)	(390,160)	(300,543)	(690,703)
Loss for the period	-	-	-	-	-	-	-	-	(34,874)	(34,874)	(1,932)	(36,806)
Other comprehensive expense for the period												
– Exchange differences arising on translation	-	-	-	-	-	-	(17,764)	-	-	(17,764)	(6,588)	(24,352)
Total comprehensive expense for the period	-	-	-	-	-	-	(17,764)	-	(34,874)	(52,638)	(8,520)	(61,158)
Capital reduction and share subdivision (notes)	(947,122)	947,122	-	-	-	-	-	-	-	-	-	-
At 30 June 2024 (unaudited)	9,567	2,110,447	82,374	73,876	-	2,035	(20,243)	25,557	(2,726,411)	(442,798)	(309,063)	(751,861)

Notes:

The Capital Reorganisation comprises the following:

- (i) The Capital Reduction by way of a reduction of the issued share capital of the Company through a cancellation of the paid up capital to the extent of HK\$0.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.0 to HK\$0.01; and
- (ii) The Share Subdivision on the basis that each of the authorised but unissued Consolidated Shares of par value of HK\$1.0 each will be subdivided into one hundred (100) Adjusted Shares of par value of HK\$0.01 each.

Following the Capital Reorganisation becoming effective on 22 May 2024, the issued share capital of the Company would be reduced from HK\$1,092,566,800 divided into 10,925,668,000 Existing Shares of par value HK\$0.1 each to HK\$10,925,668 divided into 1,092,566,800 Adjusted Shares of par value HK\$0.01 each.

A credit amount of approximately HK\$1,081.6 million will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company.

Details of the Capital Reduction and Share Sub-division were disclosed in the announcements of the Company dated 28 September 2023, 3 October 2023, 9 November 2023, 19 December 2023, 19 March 2024, 10 April 2024 and 22 May 2024 and the circular of the Company dated 23 November 2023.

For the six months ended 30 June 2023

	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Special reserve	Other reserve	Convertible bond equity reserve	Share-base payments reserve	Translation reserve	Statutory surplus reserve fund	Accumulated losses	Total	Non-controlling interests	Capital deficiency
	RMB'000	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)				
At 1 January 2023 (audited)	956,689	1,163,325	82,374	73,876	5,348	2,460	4,677	25,557	(2,564,927)	(250,621)	(269,605)	(520,226)
Loss for the period	-	-	-	-	-	-	-	-	(12,893)	(12,893)	(3,300)	(16,193)
Other comprehensive expense for the period												
– Exchange differences arising on translation	-	-	-	-	-	-	(10,336)	-	-	(10,336)	(13,143)	(23,479)
Total comprehensive expense for the period	-	-	-	-	-	-	(10,336)	-	(12,893)	(23,229)	(16,443)	(39,672)
Lapse of share options	-	-	-	-	-	(461)	-	-	461	-	-	-
At 30 June 2023 (unaudited)	956,689	1,163,325	82,374	73,876	5,348	1,999	(5,659)	25,557	(2,577,359)	(273,850)	(286,048)	(559,898)

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 2024

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.

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

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and revised standards during the reporting period has no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated 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 2024 and 2023 are set out below.

Six months ended 30 June 2024 (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	Total RMB'000
Reportable segment revenue and timing of revenue recognition								
Products and services transferred at a point in time	2,326	11,611	-	-	-	-	-	13,937
Services transferred over time	9,502	-	-	-	5,339	-	-	14,841
Revenue from external customers	11,828	11,611	-	-	5,339	-	-	28,778
Revenue from inter-segment	-	-	-	-	-	-	-	-
Reportable segment revenue	11,828	11,611	-	-	5,339	-	-	28,778
Reportable segment loss (adjusted EBITDA)	(2,123)	(3,481)	-	-	(671)	-	(1,388)	(7,663)
Depreciation and amortisation	(527)	(23)	-	-	(257)	-	(281)	(1,088)
Net realised gain on disposal of financial assets at fair value through profit or loss	-	-	-	-	-	2,235	-	2,235
Finance costs	(189)	-	-	-	(6)	-	(34,020)	(34,215)
Recovery of impaired loan receivables	-	-	3,738	-	-	-	-	3,738
Share of gain of an associate	-	-	-	-	-	224	-	224
Loss before taxation								(36,769)

At 30 June 2024 (unaudited)

Reportable segment assets	39,931	14,150	42	40	42,677	-	29,436	126,276
Reportable segment liabilities	36,947	12,398	1,976	-	96,176	-	730,640	878,137

Six months ended 30 June 2023 (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	Total RMB'000
Reportable segment revenue and timing of revenue recognition								
Products and services transferred at a point in time	2,955	-	-	-	-	-	-	2,955
Services transferred over time	8,372	-	-	-	12,943	-	241	21,556
Revenue from external customers	11,327	-	-	-	12,943	-	241	24,511
Revenue from inter-segment	-	-	-	-	-	-	-	-
Reportable segment revenue	11,327	-	-	-	12,943	-	241	24,511
Reportable segment loss (adjusted EBITDA)	(2,933)	-	(11)	(3)	(10,664)	-	(5,922)	(19,533)
Depreciation and amortisation	(527)	-	-	-	(505)	-	(2)	(1,034)
Net unrealised gain on financial assets at fair value through profit or loss	-	-	-	-	-	-	11,299	11,299
Finance costs	(331)	-	-	-	(9)	-	(30,197)	(30,537)
Share of gain of an associate	-	-	-	-	-	1,886	-	1,886
Gain on disposal of a subsidiary	-	-	-	-	-	-	21,751	21,751
Loss before taxation								(16,168)

At 30 June 2023 (unaudited)

Reportable segment assets	58,341	109	42	20,353	86,716	-	16,982	182,543
Reportable segment liabilities	42,812	4,164	410	-	72,288	-	622,767	742,441

(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 non-financial non-current assets ("specified non-current assets"). The geographical location of revenue from customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset.

	Turnover		Specified Non-current assets	
	Six months ended		At	At
	30 June		30 June	31 December
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
The PRC	23,439	11,327	1,066	780
Malaysia	–	–	357	412
Hong Kong	5,339	13,184	21,205	21,462
	28,778	24,511	22,628	22,654

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 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Receivables, which are included in “Trade and other receivables”		
– Sales of goods from finished fabrics and garment products	341	397
– Subcontracting services income	371	309
– Trading of fabrics and clothing	708	4,751
– Entertainment and media services income	98	94
	<u>1,518</u>	<u>5,551</u>
Contract liabilities – which included in “Trade and other payables”		
– Sales of goods from finished fabrics and garment products	637	70
– Subcontracting services income	1,785	2,738
– Trading of fabrics and clothing	532	490
– Entertainment and media services income	2,626	3,512
	<u>5,580</u>	<u>6,810</u>

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

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

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank loans	–	331
Interest on other unsecured loans	31,450	23,482
Interest on bond payables	2,570	2,446
Interest on lease liabilities	12	9
Interest on convertible bonds	–	3,748
Other finance costs	183	521
	34,215	30,537

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2024	2023
	<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	15,214	13,845
Depreciation of:		
– Property, plant and equipment	831	527
– Right-of-use assets	257	507
Net gain on financial assets at fair value through profit or loss		
(a) securities investment		
– Realised gain on disposal	(2,235)	–
– Fair value gain	–	(11,299)
Recovery of the impaired loan receivables	(3,738)	–

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 2024 (2023: 25%). Provision for Hong Kong Profits Tax has been provided at the rate of 8.25% or 16.5% (2023: 8.25% or 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.

For the period ended 30 June 2024 and 2023, 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 2024 and 2023 are equal.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss		
Loss for the period attributable to owners of the Company used in the basic and diluted loss per share calculation	<u>(34,874)</u>	<u>(12,893)</u>
	2024 <i>'000</i>	2023 <i>'000</i>
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>1,092,567</u>	<u>10,925,668</u>

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (2023: Nil).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade receivables (<i>Note i</i>)	5,449	9,470
Less: Allowances for bad and doubtful debts	<u>(3,931)</u>	<u>(3,919)</u>
	<u>1,518</u>	<u>5,551</u>
Deposits paid to suppliers	5,419	7,970
Less: Allowances for impairment	<u>(2,997)</u>	<u>(2,997)</u>
	<u>2,422</u>	<u>4,973</u>
Other deposits, receivables and prepayments		
– Value-added tax recoverable	3	55
– Other receivables and prepayments	55,911	26,509
– Other deposits	284	764
– Amounts due from related companies (<i>Note ii</i>)	<u>–</u>	<u>535</u>
	<u>56,198</u>	<u>27,863</u>
	<u>60,138</u>	<u>38,387</u>

Notes:

(i) 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 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
0 to 90 day(s)	645	5,179
91 to 180 days	450	247
181 to 270 days	228	106
271 to 365 days	–	–
Over 365 days	195	19
	1,518	5,551

(ii) The amounts due 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 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Unsecured loans		
– principal	22,429	21,628
– interest	1,198	1,154
Less: Impairment loss recognised	(23,627)	(22,782)
	–	–

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 in original currency as at 30 June 2024 amounted to approximately HK\$nil (31 December 2023: HK\$nil).

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 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Neither past due nor credit-impaired	–	–
Past due and credit impaired		
– 0-90 days past due	–	–
– 90-180 days past due	–	–
– 181-365 days past due	–	–
– more than 365 days past due	23,627	22,782
	23,627	22,782
Less: Allowance for ECLs	(23,627)	(22,782)
	–	–

12. TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Trade payables (<i>Note (i)</i>)	13,111	23,454
Other payables and accruals (<i>Note (ii)</i>)	396,540	341,681
Other payables on film rights and licence fees	136	136
Other payables on convertible bonds interest	14,956	14,872
Amounts due to directors (<i>Note (iii)</i>)	62,277	60,790
Amount due to a shareholder of the Company	–	397
Amounts due to a related party (<i>Note (iii)</i>)	8,500	8,500
	<u>495,520</u>	<u>449,830</u>

Notes:

- (i) 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 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
0 to 90 day(s)	717	2,278
91 to 180 days	113	10,075
181 to 270 days	192	11
271 to 365 days	56	428
Over 365 days	12,033	10,662
	<u>13,111</u>	<u>23,454</u>

- (ii) Other payables mainly represents (i) amounts due to certain independent third parties; (ii) interest payables and (iii) accrued staff costs and director's remuneration.
- (iii) 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\$0.01 (2023: HK\$1) each		
As at 31 December 2023 (audited)	2,000,000	2,000,000
Capital reduction and share subdivision	<u>198,000,000</u>	<u>–</u>
At 30 June 2024	<u>200,000,000</u>	<u>2,000,000</u>

	Issued and fully paid		
	Number of shares '000	Amount RMB'000	Amount HK\$000
At 31 December 2023 (audited)	<u>1,092,567</u>	<u>956,689</u>	<u>1,092,566</u>
Capital reduction and share subdivision (<i>Note</i>)	<u>–</u>	<u>(947,122)</u>	<u>(1,081,640)</u>
At 30 June 2024 (unaudited)	<u>1,092,567</u>	<u>9,567</u>	<u>10,926</u>

Note:

The Capital Reorganisation comprises the following:

- (i) The Capital Reduction by way of a reduction of the issued share capital of the Company through a cancellation of the paid up capital to the extent of HK\$0.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$1.0 to HK\$0.01; and
- (ii) The Share Subdivision on the basis that each of the authorised but unissued Consolidated Shares of par value of HK\$1.0 each will be subdivided into one hundred (100) Adjusted Shares of par value of HK\$0.01 each.

Following the Capital Reorganisation becoming effective on 22 May 2024, the issued share capital of the Company would be reduced from HK\$1,092,566,800 divided into 10,925,668,000 Existing Shares of par value HK\$0.1 each to HK\$10,925,668 divided into 1,092,566,800 Adjusted Shares of par value HK\$0.01 each.

A credit amount of approximately HK\$1,081.6 million will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company.

Details of the Capital Reduction and Share Sub-division were disclosed in the announcements of the Company dated 28 September 2023, 3 October 2023, 9 November 2023, 19 December 2023, 19 March 2024, 10 April 2024 and 22 May 2024 and the circular of the Company dated 23 November 2023.

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 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
At 30 June 2024				
Financial assets at FVTPL				
– Equity securities listed in overseas, at fair value	<u>10</u>	<u>–</u>	<u>–</u>	<u>10</u>
	<i>Level 1</i> <i>RMB'000</i>	<i>Level 2</i> <i>RMB'000</i>	<i>Level 3</i> <i>RMB'000</i>	<i>Total</i> <i>RMB'000</i>
At 31 December 2023				
Financial assets at FVTPL				
– Equity securities listed in overseas, at fair value	<u>14,008</u>	<u>–</u>	<u>–</u>	<u>14,008</u>

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

15. DISPOSAL OF A SUBSIDIARY

In April 2023, the Group disposed of the entire equity interest in a PRC company for a consideration of HK\$100,000. The PRC Company was engaged in the general trading, which was not in alignment with our core business activities.

The gain on Disposal was arrived at as follows:

	<i>RMB'000</i>
Net liabilities	(21,658)
Gain on the disposal	<u>21,751</u>
Total consideration	<u>93</u>

16 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

i) Proposed right issues

On 23 August 2024, the Company proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.1 per Rights Share, to raise up to (i) approximately HK\$65.55 million by issuing up to 655,539,400 Rights Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); and (ii) approximately HK\$71.09 million by issuing up to 710,939,400 Rights Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date), to the Qualifying Shareholders. The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s). For details, please refer to the announcements of the Company dated 2 August 2024, 21 August 2024 and 23 August 2024.

ii) Termination of subscription of convertible bonds under specific mandate

On 2 August 2024, the Subscriber and the Company entered into the termination agreement pursuant to which the Subscription Agreement was terminated with immediate effect and the parties thereto shall have no further obligations and liabilities towards each other under the Subscription Agreement and neither party shall have any claim against the other in connection with the Subscription Agreement. For details, please refer to the announcements of the Company dated 2 August 2024.

iii) Placing of new shares under general mandate

On 19 July 2024, a total of 218,512,000 Placing Shares have been successfully placed by the Placing Agent to not fewer than six (6) Placees at the Placing Price of HK\$0.16 per Placing Share pursuant to the Placing Agreement. The net proceeds from the Placing received by the Company, after deducting all related costs, fees, expenses and commission, are approximately HK\$34.1 million, representing a net issue price of approximately HK\$0.156 per Placing Share.

The Group used the net proceeds in the following manner: (1) approximately 58.7% (approximately HK\$20.0 million) for repayment of debts; and (2) approximately 41.3% (approximately HK\$14.1 million) for the general working capital of the Group.

For details, please refer to the announcements of the Company dated 7 June 2024, 26 June 2024 and 19 July 2024.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the Period (2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2024 (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

An increase in the revenue of fabrics and trading business from approximately RMB11.3 million for the period ended 30 June 2023 to RMB23.4 million for the period ended 30 June 2024. The growth was primarily fueled by an expansion in the fabric and clothing trading business, which benefited from the adoption of new online platform trading activities, opening new channels for fabric and clothing trading in the second half of 2023.

The loss from the reportable segment saw a rise, going from approximately RMB2.9 million for the period ended 30 June 2023 to approximately RMB5.6 million for period ended 30 June 2024. This increase can be attributed to higher direct costs exerting continued pressure on the gross profit margin, alongside the narrow gross profits experienced in the online trading market.

Money Lending Business

The Group commenced the Money Lending Business in 2015 and the Group has operated this business for around 9 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.

As at 30 June 2024, the net carrying amount of the loan receivables were nil (as at 31 December 2023: nil). During the period, no new loans and loan facilities were granted. 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.

The Group adopted the money lending policy and procedure manual which provide guidelines on the handling and monitoring of the money lending procedures according to the Money Lenders Ordinances.

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 gain of approximately RMB2.24 million (2023: fair value gain of approximately RMB11.3 million).

The Group disposed on-market of a total of 27,364,200 shares of Yong Tai Berhad (a company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad) in a series of transactions conducted on 27 June 2024 and 28 June 2024, at the average selling price of RM0.35 (equivalent to approximately HK\$0.578) per share for an aggregate gross sale proceeds of RM9.58 million (equivalent to approximately HK\$15.82 million) (excluding transaction costs). The above disposal constituted a disclosable transaction of the Company as the highest applicable percentage ratio under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) calculated on an aggregate basis exceeded 5% but was less than 25%, and was therefore subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 28 June 2024.

As at 30 June 2024, the aggregate amount of the Group’s listed securities held for trading at fair value is approximately RMB0.01 million (As at 31 December 2023: RMB14 million). The Group managed a portfolio of securities listed in Hong Kong and overseas.

Media, Cultural and Entertainment Business

Revenue of the media, cultural and entertainment business decreased from RMB12.9 million for the period ended 30 June 2023 to RMB5.3 million for the period ended 30 June 2024. This drop in revenue can be attributed to a decline in sponsorship income and shooting and broadcasting income, which was caused by the uncertain economic environment and intense business competition in the market. The reportable segment loss decreased from RMB10.7 million for the period ended 30 June 2023 to RMB0.67 million for the period ended 30 June 2024 due to the adoption of stringent cost control measures.

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

During the six months ended 30 June 2024, the Group incurred a net loss of approximately RMB36.8 million. As at 30 June 2024, the Group was in net liabilities position of approximately RMB751.9 million and its current liabilities exceeded the current assets by approximately RMB769.9 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) A potential investor, has committed to provide continuing financial support to the Group to enable it to meet its financial obligations as they fall due for the foreseeable future;
- (ii) Actively negotiating with lenders to renew loans that have fallen due;
- (iii) Implementing comprehensive policies to monitor cash flows through cutting costs and capital expenditure;
- (iv) Exploring the possibility of disposing certain non-core assets;
- (v) Soliciting for further financing arrangements which include placing of new convertible bonds to new potential investors;
- (vi) The Directors of the Company anticipates that the Group will generate positive cash flows from its operations in the foreseeable future;

- (vii) On 23 August 2024, the Company proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.1 per Rights Share, to raise up to (i) approximately HK\$65.55 million by issuing up to 655,539,400 Rights Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); and (ii) approximately HK\$71.09 million by issuing up to 710,939,400 Rights Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date), to the Qualifying Shareholders. The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s). For details, please refer to the announcements of the Company dated 2 August 2024, 21 August 2024 and 23 August 2024;
- (viii) The Company is considering possible debt restructuring for the outstanding other borrowings. Discussions have been held with creditors regarding the potential loan capitalization of approximately HK\$202.36 million. There was no definitive conclusion regarding the proposed loan capitalisation; and
- (ix) On 19 July 2024, a total of 218,512,000 Placing Shares have been successfully placed by the Placing Agent to not fewer than six (6) Placees at the Placing Price of HK\$0.16 per Placing Share pursuant to the Placing Agreement. The net proceeds from the Placing received by the Company, after deducting all related costs, fees, expenses and commission, are approximately HK\$34.1 million, representing a net issue price of approximately HK\$0.156 per Placing Share.

The Group used the net proceeds in the following manner: (1) approximately 58.7% (approximately HK\$20.0 million) for repayment of debts; and (2) approximately 41.3% (approximately HK\$14.1 million) for the general working capital of the Group.

For details, please refer to the announcements of the Company dated 7 June 2024, 26 June and 19 July 2024.

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 17.4% to RMB28.8 million due to the combined effect of:

- (i) An increase in the revenue of fabrics and trading business from approximately RMB11.3 million for the period ended 30 June 2023 to approximately RMB23.4 million for the period ended 30 June 2024. The growth was primarily fueled by an expansion in the fabric trading business, which benefited from the adoption of new online platform trading activities, opening new channels for fabric and clothing trading in the second half of 2023; and
- (ii) A decrease in the revenue of media, cultural and entertainment business from approximately RMB12.9 million for the period ended 30 June 2023 to RMB5.3 million for the period ended 30 June 2024. This drop in revenue can be attributed to a decline in sponsorship income and shooting and broadcasting income, which was caused by the uncertain economic environment and intense business competition in the market.

Gross Profit and Net Loss

The Group recorded a gross profit of approximately RMB3.5 million (2023: gross profit of RMB1.7 million). The Group recorded a net loss of approximately RMB36.8 million, as compared to a net loss of approximately RMB16.2 million for the period ended 30 June 2023. The increase in the unaudited consolidated loss was mainly attributable to the net effect of:

- (i) a decrease of the net gain on financial assets of approximately RMB9.1 million as compared to the same period of the last year;
- (ii) an absence of gain on disposal of a subsidiary of approximately RMB21.7 million as recognized in the same period of the last year; and
- (iii) the decrease in the administrative and operating expenses as compared to the same period of the last year due to the adoption of stringent cost control measures.

Distribution and Selling Expenses and Administrative Expenses

The distribution and selling expenses increased to approximately RMB3.6 million (2023: RMB0.7 million) while the administrative expenses decreased to approximately RMB8.7 million, as compared to the corresponding period (2023: RMB21.8 million) which was mainly due to stringent cost control measures.

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 2024 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.

MATERIAL ACQUISITION OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had total assets of approximately RMB126.2 million (31 December 2023: RMB126.9 million) which were financed by current liabilities of approximately RMB873.6 million (31 December 2023: RMB814.8 million), non-current liabilities of approximately RMB4.6 million (31 December 2023: RMB2.8 million).

As at 30 June 2024, the Group's cash and bank balances was approximately RMB4.6 million (31 December 2023: RMB13.9 million). As at 30 June 2024, 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 0.1 (31 December 2023: 0.1). 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 total assets, was approximately 296% (31 December 2023: 280%).

CAPITAL STRUCTURE

The Company's total issued share capital as at 30 June 2024 was 1,092,566,800 ordinary shares of par value of HK\$0.01 per share.

On 19 December 2023, the Company held an extraordinary general meeting and approved (i) the consolidation of every ten (10) issued and unissued ordinary shares of HK\$0.1 each in the share capital of the Company into one (1) consolidated share of HK\$1 in the share capital of the Company ("Consolidated Shares") ("Share Consolidation"); (ii) capital reduction by cancelling the paid-up capital to the extent of HK\$0.99 on each of the then issued Consolidated Shares from HK\$1 to HK\$0.01 ("Capital Reduction"); and (iii) each of the authorized but unissued Consolidated Shares of par value HK\$1 be sub-divided into one hundred (100) new shares of par value of HK\$0.01 each ("Share Sub-division").

The Share Consolidation became effective on 21 December 2023. Details of the Share Consolidation were disclosed in the announcements of the Company dated 28 September 2023, 3 October 2023, 9 November 2023, 19 December 2023 and 2 January 2024 and the circular of the Company dated 23 November 2023.

The Capital Reduction and the Share Sub-division were effective on 23 May 2024. Details of the Capital Reduction and Share Sub-division were disclosed in the announcements of the Company dated 28 September 2023, 3 October 2023, 9 November 2023, 19 December 2023, 19 March 2024, 10 April 2024 and 22 May 2024 and the circular of the Company dated 23 November 2023.

CHARGES ON ASSETS

As at 30 June 2024, the Group's borrowings were secured by assets with a total carrying value of approximately RMB126.2 million (31 December 2023: RMB126.9 million).

CAPITAL COMMITMENTS

As at 30 June 2024, the Group did not have any significant capital commitments (31 December 2023: Nil).

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

Placing of New Shares under General Mandate

On 7 June 2024, Kingston Securities Limited as the placing agent (“Kingston”) and the Company entered into a placing agreement (the “Placing Agreement”) pursuant to which the Company has conditionally agreed to place through the Kingston, on a best effort basis, up to 218,512,000 placing shares (the “Placing Shares”) to expected to be not less than six places who and whose ultimate beneficial owners shall be independent third parties (the “Placees”) at the placing price of HK\$0.16 per Placing Share (the “Placing”). The Placing Shares would be issued under the general mandate granted to the Directors by resolution of the shareholders of the Company passed at the annual general meeting of the Company held on 28 June 2023.

All conditions of the Placing Agreement had been fulfilled and the completion of the Placing took place on 19 July 2024 in accordance with the terms and conditions of the Placing Agreement. A total of 218,512,000 Placing Shares had been successfully placed by Kingston to not less than six New Placees at the placing price of HK\$0.16 per Placing Share pursuant to the terms and conditions of the Placing Agreement. Details of the Placing Agreement were set out in the announcements of the Company dated 7 June 2024, 26 June 2024 and 19 July 2024.

Changes in Composition of The Board

On 26 July 2024, Ms. Tang Po Yi, ceased to be as an executive Director and an authorized representative of the Company.

On 26 July 2024, Mr. Sze Siu Bun, ceased to be as an executive Director of the Company.

On 26 July 2024, Ms. Sun Tingting, ceased to be as an executive Director of the Company.

On 26 July 2024, Mr. Zha Xiaogang, ceased to be as an executive Director and the co-chairman of the Board of the Company.

On 26 July 2024, Mr. Lin Yue Hui, ceased to be as an independent non-executive Director of the Company.

On 29 July 2024, Ms. Tang Po Yi has been appointed as an executive Director and an authorized representative of the Company.

On 29 July 2024, Mr. Li Yang has been appointed as an executive Director of the Company.

On 2 August 2024, the Board has resolved to remove Mr. Liu Minbin as chairman of the Board and to suspend his duties as executive director of the Company.

Proposed Rights Issue and Placing Agreement

As announced by the Company on 2 August 2024, the Company proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, to raise up to (i) approximately HK\$65.55 million by issuing up to 655,539,400 Rights Shares (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date); and (ii) approximately HK\$71.24 million by issuing up to 712,389,400 Rights Shares (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date), to the Qualifying Shareholders. The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s) (if any).

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$63.42 million (assuming no exercise of any Share Options and no change in the number of Shares in issue on or before the Record Date) and approximately HK\$68.99 million (assuming all Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date).

The Company intends to utilise the net proceeds from the Rights Issue in the following manner: (i) approximately HK\$50.8 million (representing approximately 80% of the net proceeds, assuming no exercise of any Share Option and no change in the number of Shares in issue on or before the Record Date) for repayment of debts; and (ii) remaining net proceeds for general working capital of the Group.

On 2 August 2024, Kingston Securities Limited (the “Placing Agent”) and the Company entered into the placing agreement (as supplemented by the supplemental agreement dated 21 August 2024) (the “Placing Agreement”), pursuant to which the Company has appointed the Placing Agent, on a best effort basis, to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies)), and none of the Placees shall be a party acting in concert (as defined in the Takeovers Code) with any of them or other Placees. The Company will pay to the Placing Agent a fixed fee of HK\$100,000 and a placing commission of 2.0% of the amount which is equal to the placing price multiplied by the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

For details, please refer to the Company's announcements dated 2 August 2024, 20 August 2024, 21 August 2024 and 23 August 2024.

Except as disclosed above and this announcement, since 30 June 2024 and up to the date of this announcement, no important events affecting the Group has occurred.

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 2024, the Group had about 183 employees (31 December 2023: 196 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.

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. As at the date of this announcement, no winding-up petition related to the debt presented against 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. As at the date of this announcement, no winding-up petition related to the debt presented against the Company.

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.

Save for the above, as at the date of this announcement, there were no litigation or claims of material importance known to the Directors pending or threatened against any member of the Group.

III. Winding Up Petition

The Company received a winding up petition from FCG Venture Limited Partnership (the “Petitioner”) issued from the High Court of the Hong Kong Special Administrative Region (the “High Court”) that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts of approximately HK\$71,000,000 together with interests until full payment, being the outstanding principal of HK\$50,000,000 and the accrued interests of HK\$21,000,000 together with interests until full payment. The Petitioner is a convertible bond holder and the convertible bond bears interest at a rate of 6% per annum with a maturity on 28 September 2023.

On 28 February 2024, the High Court ordered that the Petition be withdrawn.

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. The remaining life of the Share Option Scheme is approximately 2 years.

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 99,256,680 shares, being 10.0% of 992,566,800 shares in issue as at the date of approval of the Refreshment on 21 July 2021.

As at 30 June 2024, the total number of securities available for issue under the Share Option Scheme pursuant to its terms was 99,256,680 Shares after adjustments for share consolidation in December 2023 and capital reorganisation in May 2024, representing in aggregate approximately 9.08% of the Company’s issued share capital.

Details of the movements of the share options granted under the Share Option Scheme for the six months ended 30 June 2024 were as follows:

Name	Date of grant	Number of share options				Outstanding as at 30 June 2024
		Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Lapsed during the period	
Executive Directors						
Mr. Leong Wei Ping*	21 May 2021	2,900,000	-	-	-	2,900,000
Ms. Sun Tingting	21 May 2021	2,900,000	-	-	-	2,900,000
Ms. Tang Po Yi	21 May 2021	2,900,000	-	-	-	2,900,000
Sub-total		8,700,000	-	-	-	8,700,000
Employees in aggregate	21 May 2021	5,800,000	-	-	-	5,800,000
Total		14,500,000	-	-	-	14,500,000

On 22 July 2024, a total of 99,200,000 shares options were granted to two Directors of the Company and eight employees of the Group, and each grantee was granted 9,920,000 options. Representing approximately 0.76% of total issued shares as at the date of grant. The options were granted at a cash consideration of HK\$1.00 per grantee and entitled the grantees to subscribe for ordinary shares at an exercise price of HK\$0.203 per share. The options are exercisable during the period from 22 July 2024 to 21 July 2027 (both dates inclusive).

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 (including sale of treasury shares) during the Period.

As at 30 June 2024, the number of treasury shares held by the Company is nil.

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 C1 of the Listing Rules during the Period.

DIRECTORS' COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 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 three members, namely Mr. Li Yu, Ms. Han Xingxing and Mr. Lau Jing Yeung William, who are independent non-executive Directors. The chairman of the Audit Committee is Mr. Lau Jing Yeung William. 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 D2 of the Listing Rules, will be despatched to the shareholders of the Company who have requested to receive printed copies 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
Tang Po Yi
Executive Director

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises Mr. Liu Minbin, Ms. Tang Po Yi, Mr. Leong Wei Ping 梁瑋珩先生, Mr. Li Yang and Ms. Zha Mengling as executive Directors; and Ms. Han Xingxing, Mr. Li Yu and Mr. Lau Jing Yeung William as independent non-executive Directors.*

* *For identification purpose only*