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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)

**SUPPLEMENTAL ANNOUNCEMENT TO
DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF
20% EQUITY INTEREST OF MILLION FEDERAL
INTERNATIONAL LIMITED**

Reference is made to the Company's announcement dated 18 May 2022 (the "**Announcement**") in relation to the disposal of 20% equity interest in Million Federal International Limited. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

The Company would like to provide the following additional information relating to the Disposal:

Information on the Target Group

The principal activity of the Target Company is investment holding. Sincere Securities, the wholly-owned subsidiary of the Target Company, is principally engaged in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

Determination of the Consideration

In relation to the preliminary valuation of the Sale Shares by an independent professional valuer of approximately HK\$7,929,000, such valuation was done by Valtech Valuation Advisory Limited. The valuation date is 30 April 2022. The valuation applied the summation method under the cost approach, which provides an indication of value by calculating the current replacement or reproduction cost of an asset. This approach was considered appropriate as the interested buyer would be able to recreate an asset with substantially the same utility as the Sale Shares quickly enough without regulatory or legal restrictions. Income approach was considered not appropriate as the Target Group was loss making in previous years and there was significant uncertainty in forecasting future income. Market approach was also considered not appropriate because (a) the equity interest in the Target Group has not recently been sold in a transaction appropriate for consideration; (b) there are no frequent and/or recent observable transactions in substantially similar assets and (c) available public information in relation to acquisitions frequently involves specific buyers who pay a premium/discount under their unique circumstances, it was difficult to make adjustment to reflect the unique circumstances of the Target Group.

The major assumptions under the valuation are:

1. Unaudited consolidated management accounts are accurate and no material different will be cause if audit is performed.
2. The core asset of the Target Group was accounts receivable. A 35.6% of provision for bad debts was provided by the management. It was assumed that the provision made was sufficient for reflecting the credit risk.
3. Majority of asset and liabilities are current in nature. It was assumed that carrying amount of the asset and liabilities, except for the intangible assets which individual valuation has been performed, can reflect their fair value.

The major parameters adopted are:

1. The value of assets and liabilities of the Target Group as at 30 April 2022 per the unaudited consolidated management accounts.
2. Discount for lack of control of 32%, which is determined with reference to the information published in 2021 Mergerstat[®] Review.

The Board has reviewed the preliminary valuation and the methodology, assumptions and parameters adopted for the valuation. The Board agree with the view of the valuer that due to the lack of comparable transactions of similar assets, the market approach is not appropriate. The fact that the Target Group has been loss making rendered the income approach not appropriate. The costs approach is the preferable approach as it represents the costs for interested buyer to recreate the Target Group. The major assumptions used in the valuation were related to the assets and liabilities of the Target Group extracted from its unaudited management accounts prepared by the Company's management. The Board considered that the figures were accurate and up to date. The major parameters adopted also included the value of the assets and liabilities of the Target Group from its latest management accounts, and the discount for lack of control of 32%, which was in line with market standard. In view of the above, the Board considered that the valuation is fair and reasonable.

The valuation method does not involve any discounted cash flow or projections of profit, earnings or cash flows which is regarded as profit forecast under Rule 14.61 of the Listing Rules.

The Target Group has been loss making for the financial years 2019, 2020 and 2021. The revenue of the Target Group dropped from approximately RMB14.2 million in FY2020 to approximately RMB9.9 million in FY2021. After taking into account of the aforesaid valuation and the deteriorating operating and business performance of the Target Group, the Board considered that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Completion

There is no condition precedent for completion of the Agreement.

Reasons for and benefits of entering into the Agreement

The Company has attempted to dispose of the entire 60% equity interest held by the Vendor in July 2018 and May 2020. However such attempted disposals were subsequently terminated due to non-fulfillment of certain conditions precedent prior to the long stop date. The Company has not been able to secure buyers for the entire 60% equity interest since then. In view of the deteriorating business environment and financial performance of the Target Group for the past few years, the Board considered that it should seize the opportunity of disposing part of the equity interest to realize part of its investment in the Target Group. The Company intends to dispose of the remaining equity interest in the Target Group as and when such opportunities arise. The Company has not entered into any concrete negotiation or proposal for such disposal as at the date of this announcement.

Financial impact of the Disposal

The loss on Disposal was arrived at as follows:

	<i>RMB'000</i>
Net assets	44,986
Release of translation reserve	1,543
Release of non-controlling interest	(15,537)
Transfer to investment in an associate	<u>(12,951)</u>
Sub-total	18,041
Less	
Cash consideration	<u>(6,527)</u>
Loss on the disposal	<u>11,514</u>

By order of the Board
Asia Television Holdings Limited
Chan Wai Kit
Executive Director

Hong Kong, 21 June 2022

As at the date of this announcement, the Board comprises Mr. Leong Wei Ping 梁瑋珩先生, Mr. Chan Wai Kit, Mr. Sze Siu Bun, Ms. Sun Tingting and Ms. Tang Po Yi as executive Directors, Dato' Sri Lai Chai Suang 拿督斯里賴彩雲博士* and Mr. Andy Yong Kim Seng 楊錦成先生* as non-executive Directors, Ms. Han Xingxing, Mr. Li Yu, Ms. Wong Chi Yan, Mr. Lee Cheung Yuet Horace and Dr. Clemen Chiang Wen Yuan 鄭文元博士* as independent non-executive Directors.*

* For identification purpose only