

TVB 2023

INTERIM REPORT
中期報告

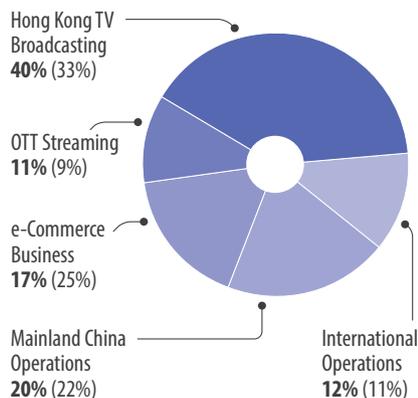


Television Broadcasts Limited
電視廣播有限公司
Stock Code 股份代號 : 00511

FINANCIAL HIGHLIGHTS

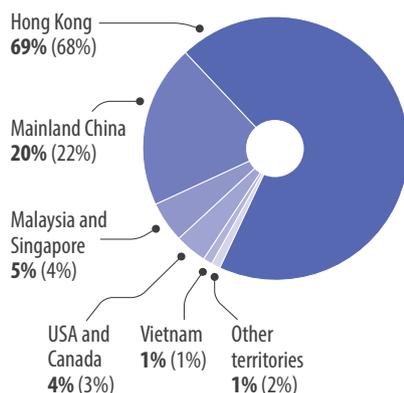
Revenue from External Customers by Operating Segment

% relating to 1st half of 2022 are shown in brackets



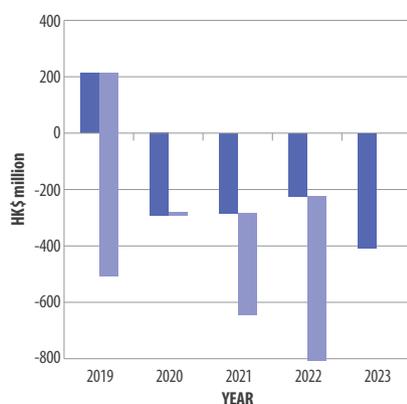
Revenue by Geographical Locations

% relating to 1st half of 2022 are shown in brackets



Profit/Loss Attributable to Equity Holders of the Company

■ 1st Half
■ 2nd Half



Six months ended 30 June

	2023	2022	Change
Performance			
Loss per share	HK\$(0.93)	HK\$(0.51)	-82%
Interim dividends per share	-	-	N/A
	HK\$'mil	HK\$'mil	
Revenue from external customers			
- Hong Kong TV Broadcasting	628	596	5%
- OTT Streaming	168	169	-1%
- e-Commerce Business	271	461	-41%
- Mainland China Operations	313	403	-22%
- International Operations	180	191	-6%
	1,560	1,820	-14%
Segment EBITDA			
- Hong Kong TV Broadcasting	(214)	(210)	-2%
- OTT Streaming	36	26	38%
- e-Commerce Business	(22)	(41)	46%
- Mainland China Operations	(12)	115	N/A
- International Operations	26	38	-32%
	(186)	(72)	-158%
Total expenses ^Δ	1,927	2,111	-9%
Loss attributable to equity holders	(407)	(224)	-82%
	30 June 2023	31 December 2022	
	HK\$'mil	HK\$'mil	
Total assets	6,674	7,045	-5%
Total liabilities	3,539	3,441	3%
Total equity	3,135	3,604	-13%
Number of issued shares	438,218,000	438,000,000	
Ratios			
Current ratio	2.0	2.3	
Gearing	46.5%	34.4%	

^Δ represented the total of cost of sales, selling, distribution and transmission costs and general and administrative expenses

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CORPORATE INFORMATION

CHAIRMAN EMERITUS

The late Sir Run Run SHAW GBM

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN

Thomas HUI To

NON-EXECUTIVE DIRECTORS

LI Ruigang

Anthony LEE Hsien Pin

Kenneth HSU Kin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. William LO Wing Yan JP

Dr. Allan ZEMAN GBM, GBS, JP

Felix FONG Wo BBS, JP

BOARD COMMITTEES

EXECUTIVE COMMITTEE

Thomas HUI To Chairman

LI Ruigang

Eric TSANG Chi Wai General Manager
(Content Operations)

SIU Sai Wo General Manager (Business Operations)

AUDIT COMMITTEE

Dr. William LO Wing Yan Chairman

Anthony LEE Hsien Pin

Felix FONG Wo

REMUNERATION COMMITTEE

Dr. Allan ZEMAN Chairman

LI Ruigang

Felix FONG Wo

NOMINATION COMMITTEE

Thomas HUI To Chairman

Anthony LEE Hsien Pin

Dr. William LO Wing Yan

Dr. Allan ZEMAN

Felix FONG Wo

INVESTMENT COMMITTEE

Anthony LEE Hsien Pin Chairman

Thomas HUI To

Ian LEE Hock Lye Head of Corporate Development and
Acting Chief Financial Officer

REGULATORY COMMITTEE

Felix FONG Wo Chairman

Dr. William LO Wing Yan

Desmond CHAN Shu Hung Deputy General Manager
(Legal and International Operations)

SENIOR MANAGEMENT

Eric TSANG Chi Wai General Manager
(Content Operations)

SIU Sai Wo General Manager (Business Operations)

Desmond CHAN Shu Hung Deputy General Manager
(Legal and International Operations)

Rex CHING Chit Group Chief Technology Officer

Ian LEE Hock Lye Head of Corporate Development and
Acting Chief Financial Officer

ACTING COMPANY SECRETARY

Desmond CHAN Shu Hung

Email: companysecretary@tvb.com.hk

Fax: +852 2358 1337

REGISTERED OFFICE

TVB City, 77 Chun Choi Street
Tseung Kwan O Industrial Estate
Kowloon, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Freshfields Bruckhaus Deringer
Stephenson Harwood

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
Bank of Communications Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
UBS AG

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services
Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

STOCK CODES

TVB Ordinary Shares
The Stock Exchange of Hong Kong: 00511
Reuters: 0511.HK
Bloomberg: 511 HK

TVB ADR Level 1 Programme: TVBCY

AMERICAN DEPOSITARY RECEIPTS

Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078
United States of America

INVESTOR RELATIONS

Winnie FAN Wing Yu
Email: ir@tvb.com.hk
Fax: + 852 2358 1337

WEBSITE

<https://corporate.tvb.com>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS HIGHLIGHTS

For the six months ended 30 June 2023 (the “Period”) Hong Kong TV Broadcasting segment revenue grew 5% to HK\$628 million, while OTT segment revenue held steady at HK\$168 million.

e-Commerce segment revenue declined 41% to HK\$271 million due to post-pandemic slowdown in online commerce shopping activity, and our focus on higher margin products.

Mainland China Operations segment revenue declined 22% to HK\$313 million due to skewing of co-production and simulcast drama schedules towards second half of 2023.

Group revenue for the Period was HK\$1,560 million, or 14% less than the HK\$1,820 million in the same period last year.

Group EBITDA loss for the Period was HK\$186 million. While this exceeded the Group EBITDA loss of HK\$72 million for the same period last year, it was an improvement compared to the Group EBITDA loss of HK\$266 million incurred in second half of 2022.

Loss attributable to equity holders of the Company was HK\$407 million. While this exceeded the loss attributable to equity holders of the Company of HK\$224 million in the same period last year, it was substantially smaller than the loss attributable to equity holders of the Company of HK\$583 million we incurred in the second half of 2022.

Loss per share was HK\$0.93 (2022: Loss per share of HK\$0.51).

The Board did not recommend the payment of an interim dividend for the Period (2022: nil).

BUSINESS HIGHLIGHTS

We continued to deliver a rich slate of contents to our viewers in Hong Kong and around the world. With a 78% share of viewership, our TV channels also remain Hong Kong’s most watched by a large margin.

As the Hong Kong economy continued its steady recovery from the pandemic, we achieved growth in advertising income. As a result, revenue from our core Hong Kong TV Broadcasting segment grew 5% to HK\$628 million in the Period.

Revenue for our OTT segment remained steady at HK\$168 million for the Period, while savings in content cost and operating overheads helped improve EBITDA for this segment by 38% to HK\$36 million for the Period. With a registered user base of 10.4 million, our myTV SUPER service is a leading streaming platform in Hong Kong. Subscribers of our premium service pack, myTV Gold, increased by 17% to 185,700 as at 30 June 2023, compared to 159,300 as at 31 December 2022.

e-Commerce revenue declined 41% to HK\$271 million for the Period as consumers in Hong Kong returned to pre-pandemic shopping habits, and there was less demand for pandemic-related goods. At the same time, we increased focus on higher margin products to boost profitability, and reduced overheads. Hence, our EBITDA loss for this segment also fell by 46% to HK\$22 million. In March 2023, we also launched a livestreaming commerce partnership with mainland e-commerce giant Taobao targeting the vast mainland China market with initial livestream sessions hosted by our artistes garnering strong viewership and sales.

Mainland China Operations revenue declined 22% to HK\$313 million due to scheduling of our co-production and simulcast dramas in 2023 being heavily skewed towards the second half of the year, resulting in less revenues recognised in the Period. Also, in March 2023 we signed a new RMB700 million two-year content supply deal with mainland streaming platform Youku. As we begin delivering on this contract in the second half of this year, we expect to realise incremental revenue. Recently, we also signed a new framework agreement with another streaming platform Tencent Video on content supply and new channel development for Hong Kong dramas.

OUTLOOK

With a number of our co-production and simulcast drama titles slated to be produced or aired in mainland China in the later part of 2023, including under our content supply deal signed with Youku and Tencent Video in March and August 2023, respectively, we expect a strong recovery in our Mainland China Operations segment revenue in the second half of the year, which should enable us to eventually achieve growth in segment revenue for the full year of 2023.

Our livestream commerce partnership with Taobao was off to a strong start during the Period, with one particular session on mainland China's "618" shopping festival garnering 9 million views and over RMB100 million in sales gross merchandise value ("GMV"). Using our *Miss Hong Kong Pageant* as a theme, and featuring a number of our artistes and former pageant winners as hosts, this session demonstrated the marketing power and draw of TVB's content IP among mainland China consumers. In the second half, as we gradually ramp up the frequency of our livestream sessions on Taobao, we expect a stronger revenue contribution from this new initiative.

Since announcing reductions to our content production budgets and staff costs in March 2023, we have made substantial progress towards bringing our costs down. As at 30 June 2023, we had 3,599 full time staff employed by the Group, compared to 3,854 as at 31 December 2022 (equivalent to a 6.6% reduction). At the same time, our general and administrative expenses were down 13% or HK\$64 million in the first half of 2023 compared to the same period past year, and our incurred content spendings decreased by 11% or HK\$77 million. Our financial performance in the second half of 2023, and subsequent periods, will increasingly reflect the impact of these savings. We will continue to reduce our costs further in the rest of 2023.

With the above revenue and cost saving initiatives already under way, we expect to achieve positive EBITDA in the second half of 2023 and in the full year of 2024.

On 13 August 2023, we entered into a HK\$700 million loan facility agreement with CMC Inc. ("CMC") and Young Lion Holdings Limited, our major shareholder. Then, on 16 August 2023, we entered into a HK\$156 million convertible bond agreement with Cardy Oval Limited, a company controlled by Mr. Goodwin Gaw, an independent third-party investor. Together, both funding agreements provide us with substantial additional resources and liquidity for our future operating and growth needs.

HONG KONG TV BROADCASTING

	30 June 2023	31 December 2022	30 June 2022	Year-on-year change
For the six months ended (unaudited)	HK\$ million	HK\$ million	HK\$ million	
Segment revenue	628	698	596	5%
Segment EBITDA	(214)	(304)	(210)	-2%

Hong Kong TV Broadcasting comprises our Hong Kong free-to-air terrestrial television business, together with related activities such as content production, broadcast operations, artiste management, and music entertainment and publishing. Segment revenue grew 5% from HK\$596 million to HK\$628 million, mainly driven by an increase in income from advertisers.

The Hong Kong economy registered positive growth in the first two quarters of 2023, with real GDP improving 2.9% and 1.5% respectively over the same periods last year. Inbound tourism and domestic demand have recovered following the full border reopening with mainland China and the cessation of other COVID-19 related restrictions. However, the economic recovery is restrained by weaker-than-expected export performance, and the high-interest-rate environment which continues to dampen the local stock and property markets.

MANAGEMENT DISCUSSION AND ANALYSIS

Our income from advertisers increased by 3.5% to HK\$567 million in the first half of 2023, compared to HK\$548 million in the same period last year. Among our advertisers, the pharmaceutical and healthcare category was once again the largest contributor during the first half. Solid growth was also seen in most of our other top 10 advertising categories, including Government, Quasi Government, Business Services, Food & Dining, as well as NGO & Social Services. On the other hand, the Property and Bank/Finance categories saw less advertising spending amidst an interest rate hike cycle.

Given the continued rise of digital media, we have increased our efforts to drive advertising revenue through our digital platforms and products. We have launched our full funnel marketing solution, which integrates our linear TV, OTT as well as social media platforms to create a one-stop solution with superior reach, engagement and conversion. Initial market response has been positive, and we are now working to fine-tune the product as well as to increase the market's awareness of our digital capabilities.

In the second half of 2023, as Hong Kong's economy continues to recover, we look to maintain steady growth in overall advertising income.

TERRESTRIAL TV CHANNELS

As Hong Kong's largest TV content creator and broadcaster, TVB informs, entertains, touches and cheers millions of viewers every day. During the Period, our digital terrestrial TV channels reached¹ 5.0 million in-home-viewers in Hong Kong every week on average, and in aggregate scored an average prime time rating of 22.1 TVRs², corresponding to a 78% audience share³ of all TV channels in Hong Kong. We also maintained our substantial lead in the market with over 80% audience share⁴ in both young audience group and high-income group viewership.

Each of our channels has a clear brand and market position. Jade, our flagship service carries a rich slate of entertainment programmes for the entire family. J2, our channel for young audiences, offers vibrant and creative alternative genres. Pearl airs English and Putonghua programmes. TVB News provides 24-hour live coverage on local, national and global news, while TVB Finance, Sports & Information channel focuses on sports and investments-related programming. With landing rights to broadcast Jade and Pearl channels in Guangdong province, our service also reaches 126 million people there.

¹ Average reach is the average number of unique viewers contacted for a specific period. The average reach covers inside homes via television set from Mondays to Sundays across TVB's five terrestrial channels. Data source: CSM Media Research.

² Rating represents the size of the audience expressed as a percentage of the total TV population in consideration of viewing intensity. For 2023, total TV population comprises 6,432,000 viewers, and, 1 TVR represents 64,320 viewers (1% of the total TV population). The average prime time ratings represent the viewership from Monday to Sunday 19:00-23:00 via in-home TV sets. Data source: CSM Media Research.

³ Audience share (%) is the percentage of ratings of particular channel(s) over the total ratings of all TV channels, including free TV, pay TV, OTT and satellite channels. The audience share figure quoted covers inside home only. Data source: CSM Media Research.

⁴ Audience share (%) is the percentage of ratings of particular channel(s) over the total ratings of the free TV channels in Hong Kong. The audience share figure quoted covers inside home only. Data source: CSM Media Research.

CONTENT CREATION

Content creation is our core strength, underpinned by our deep understanding of audiences in Hong Kong and other markets that we distribute our content to. As we broaden our horizons beyond traditional broadcasting to digital media platforms and formats, it is our capacity for content creation that enables us to drive engagement across our platforms, and to generate income from diverse sources i.e.: advertising, subscription, licensing, e-commerce and multi-channel networks (MCN).

We produce an extensive content slate across all genres, including dramas, variety and infotainment programmes, news and finance information, sports and music shows, as well as documentaries and children's programmes.

Drama

Original drama is our signature genre and occupies primetime slots on our flagship Jade channel. On weeknights, TVB's rich and entertaining dramas are what brings many Hong Kong families back to their homes and TV screens.

During the Period, we released three new drama IPs concurrently in Hong Kong and mainland China. These titles demonstrate TVB's commitment to innovate new drama IPs that appeal to a broad audience. The first, *Treasure of Destiny* (新四十二章/傲嬌與章經) is an action sci-fi fantasy drama featuring a group of people from different backgrounds who embark on a treasure hunt of life and death for the Sutra of Forty-Two Chapters. The second, *The Invisibles* (隱形戰隊) is a crime action series featuring two elite task force teams who fight terrorism. The drama garnered praise for its intense plot twists and thrilling finale, which attracted a TV rating of 28.7 TVRs⁵. It also garnered positive online reviews and discussion during its telecast. The third, *Secret Door* (隱門) is a thriller series that depicts how the sins of two criminals taint the next generation, and how their children set forth to escape the past and rewrite their destiny.

Music, Variety and Infotainment Programmes

Music is an integral part of our content as it resonates powerfully with audiences. Cantopop songs represents a lot of people's youth and memories, making it a great approach to tell rich stories of Hong Kong.

This year, we continued to collaborate with different organisations in the Greater Bay Area on music shows that win mass appeal. Following the success of singing show *Infinity and Beyond – Hong Kong edition* (聲生不息·港樂季) that we co-produced with Mango TV in 2022, we once again worked with Mango TV this year to broadcast *Infinity and Beyond – Taiwan Edition* (聲生不息·寶島季) on Jade channel to let our audiences relive the charm of Taiwan pop songs.

To celebrate the 26th anniversary of the HKSAR this year, over 100 renowned filmmakers, musicians, artistes and social dignitaries from the mainland, Hong Kong, Macao, and Taiwan gathered in Hong Kong to present a magnificent celebration of art and culture. This star-studded film concert titled *A Full Moon Rising above the Greater Bay Area* (灣區升明月2023大灣區電影音樂晚會) showcased the latest accomplishments of the Guangdong-Hong Kong-Macao Greater Bay Area. With TVB and Shenzhen Media Group as co-hosts, the concert was organised by the China Movie Channel Programme Centre, Bauhinia Culture Group, and Phoenix Television. This marquee event was available on various streaming platforms on 29 June while an edited version was broadcast on our Jade channel on 1 July, the HKSAR Establishment Day.

⁵ Rating (TVR) performance quoted is a consolidated rating which represents the average rating summing both the live viewing from the spectrum and on myTV SUPER streaming service as well as VOD viewing of that programme within seven days after being aired on terrestrial TV. Data source: CSM Media Research & YOUTBORA.

MANAGEMENT DISCUSSION AND ANALYSIS

But our most talked-about show by far in 2023 was talent series *Midlife, Sing & Shine!* (中年好聲音), a singing contest for middle-aged talents, who performed in a televised contest under the mentorship of veteran singers. The episodes featured classic songs from various eras, with a particular focus on conveying the voices of the people and telling stories through music touched the audience's heart. The first season was a hit, with the finalists becoming recognised stars. Not only did the programme episodes on TV and highlight reels on social media generate robust viewership, but its increasing popularity also created public concerts and TV commercial opportunities for our top contestants. Preparation of *Midlife, Sing & Shine!* (Season 2) is already underway, over 5000 candidates participating in auditions for the show. This new IP proves our ability to develop hit programmes and stars that are marketable in many ways.

We have also rejuvenated our music programmes in new formats. *J Music* and *Music Break* featuring young up-and-coming talents provide audience with immerse entertainment experience. The unique feature of *Music Break* is that the hosts broadcast live on social media account during the telecast of the programme, enabling real-time interaction with their fans.

Popular game show IPs such as *Super Trio Returns* (開心無敵獎門人), *Family Feud – Hong Kong version* (思家大戰) and daily infotainment programme *Scoop* (東張西望) continue to gather impressive viewership and online discussion from audiences.

News, Finance and Information, Sports and Greater Bay Area (GBA) Programmes

During the Period, our news channel reached⁶ 3.5 million in-home-viewers in Hong Kong every week on average. It is the city's most watched news channel and also the only news channel that provides 24-hour live news coverage on major local events. Our mission is to provide timely and accurate reporting of the most impactful news to our viewers.

Our news team has been reporting closely on the city's post-pandemic recovery. As the government rolled out international promotional schemes, including a large-scale "Hello Hong Kong" campaign to lure tourists back to the city, the economy gradually returned to a growth track. Our Chief Executive (CE) John Lee has also taken his good Hong Kong stories to the Middle East and ASEAN countries to strengthen investment, trade and cultural exchange with these countries. Besides overseas visits, our CE has also visited a number of cities within the mainland to jointly promote the development of Guangdong-Hong Kong-Macao Greater Bay Area with the respective provincial leaders. All these important visits were covered by our reporters.

As more people than ever report struggling with their sleep, new health-awareness programme *Sleep Right, Sleep Tight* (好睡好起) discussed common sleep disorders and used the latest science to explore how this impacts our health and what can be done to improve our sleep. Our award-winning documentary *No Poverty Land* (無窮之路) now in its third season, upholds its original spirit of bringing uplifting stories about China to our audience. This series, scheduled to be aired in the second half of 2023 will focus on the mysterious and beautiful "Western Region" – Xinjiang and "the Roof of the World" – Tibet.

⁶ Average reach is the average number of unique viewers contacted for a specific period. The average reach covers inside homes via television set from Mondays to Sundays. Data source: CSM Media Research.

In terms of finance and GBA programme offerings, our Cantonese and Putonghua speaking viewers have plenty choices to follow the Hong Kong stock market and latest GBA developments. *Wealth 360* (智富360), *Market Wrap Up* (收市大檢閱), *Finance at 10* (十點無綫財經), *A Property A Day* (日日有樓睇), *I want to be Fund Manager* (我要做Fund Man – 美股篇) and Putonghua financial programme *Fintalk* (財經演義), share useful insights and expert analysis on the property and capital market. New cultural programme *China Tide* (國潮) conveys trend builds on young people's patriotism and cultural confidence in a new era and how this trend shapes the consumer behaviour.

Nansha, together with Hong Kong and Macao, will play a pioneering role in China's continuing growth and development, particularly within the Greater Bay Area. A new GBA programme *Go! Nansha!* (起動南沙) presented audiences with a spectrum of promising opportunities in pursuing career advancement, scientific and technological innovation, business start-up for young entrepreneurs and even retirement lifestyles in Nansha.

OTT STREAMING

	30 June 2023	31 December 2022	30 June 2022	Year-on-year change
For the six months ended (unaudited)	HK\$ million	HK\$ million	HK\$ million	
Segment revenue	168	180	169	-1%
Segment EBITDA	36	40	26	38%

This segment comprises our myTV SUPER streaming service in Hong Kong. Operating on a combination of advertising and subscription, myTV SUPER revenues held steady compared to last year, while EBITDA improved by 38% from HK\$26 million to HK\$36 million due to better cost efficiency.

Regarding sports coverage, we telecast *31st FISU World University Games* (第31屆世界大學生運動會) on our FTA channels, live golf tournaments from *Ladies European Tour 2023 Aramco Team Series – London* (歐洲女子高爾夫球巡迴賽2023沙特阿美石油團體系列賽 – 倫敦站) on myTV SUPER OTT, and *Horse Racing Live* (賽馬直擊) on both platforms served sports fans well.

J2 channel and programmes

J2 is tasked with entertaining and connecting with our young audiences. Working with an exclusive group of artistes (dubbed "J2ers"), our J2 team cooperates with outside producers, directors and script writers to create programmes outside the typical mould of our Jade channel content. During the Period, the team created *Hong Kong Super Pet Model Contest* (超級毛特兒大賽) which proved a hit with Hong Kong's pet owners. Self-produced travelogues like *Tokyo Unlocked* (解風東京), *Thai Rogered (Sr.8)* (沖遊泰國8), and *I Will Be Back* (阿媽唔信我去亞馬遜) also found strong followings among our viewers who were hungry for travel perspectives delivered in an authentic and entertaining manner.

Our myTV SUPER is a leading streaming platform in Hong Kong. Available through set-top box, smart TV and mobile app interfaces, myTV SUPER has an ad-supported free-tier service that provides viewers access to a limited choice of content. Paid-tier subscribers enjoy a broader range of content including TVB's current and library programmes, plus regional and international content of different categories such as dramas, documentaries and sports. Our premium service pack my TV Gold gives viewers our richest curation of content from TVB and around the world.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, myTV SUPER had 10.4 million registered users and MAU of 2.1 million across our different interfaces. This includes 185,700 subscribers of our myTV Gold service, which grew 29% from the user base of 144,000 a year ago. myTV Gold is gaining traction through bundled deals with internet service providers (ISPs), our “Member-get-Member” rewards program, and exclusive content such as *FA Cup* (英格蘭足總盃) live matches.

To attract and retain paying subscribers, high impact content is key. Hence, we curate a wide array of premium Asian and sports content for our subscribers. This included top-rated Chinese dramas such as *The Knockout* (狂飆), *The Blood of Youth* (少年歌行), *Meet Yourself* (去有風的地方) as well as Japanese drama *The Last Man: The Blind Profiler* (Last Man-全盲搜查官) and many more hit new releases. We have also introduced popular Thai dramas such as *Triage The Series* (心臟驟停愛上你) and *I Told Sunset About You* (以你的心詮釋我的愛) to enrich our drama offerings and entice new subscribers. Our exclusive broadcast of *The FA Cup* (英格蘭足總盃) has attracted new sign-ups and garnered excellent viewership, especially for the final live match between Manchester City and Manchester United. Our paid-tier viewers also enjoyed original myTV SUPER productions including drama *Cross My Mind* (4K Version) as well as infotainment shows *Med with Doc* (醫度講), *My United Lover* (搵鬼做情人) and *Kids Talk* (細蚊仔傾吓偈). We also showed an extended director’s cut of popular game show *Super Trio Returns* (開心無敵獎門人) and its spinoff specials to amuse our audience. On the channel side, we have launched two new thematic channels namely SUPER FREE and Golden Chinese Drama (黃金華劇台) to strengthen our linear channel offerings.

Advertising revenue increased in the first half of 2023 as our full funnel marketing solution, which combines the power of our traditional TV platforms with the reach of our digital assets, helped achieve higher ROI for advertisers. We have live case studies that demonstrate how a well-executed full-funnel campaign can convert audience interest into action, resulting in increased brand awareness, product recognition, shop traffic, and ultimately sales orders for advertisers.

In the second half of 2023, we will focus on growing our subscriber base of myTV Gold further by partnering with more ISPs and device manufacturers to broaden our reach. We aim to upgrade our service by introducing a new smart set-top-box which will support voice search, bluetooth remote and smart TV apps. Moreover, a new UHD Jade channel will be launched for smart TV users to offer a more enjoyable viewing experience.

e-COMMERCE BUSINESS

	30 June 2023	31 December 2022	30 June 2022	Year-on-year change
For the six months ended (unaudited)	HK\$ million	HK\$ million	HK\$ million	
Segment revenue	271	402	461	-41%
Segment EBITDA	(22)	(59)	(41)	46%

As consumer spending patterns in Hong Kong evolved following the cessation of all pandemic restrictions, our e-Commerce revenue and GMV on order intake declined from peak levels last year to HK\$271 million and HK\$311 million, respectively. In the early part of last year, we benefited from an intense COVID-19 wave that kept consumers homebound, and boosted demand for daily necessities and pandemic-related supplies. This year, as consumption behavior returned to pre-pandemic norms, consumption patterns have also normalised. We took this chance to increase our focus on higher margin products to boost profitability. This meant less emphasis on product categories that brought in large sales volume but relatively low profits in the past. We also trimmed our overheads and improved the efficiency of our logistics operations. Collectively, these efforts helped us to reduce our EBITDA loss by 46% to HK\$22 million despite the reduction in sales.

We have also continued to leverage the high viewership of our popular TV shows such as *Scoop* (東張西望) and *Super Trio Returns* (開心無敵獎門人) to promote our Zstore and Neigbuy e-Commerce platforms, and to market products through various forms of content

integration. Our strategy of using content and artistes remains effective in driving high volume of traffic and transactions on our e-Commerce platforms. During the Period, we further expanded on this strategy by customising TV ads, livestream sessions and social media exposures for brand owners to publicise their products and service packages. For example, our culinary programmes, travelogues and music shows helped us accumulate a significant base of foodies, travel enthusiasts and music fans who have become potential customers. In particular, travelogue *Think You Know Kansai (Sr.2)* (周遊關西(Sr.2)), *Long Weekend Getaways* (請一日假去旅行), *Family Vacation* (同屋企人去旅行) had helped drive the sales of travel packages and related food products to our target groups. We also enriched our content marketing with even more choices and great value offers.

Going forward, we will continue to push into new product categories that have potential for high margins and lend themselves to effective integration with our TV content. At the same time, we will actively manage our costs and operating efficiency, with the target to achieving operating breakeven on a monthly basis within 2023.

	30 June 2023	30 December 2022	30 June 2022	Year-on-year change
For the six months ended (unaudited)	HK\$ million	HK\$ million	HK\$ million	
Gross Merchandise Value (GMV) on order intake	311	425*	509*	-39%

* Big Big Shop ceased operation in September 2022. Comparative figures included GMV generated by Big Big Shop.

MANAGEMENT DISCUSSION AND ANALYSIS

In March 2023, we teamed up with Chinese e-commerce giant Taobao to broadcast star-studded livestream commerce sessions regularly through our *TVB Top Sales* (TVB 識貨) official account on Taobao platform. At every livestream session, we integrate different blockbuster content IPs and memorable characters into the content to create new immersive and entertaining experiences for the online shoppers. TVB's brand influence and the appeal of its popular artistes drive significant online traffic and purchasing power, and effectively promotes products to target consumer segments. This business model enables us to realise additional value from the trust and credibility of TVB brand name in mainland China, which also make us uniquely suited for online distribution of high-value consumer products into this vast livestream commerce market.

At the recent "618" shopping festival, one of our livestream broadcasts themed after our signature *Miss Hong Kong Pageant* (香港小姐競選) and hosted by our artistes and former pageant winners attracted more than 9 million views and achieved a record GMV of over RMB100 million. This session demonstrated the marketing power and draw of TVB's content IP among mainland China consumers. In the second half, as we gradually ramp up the frequency of our livestream sessions on Taobao, we expect a stronger revenue contribution from this new initiative.

MAINLAND CHINA OPERATIONS

For the six months ended (unaudited)	30 June 2023	31 December 2022	30 June 2022	Year-on-year change
	HK\$ million	HK\$ million	HK\$ million	
Segment revenue	313	295	403	-22%
Segment EBITDA	(12)	45	115	N/A

Our mainland China operations earns a large part of its revenue from the provision of our content to major Chinese video platforms (such as Youku, Tencent Video, Migu and BesTV) through drama co-production deals, and the licensing of our simulcast and library dramas and other contents. In addition, we operate our own direct-to-consumer digital media business under the Mai Dui Dui umbrella. This comprises a video streaming service, Mai Dui Dui (埋堆堆), which offers a range of TVB contents to mainland Chinese viewers, and a multi-channel network (MCN) business built around social media accounts we operate for TVB and for our artistes on platforms such as Douyin, Kuaishou, Xiaohongshu, Sina Weibo and WeChat Channels.

In the first half of 2023, our segment revenue was lower than the prior period as our co-production and simulcast drama schedules this year are skewed towards the second half.

In March 2023, we signed an agreement with Youku to supply it with co-production dramas, simulcast and library dramas worth approximately RMB700 million in aggregate, over a two-year tenure. We anticipate that new works nearing completion like *Narcotics Heroes* (破毒強人), *The Spectator* (旁觀者) and *The Queen of NEWS* (新聞女王) can be released in second half of 2023 and early 2024.

In August 2023, we also signed a framework agreement with another streaming platform, Tencent Video, to deepen the collaboration on co-production and licensing of drama series, and together, further expand new channels for Hong Kong dramas. Under this partnership, we will supply Tencent Video with co-production and library dramas. Four titles, including a TVB classic drama IP, *No Return* (巾幗梟雄之懸崖), *Big Biz Duel* (企業強人), *No Room For Crime* (反黑英雄), and *One-twelfth* (刑偵12) will commence production for release in 2024 and beyond.

In terms of simulcast dramas, which we release concurrently in Hong Kong and the mainland, brand new IP titles such as *Treasure of Destiny* (新四十二章/傲嬌與章經), *The Invisibles* (隱形戰隊), *Secret Door* (隱門) premiered on Youku platform.

Meanwhile, our direct-to-consumer Mai Dui Dui content streaming service continued to grow in popularity with more partners carrying this service on their TV sets and networks. For example, BesTV Yueshiting (BesTV粵視廳) is an OTT product jointly launched by Mai Dui Dui and BesTV, offering viewers a rich choice of new and classic TVB programmes. At present, this service is available on more than 40 smart terminals and applications such as Hisense, Dangbei, LeTV, JM Go and cable operator China Radio and Television Guangzhou Network Co., Ltd (中國廣電廣州網路股份有限公司). We also collaborate with smart TV manufacturers such as Sharp, Huawei, TCL, Konka, Hisense, Skyworth and Xiaomi to pre-load the BesTV Yueshiting products in their TV sets.

On the MCN side, the social media accounts of TVB and our managed artistes/KOLs now have over 158 million followers across major platforms such as Douyin, Kuaishou, Xiaohongshu, WeChat Channels and Sina Weibo. During the Period, we further monetised this large fan base, as well as our famous IPs and brand influence and developed our artistes/KOLs to perform content marketing and livestream commerce for our advertisers and suppliers. Our sales strategy of bundling livestream commerce and social media artiste endorsements has begun to gather momentum.

Since April 2022, we have been hosting our own livestream commerce sessions on Douyin to market and sell premium branded Hong Kong products under the trade name of *Top Sales* (識貨). At present, our TVB識貨(港式甄選) and TVB識貨(美味甄選) official accounts offers 5-7 livestream sessions on Douyin every week.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERNATIONAL OPERATIONS

For the six months ended (unaudited)	30 June 2023 HK\$ million	31 December 2022 HK\$ million	30 June 2022 HK\$ million	Year-on-year change
Segment revenue	180	191	191	-6%
Segment EBITDA	26	12	38	-32%

Our International Operations comprise our content licensing business, and direct-to-consumer digital business serving viewers outside Hong Kong and mainland China. The latter includes our TVB Anywhere streaming service as well as our official registered accounts on third-party social media and video hosting platforms such as YouTube and Facebook. As of 30 June 2023, TVB Anywhere, together with subscribers from TVB International YouTube channels has an aggregated user base of around 13.6 million, while TVB International YouTube channels alone garnered a MAU of 24.3 million. Additionally, the recognition of an official MCN status from YouTube has given us a new source of income from managing and monetising third parties' content on YouTube.

Segment revenue softened by 6% from HK\$191 million to HK\$180 million, mainly due to lower licensing income from Malaysia and Vietnam markets, though this was mitigated by growth in revenue from social media and internet platforms.

Our revenue from traditional content licensing remains under downward pressure, as both the traditional pay and free-to-air TV operators around the world continue to grapple with structural changes in the market for video entertainment. In addition to increasing our licensing outlets to cover new media operators, we are working with selected partners to enhance the local relevance of our content offerings and develop advertising business. This includes adapting our proven IPs from Hong Kong to produce programmes for local audiences and holding onsite promotions for programmes and celebrity endorsements for advertisers' products and services. We have already implemented this successfully in major markets such as Malaysia. On 19 June 2023, we launched a new comprehensive Asian content channel "TVB Magic" on Astro, bringing Malaysian audiences an array of captivating dramas and variety shows from TVB and across Asia, with subtitles available in Bahasa Malaysia, Chinese, and English.

In Singapore, we have ongoing programme supply agreements with major media and teleco players namely Singtel, StarHub and Mediacorp. These partnerships contribute most of our revenue from Singapore and enable us to achieve high viewership penetration in the pay and free-to-air TV markets. Drawing from our experience in Malaysia market, we are going to develop advertising business with our local partners in Singapore.

Operations in North America mainly cover licensing of programmes to pay-TV platforms, including DISH Network in the USA and Fairchild Television in Canada. Thanks to our recently expanded TVB Anywhere ad-supported service in North America, we saw an encouraging growth in our advertising income. In view of the increasing popularity of video streaming, we focus on growing the user base of our TVB Anywhere services. We believe with a broader service coverage of TVB Anywhere App on connected TV sets and mainstream OTT platforms will open up avenues for additional advertising revenue.

FINANCIAL REVIEW

Revenue of the Group declined by 14% or HK\$260 million during the Period, from HK\$1,820 million to HK\$1,560 million, mainly due to:

- (a) growth in Hong Kong TV Broadcasting revenue of HK\$32 million or 5%, from HK\$596 million to HK\$628 million;
- (b) reduction in e-Commerce revenue of HK\$190 million or 41%, from HK\$461 million to HK\$271 million;
- (c) reduction in Mainland China Operations revenue of HK\$90 million or 22%, from HK\$403 million to HK\$313 million; and
- (d) reduction in International Operations revenue of HK\$11 million or 6%, from HK\$191 million to HK\$180 million.

Cost of sales decreased from HK\$1,269 million to HK\$1,161 million during the Period, representing a decline of 9%. This decrease was mainly due to the decline in sales of our e-Commerce business, which led to a reduction in the cost of goods sold.

Selling, distribution and transmission costs for the Period also declined from HK\$335 million to HK\$324 million, a decrease of 3%. This was mainly due to lower distribution costs from the e-Commerce business as a result of less sales, offset by an increase in selling expenses due to the rise in income from advertisers in our Hong Kong TV Broadcasting segment.

General and administrative expenses for the Period decreased by 13% from HK\$507 million to HK\$443 million. This was due to cost-saving measures implemented during the Period, particularly in the OTT Streaming and e-Commerce segments.

Overall, total costs (comprising cost of sales, selling, distribution and transmission costs and general and administrative expenses) decreased by 9% from HK\$2,111 million to HK\$1,927 million, as a result of the above factors.

Other revenues decreased by 81% from HK\$32 million to HK\$6 million during the Period. This was due to a one-off wage subsidy from the Hong Kong government, which amounted to HK\$24 million in the first half of 2022, and was not repeated during the Period.

Other net losses for the Period were HK\$20 million (2022: HK\$31 million), mainly comprising exchange losses recognised during the Period.

Due to the above factors, EBITDA for the Period was a loss of HK\$186 million, representing an increase of HK\$114 million compared to the EBITDA loss of HK\$72 million incurred in the first half of 2022.

SEGMENT RESULTS

Hong Kong TV Broadcasting

Segment revenue was HK\$628 million, which was HK\$32 million or 5% higher than the HK\$596 million of the prior reporting period. This was driven by an increase in income from advertisers, which grew from HK\$548 million to HK\$567 million during the Period. However, despite the increase in revenue, EBITDA for this segment declined by HK\$4 million, from a loss of HK\$210 million in the first half of 2022 to a loss of HK\$214 million during the Period due to the absence this year of one-off government wage subsidies that contributed HK\$19 million to EBITDA in the first half of 2022.

OTT Streaming

During the Period, the number of subscribers of our premium service pack, myTV Gold, increased by 17% to 185,700 as at 30 June 2023, compared to 159,300 as at 31 December 2022.

Segment revenue from OTT Streaming was stable, with a slight decrease of HK\$1 million or 1%. However, EBITDA improved from HK\$26 million to HK\$36 million in the Period as a result of reductions in content and overhead costs during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

e-Commerce Business

Segment revenue from e-Commerce decreased from HK\$461 million to HK\$271 million during the Period, representing a decline of HK\$190 million or 41%. The decrease was primarily attributed to the reduced demand for COVID-19 essentials, groceries, and daily household necessities that were the focus of online shopping during the pandemic last year. Overall demand for online shopping was also dampened as Hong Kong's consumers returned to traditional shopping habits. In view of this, we focused on selling higher margin products to boost profitability. This, together with reductions in our overhead costs, enabled us to achieve a smaller EBITDA loss of HK\$22 million during the Period, compared to HK\$41 million in the same period last year.

During the Period, we entered into a livestreaming partnership with mainland e-commerce platform Taobao. As we gradually ramp up our livestreaming sessions in the second half, we expect a larger revenue contribution from this activity.

Mainland China Operations

Revenue from this segment decreased by 22% from HK\$403 million to HK\$313 million during the Period. This was mainly due to the skewing of our co-production and simulcast drama schedules towards the latter half of 2023, which resulted in less bookable revenue during the Period. As a result, this segment incurred an EBITDA loss of HK\$12 million during the Period, compared to a profit of HK\$115 million in the same period last year.

International Operations

Segment revenue from International Operations decreased by 6% from HK\$191 million to HK\$180 million during the Period as traditional licensing income from pay-TV partners continued to decline, though this was mitigated by continued growth in revenue from social media and YouTube. Segment EBITDA was HK\$26 million, compared to HK\$38 million in the previous period.

LOSS ATTRIBUTABLE TO EQUITY HOLDERS

The Group incurred a loss attributable to equity holders of HK\$407 million for the Period (2022: HK\$224 million).

LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$407 million (2022: HK\$224 million). The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share throughout the six months ended 30 June 2023 was 438,109,000 (2022: 438,000,000), giving a basic and diluted loss per share of HK\$0.93 (2022: loss per share of HK\$0.51).

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the six months ended 30 June 2023.

DIVIDENDS PER SHARE

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: nil).

INTEREST INCOME

Interest income totalled HK\$46 million for the Period (2022: HK\$61 million), consisting of interest income of HK\$42 million derived from the promissory note with Imagine Tiger Television, LLC ("ITT"), as well as interest income obtained from fixed bank deposits during the Period.

FINANCE COSTS

Finance costs mainly comprised interest expense on our US\$250 million term loan with Shanghai Commercial Bank drawn down in July 2020, which was subsequently converted into Hong Kong dollar term loan of HK\$1,959 million in May 2023. Finance costs increased from HK\$26 million to HK\$70 million, mainly due to higher interest rates.

IMPAIRMENT LOSS ON RECEIVABLES FROM A JOINT VENTURE

As at 30 June 2023, the total carrying value of the Promissory Note in ITT was HK\$826 million (31 December 2022: HK\$781 million), inclusive of the interest income of HK\$42 million recognised during the Period. Considering uncertainties surrounding the ongoing writers strike in the United States, which has slowed down overall TV production activity, a higher expected credit loss (“ECL”) rate of 32.4% has been applied to the total carrying value of the Promissory Note (31 December 2022: 28.8%). This resulted in an additional provision of HK\$42 million for the Period and a corresponding increase in the accumulated lifetime ECL provision on the carrying value of the Promissory Note to HK\$267 million.

INCOME TAX

The Group recorded an income tax expense of HK\$4 million (2022: income tax credit HK\$24 million). The difference between our income tax expense in the two periods was mainly due to the absence of deferred income tax assets arising from the tax losses of the Hong Kong TV Broadcasting segment during the Period. Whilst TVB’s main business in Hong Kong is subject to a profits tax rate of 16.5%, the Group’s major overseas subsidiaries have effective tax rates of 0% to 30%.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the total equity of the Group was HK\$3,135 million (31 December 2022: HK\$3,604 million). The share capital of the company increased from 438,000,000 to 438,218,000 ordinary shares in issue due to the exercise of share options under the share option scheme.

As at 30 June 2023, the Group had unrestricted bank and cash balances of HK\$887 million (31 December 2022: HK\$1,020 million). About 42% of the unrestricted bank and cash balances (approximately HK\$373 million) were maintained in overseas subsidiaries for their daily operations. Unrestricted bank deposits and cash balances held by the Group were denominated mainly in Hong Kong dollars, Renminbi and US dollars.

As at 30 June 2023, the Group’s net current assets amounted to HK\$1,928 million (31 December 2022: HK\$2,298 million). The current ratio, expressed as the ratio of current assets to current liabilities, was 2.0 at 30 June 2023 (31 December 2022: 2.3).

Borrowings at 30 June 2023 totalled HK\$2,288 million (31 December 2022: HK\$2,176 million) which consisted mainly of bank loans of HK\$2,084 million, including our US\$250 million term loan with Shanghai Commercial Bank which was converted into a Hong Kong dollar term loan of HK\$1,959 million in May 2023. Additionally, there were bank overdrafts of HK\$188 million and other borrowings of HK\$16 million. As at 30 June 2023, the Group’s gearing ratio, expressed as a ratio of net debt to total equity, was 46.5% (31 December 2022: 34.4%).

BOND PORTFOLIO

As at 30 June 2023, the Company’s portfolio of fixed income securities, net of expected credit losses amounted to HK\$31 million (31 December 2022: HK\$30 million), which were classified under “Bond securities at amortised cost”. Issuers of these securities include listed or unlisted companies in Hong Kong and overseas. No bond securities were disposed and redeemed of during the Period.

As at 30 June 2023, the investment portfolio consisted of fixed income securities of four (31 December 2022: four) separate issuers, of which the bonds issued by Master Glory Group Limited and SMI Holding Group Limited had been fully impaired in prior years. There was no interest income (2022: HK\$3 million) recognised during the Period from the bond securities at amortised cost.

MANAGEMENT DISCUSSION AND ANALYSIS

ADDITIONAL INFORMATION

HUMAN RESOURCES

At the end of Period, the Group employed a total of 3,599 full-time employees (31 December 2022: 3,854), including contract artistes and staff in overseas subsidiaries. This figure excluded directors and freelance workers.

For employees in Hong Kong, different pay schemes apply to contract artistes, sales, and non-sales personnel. Contract artistes are paid either per show or per package of shows. Sales personnel are remunerated on commission-based schemes, while non-sales personnel receive monthly salaries. Discretionary bonuses may be awarded as an incentive for better performance. About 2% of the Group's manpower was employed in overseas subsidiaries and paid on scales and systems relevant to the respective localities and legislations.

Under the share option scheme of the Group, options may be granted to directors and employees of the Group to subscribe for shares in the Company and in TVB e-Commerce Group Limited.

From time to time, the Group organises, either in-house or with other vocational institutions, seminars, courses, and workshops on subjects of technical interests, such as industrial safety, management skills and other related studies, apart from sponsorship of training programmes that employees may enrol on their own initiatives. To sustain the long term steady supply of human resources for production, the Group has implemented a number of new initiatives during the Period targeting recruitment, training and development of talents and staff for TV production in the areas of design and construction of settings for production, make-up and costume design, with a view to ensure that the necessary skills sets are appropriately retained and developed within our business.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Maintaining high standards of business ethics and corporate governance practices has always been one of the Company's core objectives. The Company believes that conducting business in an open and responsible manner serves its long-term interests and those of the stakeholders.

The Company was in compliance with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") during the Period.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules, as amended from time-to-time, as the code for Directors and members of Senior Management in their dealings in the securities of the Company.

All Directors (including the Director who retired during the Period) and members of Senior Management are subject to specific enquiries by the Company as part of their bi-annual confirmations of compliance and have confirmed that they had complied with the Model Code during the Period.

CHANGE IN DIRECTORS' INFORMATION

Subsequent to the provision of the biographical details of the Directors in the latest published 2022 Annual Report of the Company and up to the date of this Interim Report, the following change in Directors' information took place which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Dr. William Lo Wing Yan resigned as an independent non-executive director of Oshidori International Holdings Limited with effect from 1 July 2023, the shares of which are listed on the Stock Exchange.

BOARD OF DIRECTORS AND ITS COMMITTEES

The Company is headed by an effective Board which is charged with the duty of promoting the success of the Company by directing and supervising its affairs in a responsible manner.

The Board is the highest governing body of the Company and is supported by six Board Committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Investment Committee and the Regulatory Committee. Each of them has defined terms of reference covering its authority, duties and functions.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the Period and up to the date of this Interim Report, the following changes to the composition of the Board and its Committees took place:

On 10 March 2023	
• Board	Mr. Thomas Hui To was re-designated as the Executive Chairman.
On 29 March 2023	
• Audit Committee	Ms. Belinda Wong Ching Ying (“Ms. Wong”) ceased to be a member of the committee.
• Remuneration Committee	Dr. Allan Zeman was appointed as a member and the chairman of the committee and Ms. Wong ceased to be a member and the chairperson of the committee.
• Nomination Committee	Dr. William Lo Wing Yan was appointed as a member of the committee and Ms. Wong ceased to be a member of the committee.
• Risk Committee	The committee was dissolved.
On 31 May 2023	
• Board	Ms. Wong retired as an Independent Non-executive Director at the conclusion of the 2023 annual general meeting of the Company.

At 30 June 2023, the Board and its Committees comprised:

Board of Directors	Also serving	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee	Regulatory Committee
Executive Chairman							
Thomas Hui To		C	-	-	C	M	-
Non-executive Directors							
Li Ruigang		M	-	M	-	-	-
Anthony Lee Hsien Pin		-	M	-	M	C	-
Kenneth Hsu Kin		-	-	-	-	-	-
Independent Non-executive Directors							
William Lo Wing Yan		-	C	-	M	-	M
Allan Zeman		-	-	C	M	-	-
Felix Fong Wo		-	M	M	M	-	C
Senior Management							
Eric Tsang Chi Wai		M	-	-	-	-	-
Siu Sai Wo		M	-	-	-	-	-
Desmond Chan Shu Hung		-	-	-	-	-	M
Ian Lee Hock Lye		-	-	-	-	M	-

C: Chairman of the committee

M: Member of the committee

Save as disclosed in this section, there were no other changes in the composition of the Board and its Committees during the Period and up to the date of this Interim Report.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2023, the interests and short positions of the Directors and chief executive in the shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

Long Positions in the Shares of the Company

Name of Director	Number of ordinary shares held				Total interests	Percentage of issued shares ^(a)
	Personal interests	Family interests	Corporate interests	Other interests		
Kenneth Hsu Kin	–	–	96,817,527 ^(b)	–	96,817,527	22.09%
Li Ruigang	–	–	96,817,527 ^(c)	–	96,817,527	22.09%

Notes:

Duplication of shareholdings occurred between parties[#] shown in the table here and below under the sub-heading of "Substantial Shareholders' Interests in Shares".

- (a) Percentage of issued shares was based on 438,218,000 ordinary shares of the Company in issue.
- (b) Mr. Kenneth Hsu Kin ("Mr. Hsu") was deemed to be interested in these 96,817,527 shares held by Shaw Brothers Limited, an indirect wholly-owned subsidiary of Young Lion Holdings Limited, which was controlled by Mr. Hsu through Ever Port Limited (see below Note (c) under the sub-heading of "Substantial Shareholders' Interests in Shares" for details).
- (c) Mr. Li Ruigang was deemed to be interested in these 96,817,527 shares held by Shaw Brothers Limited. Such interests were held indirectly through CMC M&E Acquisition Co. Ltd. (see below Note (d) under the sub-heading of "Substantial Shareholders' Interests in Shares" for details).

Long Positions in the Underlying Shares of the Company

Name of Director	Number of underlying shares held				Total interests	Percentage of issued shares ^(a)
	Personal interests	Family interests	Corporate interests	Other interests		
Thomas Hui To	4,000,000 ^(b)	–	–	–	4,000,000	0.91%

Notes:

- (a) Percentage of issued shares was based on 438,218,000 ordinary shares of the Company in issue.
- (b) These interests in the underlying shares of the Company represented interests in share options granted to the Director under the share option scheme of the Company, details of which are set out below under the sub-heading "Share Option Scheme".

CORPORATE GOVERNANCE AND OTHER INFORMATION

Long Positions in the Shares of the Associated Corporation of the Company

Name of associated corporation	Name of Director	Number of shares held				Total interests	Percentage of issued shares ^(a)
		Personal interests	Family interests	Corporate interests	Other interests		
Shine Investment Limited	Li Ruigang	–	–	102 ^(b)	–	102	85.00%

Notes:

- (a) Percentage of issued shares of associated corporation was based on the total number of Class A shares of the associated corporation in issue.
- (b) These 102 shares of Shine Investment Limited were held by Shine Holdings Cayman Limited through certain corporations which were controlled by Mr. Li Ruigang.

Save for the information disclosed above, at 30 June 2023, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 30 June 2023, the interests or short positions of the persons (other than the Directors and chief executive of the Company), being 5% or more of the Company's issued shares, in the shares and the underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO are set out below:

Long Positions in the Shares of the Company

Name	Number of shares held	Percentage of issued shares ^(a)
Shaw Brothers Limited ^(b)	96,817,527 ^{#(c)(e)}	22.09%
Young Lion Acquisition Co. Limited	96,817,527 ^{#(c)(e)}	22.09%
Young Lion Holdings Limited	96,817,527 ^{#(c)(e)}	22.09%
Ever Port Limited	96,817,527 ^{#(c)(e)}	22.09%
Brilliant Spark Holdings Limited	96,817,527 ^{#(d)}	22.09%
CMC Group Corporation	96,817,527 ^{#(d)}	22.09%
CMC M&E Holdings Limited	96,817,527 ^{#(d)}	22.09%
CMC M&E Acquisition Co. Ltd.	96,817,527 ^{#(d)(e)}	22.09%
Silchester International Investors LLP	53,577,200 ^(f)	12.23%
Silchester International Investors International Value Equity Trust	25,827,100 ^(f)	5.89%

Notes:

Duplication of shareholdings occurred between parties[#] shown in the table here and above under the sub-heading of "Directors' Interests in Shares".

- (a) Percentage of issued shares was based on 438,218,000 ordinary shares of the Company in issue.
- (b) Shaw Brothers Limited ("SBL") was the registered shareholder of 96,817,527 shares of the Company.

- (c) SBL was a wholly-owned subsidiary of Young Lion Acquisition Co. Limited (“YLA”), which was in turn a wholly-owned subsidiary of Young Lion Holdings Limited (“YLH”). YLH was controlled by Ever Port Limited (“EPL”), which was in turn wholly-owned by Mr. Kenneth Hsu Kin, a Non-executive Director of the Company (“Mr. Hsu”). Therefore, YLA, YLH and EPL were deemed to be interested in the same 96,817,527 shares held by SBL.
- (d) CMC M&E Acquisition Co. Ltd. (“CMC M&E Acquisition”) was deemed to be interested in the same 96,817,527 shares held by SBL. Such interests were held through its interest in YLH. CMC M&E Acquisition was a wholly-owned subsidiary of CMC M&E Holdings Limited, which was in turn a wholly-owned subsidiary of CMC Group Corporation. CMC Group Corporation was wholly-owned by Brilliant Spark Holdings Limited, which was in turn wholly-owned and controlled by Mr. Li Ruigang.
- (e) Mr. Hsu, EPL, CMC M&E Acquisition, YLH, YLA and SBL were the parties of an agreement (“Agreement”) to hold the interest in these 96,817,527 shares of the Company. The Agreement was an agreement to which Section 317 of the SFO applied.
- (f) Silchester International Investors LLP was deemed to be interested in the shares held by Silchester International Investors International Value Equity Trust and certain commingled funds, in the capacity of investment manager.

Save for the information disclosed above, at 30 June 2023, no other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (“Option Scheme”) at its annual general meeting on 29 June 2017. The Option Scheme is designed to provide the scheme participants with the opportunity to acquire proprietary interests in the Company, thereby encouraging the grantees of such options to work towards enhancing the value of the Company and for the benefit of the Company and its shareholders as a whole. Basically, the Option Scheme shall be valid for ten years from the date of its adoption.

The number of options available for grant under the Option Scheme as at 1 January 2023 and 30 June 2023 were 17,450,000 and 26,950,000 respectively.

During the Period, 218,000 options were exercised, 9,500,000 options were lapsed and no option was granted. Accordingly, the number of shares that may be issued in respect of options granted during the Period is nil.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of movement in the options during the Period are set out below:

Name of grantee	Date of grant	Number of options held					Outstanding at 30 June 2023	Exercise price per share	Exercise period
		Outstanding at 1 January 2023	Granted during the Period	Exercised during the Period ^(d)	Cancelled during the Period	Lapsed during the Period			
Director									
Thomas Hui To ^(c)	22 March 2018	2,000,000	–	–	–	(2,000,000)	–	HK\$25.84	Note (a)
	25 May 2022	4,000,000	–	–	–	–	4,000,000	HK\$4.65	Note (b)
Employees									
(In aggregate)	22 March 2018	7,250,000	–	–	–	(7,250,000)	–	HK\$25.84	Note (a)
	25 May 2022	13,100,000	–	(218,000)	–	(250,000)	12,632,000	HK\$4.65	Note (b)
Total		26,350,000	–	(218,000)	–	(9,500,000)	16,632,000		

Notes:

- (a) The validity period of the options granted on 22 March 2018 (“2018 Options”) was 5 years, from 22 March 2018 up to 22 March 2023 (both dates inclusive). The vesting periods of the 2018 Options are set out below:
- 20% of the 2018 Options were exercisable from 1 December 2018 to 22 March 2023 (both dates inclusive);
 - 20% of the 2018 Options were exercisable from 1 December 2019 to 22 March 2023 (both dates inclusive);
 - 20% of the 2018 Options were exercisable from 1 December 2020 to 22 March 2023 (both dates inclusive);
 - 20% of the 2018 Options were exercisable from 1 December 2021 to 22 March 2023 (both dates inclusive); and
 - 20% of the 2018 Options were exercisable from 1 December 2022 to 22 March 2023 (both dates inclusive).
- (b) The validity period of the options granted on 25 May 2022 (“2022 Options”) is 10 years, from 25 May 2022 to 24 May 2032 (both dates inclusive). The vesting periods of the 2022 Options are set out below:
- 25% of the 2022 Options shall be exercisable from 25 May 2023 to 24 May 2032 (both dates inclusive);
 - 25% of the 2022 Options shall be exercisable from 25 May 2024 to 24 May 2032 (both dates inclusive);
 - 25% of the 2022 Options shall be exercisable from 25 May 2025 to 24 May 2032 (both dates inclusive); and
 - 25% of the 2022 Options shall be exercisable from 25 May 2026 to 24 May 2032 (both dates inclusive).
- (c) The 2018 Options and the 2022 Options granted to Mr. Thomas Hui To, the Executive Chairman, had been approved by the Board of Directors (including all Independent Non-executive Directors) at its meetings on 22 March 2018 and 25 May 2022 respectively.
- (d) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$5.82.

In determining the grant of the 2022 Options to the grantees (including a Director, members of our senior management and certain employees), the Remuneration Committee took into account factors such as the Group’s performance, the grantee’s performance and past contributions to the Group with a view to better aligning incentives with long-term value creation.

The 2022 Options have a vesting period of four years in equal proportions and the main purposes of the grant were to recognise the performance and contributions made by the grantees before the grant and to encourage the grantees to work towards enhancing the value of the Company and for the benefit of the Company and its shareholders as a whole. The grantees have joined the Group for periods of different durations, and they are all considered to have shown satisfactory work performance. Having considered the aforesaid factors, the Remuneration Committee was of the view that performance targets and clawback mechanism were not necessary for the grant of the 2022 Options, and such grant of the 2022 Options was in line with the purpose of the Option Scheme in providing a flexible means of giving incentive to and rewarding participants of the Option Scheme. The Remuneration Committee was also of the view that the grant of the 2022 Options aligned the interests of the grantees with those of the Company and its shareholders.

Save as disclosed above, no options were granted, exercised, cancelled or lapsed in accordance with the terms of the Option Scheme during the Period. Further details of the Option Scheme is set out in Note 20 to the condensed consolidated financial information.

Save as the information disclosed above in relation to the Option Scheme and the share option scheme of the Company's subsidiary, TVB e-Commerce Group Limited, adopted by the Company on 29 June 2017, at no time during the Period was the Company, its parent company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURES PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

SMI Holdings Group Limited

As at 30 June 2023, the Group had provided the following financial assistance to SMI Holdings Group Limited ("SMI"), a company previously listed on the Stock Exchange (stock code: 00198) and the listing of its shares was cancelled on 14 December 2020 and an independent third party of the Group, which in aggregate exceeded 8% under the assets ratio (as defined under Chapter 14 of the Listing Rules) and hence constituted an advance to an entity under Rule 13.13 of the Listing Rules:

- US\$23,000,000 9.5% unsecured redeemable fixed coupon bonds issued by SMI ("Bonds")

In April 2018, the Company subscribed for the Bonds which are unsecured and bear an interest rate of 9.5% per annum payable semi-annually. The Bonds would mature in 2020 (extendable to 2021 by mutual agreement).

Unless early redeemed with the consent of the Company, the Bonds would be redeemed on the maturity date at the aggregate amount of (i) the principal amount of the outstanding Bonds and (ii) all accrued and unpaid interest on or prior to the maturity date.

- US\$83,000,000 7.5% secured redeemable convertible bonds issued by SMI ("Convertible Bonds")

In May 2018, the Company subscribed for the Convertible Bonds which are secured by a share charge in respect of the entire share capital of SMI International Cinemas Limited, a wholly owned subsidiary of SMI, and bear an interest rate of 7.5% per annum payable semi-annually. The Convertible Bonds would mature in 2020 (extendable to 2021 by mutual agreement).

Unless otherwise redeemed, converted or cancelled, the Convertible Bonds would be redeemed on the maturity date at the aggregate amount of (i) the principal amount of the outstanding Convertible Bonds and (ii) the remainder of (a) an amount equal to an annual return of 11% per annum (calculated on the principal amount of the outstanding Convertible Bonds for the period from and including the issue date up to but excluding the maturity date) minus (b) all interest paid on or prior to the maturity date.

Without prejudice to the foregoing, SMI may at any time after expiry of 6 months from the issue date but not less than 14 business days prior to the maturity date, by giving not less than 10 days' or more than 30 days' notice to the bondholder(s), redeem all or part of the Convertible Bonds, at the redemption price in the aggregate amount of (i) the principal amount of the outstanding Convertible Bonds and (ii) the remainder of (a) an amount equal to an annual return of 11% per annum (calculated on the principal amount of the outstanding Convertible Bonds for the period from and including the issue date up to but excluding the redemption date) minus (b) all interest paid on or prior to the redemption date.

For details and the latest development of the above advances to SMI, please refer to the Company's announcement dated 2 May 2018 and Notes 10(b) and 11(b) to the condensed consolidated financial information. As at 30 June 2023, the outstanding principal of the above advances remained as US\$106,000,000.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Imagine Tiger Television LLC

As at 30 June 2023, the Group had provided other financial assistance to certain affiliated companies (as defined under the Listing Rules), which in aggregate exceeded 8% under the assets ratio. The financial assistance provided to Imagine Tiger Television LLC ("ITT") (a 50% owned joint venture of the Group) also constituted an advance to an entity under Rule 13.13 of the Listing Rules.

In July 2017, the Group subscribed for the promissory note issued by ITT in the aggregate principal amount of US\$66,666,667 ("Promissory Note"). The Promissory Note is unsecured and bears an interest rate of 12% per annum payable annually and will mature in July 2032. ITT may repay the outstanding principal under the Promissory Note in whole or in part from time to time, provided that any repayment during the period of four years from 26 July 2017 shall be subject to the prior approval of the board of directors of ITT. For details of the Promissory Note, please refer to the Company's announcement dated 26 July 2017. With effect from 1 July 2019, a conversion of the Group's equity contribution of US\$7,741,579 into a loan to ITT was executed, which accumulated the Promissory Note to ITT with an amount of US\$74,408,246. In December 2022, ITT completed a repayment of promissory note to the Group in the amount of US\$35,000,000 which had the effect of reducing the outstanding principal amount, and accrued and unpaid interest, thereon, of the ITT debt obligation owing to the Group. The principal amount of the promissory note was restated at US\$99,691,643 subsequent to the repayment of US\$35,000,000.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of the Company's affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30 June 2023 are presented as follows:

	Combined statement of financial position HK\$'000	The Group's attributable interest HK\$'000
Non-current assets	–	–
Current assets	273,999	270,851
Current liabilities	(122,810)	(103,004)
Net current assets	151,189	167,847
Total assets less current liabilities	151,189	167,847
Non-current liabilities	(781,458)	(781,458)
Less: unrecognised share of loss	–	590,306
Net liabilities	(630,269)	(23,305)

REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the Period has not been audited, but has been reviewed by PricewaterhouseCoopers, the independent auditor of the Company, whose report is set out on page 63 of this Interim Report. The Audit Committee of the Board has reviewed with Management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed consolidated financial information and this Interim Report.

INTERIM DIVIDEND

No interim dividend was declared by the Board for the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company had not redeemed, and neither had the Company nor any of its subsidiaries, purchased or sold any of the Company's listed securities during the Period.

INTERIM REPORT

This Interim Report containing the information required by the Listing Rules is published on the designated issuer website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <https://corporate.tvb.com>.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	30 June 2023 Unaudited HK\$'000	31 December 2022 Audited HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,163,377	1,277,936
Investment properties	7	1,718	1,896
Intangible assets	7	244,291	255,145
Goodwill	8	85,131	85,131
Interests in joint ventures	9	560,096	556,863
Interests in associates		161,700	164,159
Financial assets at fair value through other comprehensive income ("FVOCI")		162,219	161,634
Bond securities at amortised cost	10	30,864	30,425
Financial assets at fair value through profit or loss	11	17,259	17,259
Deferred income tax assets		390,943	391,102
Prepayments		43,507	36,660
Total non-current assets		2,861,105	2,978,210
Current assets			
Programmes and film rights		1,549,591	1,546,023
Stocks		67,727	96,216
Trade receivables	12	734,248	840,052
Other receivables, prepayments and deposits		484,128	474,453
Movie investments		73,582	73,582
Tax recoverable		17,604	16,253
Bank deposits maturing after three months		100,169	56,397
Cash and cash equivalents		786,416	963,862
Total current assets		3,813,465	4,066,838
Total assets		6,674,570	7,045,048
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	13	665,227	664,044
Other reserves	14	(39,011)	931
Retained earnings		2,454,266	2,834,042
Total equity		3,080,482	3,499,017
Non-controlling interests		54,616	105,218
Total equity		3,135,098	3,604,235

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2023

	Notes	30 June 2023 Unaudited HK\$'000	31 December 2022 Audited HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	1,583,134	1,577,240
Lease liabilities	17	14,725	36,698
Deferred income tax liabilities		56,185	58,067
Total non-current liabilities		1,654,044	1,672,005
Current liabilities			
Trade and other payables and accruals	15	996,078	974,295
Written put option liabilities	18	140,000	140,000
Current income tax liabilities		1,874	8,543
Borrowings	16	705,349	599,115
Lease liabilities	17	42,127	46,855
Total current liabilities		1,885,428	1,768,808
Total liabilities		3,539,472	3,440,813
Total equity and liabilities		6,674,570	7,045,048

The notes on pages 34 to 62 form an integral part of this condensed consolidated financial information.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
Revenue	6	1,560,274	1,820,123
Cost of sales		(1,160,959)	(1,268,530)
Gross profit		399,315	551,593
Other revenues		5,585	32,210
Interest income		45,737	60,566
Selling, distribution and transmission costs		(323,748)	(335,298)
General and administrative expenses		(442,677)	(507,475)
Other losses, net		(20,091)	(30,746)
Gain on disposal of bond securities at amortised cost		–	856
Impairment loss on financial assets at amortised cost, net		–	(13,892)
Finance costs	21	(70,018)	(25,930)
Share of profits of joint ventures		56	493
Impairment loss on receivables from a joint venture	9	(41,600)	(3,800)
Share of profits/(losses) of associates		1,022	(458)
Loss before income tax	19	(446,419)	(271,881)
Income tax (expense)/credit	22	(4,163)	24,190
Loss for the period		(450,582)	(247,691)
Loss attributable to:			
Equity holders of the Company		(406,723)	(224,293)
Non-controlling interests		(43,859)	(23,398)
		(450,582)	(247,691)
Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the period	23	HK\$(0.93)	HK\$(0.51)

The notes on pages 34 to 62 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Loss for the period	(450,582)	(247,691)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations		
– Subsidiaries	(18,396)	(18,168)
– Joint ventures	(773)	(1,295)
Share of other comprehensive loss of an associate	(3,481)	(7,746)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	26	31
Other comprehensive loss for the period, net of tax	(22,624)	(27,178)
Total comprehensive loss for the period	(473,206)	(274,869)
Total comprehensive loss attributable to:		
Equity holders of the Company	(422,604)	(244,099)
Non-controlling interests	(50,602)	(30,770)
Total comprehensive loss for the period	(473,206)	(274,869)

The notes on pages 34 to 62 form an integral part of this condensed consolidated financial information.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Unaudited					
		Attributable to equity holders of the Company				Non-controlling interests HK\$'000	Total equity HK\$'000
Notes		Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
	Balance as at 1 January 2022	664,044	47,872	3,647,038	4,358,954	234,206	4,593,160
	Comprehensive loss:						
	Loss for the period	-	-	(224,293)	(224,293)	(23,398)	(247,691)
	Other comprehensive (loss)/income:						
	Exchange differences on translation of foreign operations						
	– Subsidiaries	-	(10,796)	-	(10,796)	(7,372)	(18,168)
	– Joint ventures	-	(1,295)	-	(1,295)	-	(1,295)
	Share of other comprehensive loss of an associate	-	(7,746)	-	(7,746)	-	(7,746)
	Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	-	31	-	31	-	31
	Total comprehensive loss, net of tax, for the period ended 30 June 2022	-	(19,806)	(224,293)	(244,099)	(30,770)	(274,869)
	Transactions with owners:						
	Share-based payments	14	1,300	18	1,318	-	1,318
	Transferred to legal reserve	14	5,882	(5,882)	-	-	-
	Capital contribution to non-controlling interests		-	-	-	4,039	4,039
	Dividend to non-controlling interests		-	-	-	(36,962)	(36,962)
	Total transactions with owners	-	7,182	(5,864)	1,318	(32,923)	(31,605)
	Balance at 30 June 2022	664,044	35,248	3,416,881	4,116,173	170,513	4,286,686
	Balance as at 1 January 2023	664,044	931	2,834,042	3,499,017	105,218	3,604,235
	Comprehensive loss:						
	Loss for the period	-	-	(406,723)	(406,723)	(43,859)	(450,582)
	Other comprehensive (loss)/income:						
	Exchange differences on translation of foreign operations						
	– Subsidiaries	-	(11,653)	-	(11,653)	(6,743)	(18,396)
	– Joint ventures	-	(773)	-	(773)	-	(773)
	Share of other comprehensive loss of an associate	-	(3,481)	-	(3,481)	-	(3,481)
	Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	-	26	-	26	-	26
	Total comprehensive loss, net of tax, for the period ended 30 June 2023	-	(15,881)	(406,723)	(422,604)	(50,602)	(473,206)
	Transactions with owners:						
	Exercise of share options	14	1,183	(169)	1,014	-	1,014
	Share-based payments	14	-	3,055	3,055	-	3,055
	Forfeiture of share options	14	-	(93)	93	-	-
	Lapse of share options	14	-	(30,824)	30,824	-	-
	Transferred to legal reserve	14	-	3,970	(3,970)	-	-
	Total transactions with owners	1,183	(24,061)	26,947	4,069	-	4,069
	Balance at 30 June 2023	665,227	(39,011)	2,454,266	3,080,482	54,616	3,135,098

The notes on pages 34 to 62 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
Cash flows from operating activities			
Cash used in operations	25	(61,669)	(233,227)
Hong Kong tax paid		(3,598)	(13,056)
Hong Kong tax refunded		1,198	–
Overseas tax paid		(11,442)	(42,820)
Overseas tax refunded		–	7
Net cash used in operating activities		(75,511)	(289,096)
Cash flows from investing activities			
Purchases of property, plant and equipment		(43,907)	(37,045)
Additions of intangible assets		(28,507)	(29,123)
Proceeds from disposal/redemption of bonds securities at amortised cost		–	96,646
Increase in bank deposits maturing after three months		(43,772)	(55,954)
Proceeds from disposal of property, plant and equipment		279	257
Decrease in movie investments		–	6,059
Interest received		3,980	9,131
Net cash used in investing activities		(111,927)	(10,029)
Cash flows from financing activities			
Repayment of borrowings		(10,000)	(25,000)
Proceeds from borrowings		125,347	–
Interest paid		(59,335)	(25,834)
Principal elements of lease payments		(26,346)	(26,230)
Dividend paid to non-controlling interests		–	(36,962)
Proceeds from exercise of share options		1,014	–
Net cash generated from/(used in) financing activities		30,680	(114,026)
Net decrease in cash and cash equivalents		(156,758)	(413,151)
Cash and cash equivalents at 1 January		765,222	1,174,718
Effect of foreign exchange rate changes		(10,250)	(38,507)
Cash and cash equivalents at 30 June		598,214	723,060
Analysis of cash and cash equivalents:			
Cash at bank and on hand		206,330	545,159
Short-term bank deposits maturing within three months		580,086	364,939
Bank overdrafts		(188,202)	(187,038)
		598,214	723,060

The notes on pages 34 to 62 form an integral part of this condensed consolidated financial information.

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Television Broadcasts Limited (the “Company”) and its subsidiaries are collectively referred to as the Group in the condensed consolidated financial information. The principal activities of the Company are terrestrial television broadcasting, e-Commerce together with programme production and other television-related activities.

The Company is a limited liability company incorporated and listed in Hong Kong. Its registered office is at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong.

This condensed consolidated financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated financial information was approved for issue on 23 August 2023.

The financial information relating to the year ended 31 December 2022 that is included in the condensed consolidated financial information for the six months ended 30 June 2023 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. For the year ended 31 December 2022, the auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) and (3) of the Hong Kong Companies Ordinance (Cap. 622).

This condensed consolidated financial information has not been audited, but has been reviewed by the Audit Committee of the Company, and by PricewaterhouseCoopers, our Auditor, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2 BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

During the six months ended 30 June 2023, the Group incurred a loss of HK\$451 million (2022: loss HK\$248 million) and a net cash used in operating activities of HK\$76 million (2022: HK\$289 million). During the six months ended 30 June 2023, there was non-compliance with a bank covenant under a loan agreement with a bank of a 3-year term loan facility with the amount of US\$250 million which stated in note 16 in relation to the ratio of consolidated net debt to consolidated EBITDA (“EBITDA covenant”), the Group has successfully obtained written waiver from the bank to waive the EBITDA covenant for the period and not to exercise their rights to demand immediate repayment of the loan to the end of 31 December 2024. Based on cashflow projections for a period of not less than 12 months after 30 June 2023 and additional new loan facility from CMC and Young Lion Holdings Limited as set out in note 16 and other available undrawn banking facilities, the Directors consider that the Group will have adequate funds available to enable it to operate its business for the foreseeable future and consider it appropriate to prepare the condensed consolidated financial statements on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICIES

The accounting policies applied and methods of computation used in the preparation of these interim accounts are consistent with those used in the financial statements for the year ended 31 December 2022.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of amendments to HKFRSs became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) Impact of standards issued but not yet applied by the Group

The Group has not early adopted new or revised standards, amendments to standards and interpretations that have been issued but are not yet effective for the accounting period ending 31 December 2023. The Group is in the process of making an assessment of the likely impact of these new or revised standards, amendments to standards and interpretations to the Group's results and financial position in the period of initial application.

4 ESTIMATES

The preparation of condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

There have been no changes in any risk management policies since the year end.

5.2 Credit risk

Compared to the year end, except for the provision for impairment loss of the Promissory Note as described in Note 9, there was no material change in the Group's credit risk.

5.3 Fair value estimation

Financial instruments that are measured in the condensed consolidated statement of financial position at fair value are analysed by below valuation method. The different methods have been defined as follows:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 30 June 2023 and 31 December 2022, the fair value measurement of the Group's financial assets at fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL") is classified in level 3.

Financial assets at FVOCI comprise unlisted equity investment without an active market. The Group establishes the fair value of the unlisted equity investments by using valuation techniques including market comparison method by comparison to the prices at which other similar business nature companies, and the adjusted net assets value method.

The major methods and assumptions used in estimating the fair values of financial assets at FVPL are detailed in Note 11.

The Group's policy is to recognise transfer into and out of fair value hierarchy levels as at the end of the reporting period. There was no transfer between categories during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in terrestrial television broadcasting with programme production, OTT Streaming, e-Commerce Business, Mainland China Operations and International Operations, and other activities.

For management purposes and in a manner consistent with the way in which information is reported internally to the Group's Senior Management and Board of Directors for the purposes of making decisions about resource allocation and performance assessment, the Group presents its operating segment information based on these core businesses.

The Group has following reportable segments:

- (a) Hong Kong TV Broadcasting – broadcasting of television programmes, commercials on terrestrial TV platforms, production of programmes, online social media platform, music entertainment, event and digital marketing
- (b) OTT Streaming – operation of myTV SUPER OTT service and website portals
- (c) e-Commerce Business – operation of two e-Commerce platforms, namely Ztore and Neigbuy
- (d) Mainland China Operations – co-produced dramas, distribution of television programmes and channels to telecast, video and new media operators in mainland China
- (e) International Operations – distribution of television programmes and channels to telecast, video and new media operators and provision of pay television and OTT services to subscribers in Malaysia, Singapore and other countries of the world targeting Chinese and other Asian audiences

The segments are managed separately according to the nature of products and services provided. Segment performance is evaluated based on a measure of adjusted earnings before interest income, finance costs, income tax, depreciation and amortisation, impairment loss net of gain/loss on disposal of financial assets at amortised cost, impairment loss on receivables from a joint venture, share of profits/losses of joint ventures and associates (EBITDA, see below) to assess the performance of the operating segments which in certain respects, as explained in the table below, is measured differently from the results before income tax in the condensed consolidated financial information.

Revenue comprises income from advertisers net of agency deductions, licensing income, subscription income, e-Commerce income, co-production income, as well as other income from digital marketing and event income, music entertainment income, talent management fee income, facility rental income and other service fee income.

The Group's inter-segment transactions mainly consist of licensing of programmes and film rights and provision of services. Licensing of programmes and film rights were entered into at similar terms as that contracted with third parties. The services provided are charged on a cost plus basis or at similar terms as that contracted with third parties.

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the Group's revenue and results for the period by operating segment is as follows:

	Six months ended 30 June											
	Hong Kong TV		OTT Streaming		e-Commerce Business		Mainland China Operations		International Operations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue												
Timing of revenue recognition:												
At a point in time	5,437	7,958	594	990	271,140	460,473	45,548	110,108	1,962	9,757	324,681	589,286
Over time	623,130	588,454	167,033	168,079	-	115	267,096	292,930	178,334	181,259	1,235,593	1,230,837
External customers	628,567	596,412	167,627	169,069	271,140	460,588	312,644	403,038	180,296	191,016	1,560,274	1,820,123
Reportable segment EBITDA	(214,152)	(209,621)	36,343	25,914	(21,689)	(40,844)	(12,453)	115,024	25,998	37,517	(185,953)	(72,010)
Additions to non-current assets*	46,615	83,718	28,301	38,852	349	20,529	1,655	1,026	9,456	2,217	86,376	146,342

* Non-current assets comprise property, plant and equipment, investment properties, goodwill and intangible assets (including prepayments related to capital expenditure, if any).

A reconciliation of reportable segment EBITDA to loss before income tax is provided as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Reportable segment EBITDA	(185,953)	(72,010)
Depreciation and amortisation	(195,663)	(212,881)
Finance costs	(70,018)	(25,930)
Interest income	3,867	7,147
Interest income from joint ventures	41,870	53,419
Impairment loss on receivables from a joint venture	(41,600)	(3,800)
Impairment loss net of gain/loss on disposal of financial assets at amortised cost	-	(17,861)
Share of profits of joint ventures	56	493
Share of profits/(losses) of associates	1,022	(458)
Loss before income tax	(446,419)	(271,881)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (continued)

An analysis of the Group's revenue from external customers for the period by geographical location is as follows:

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Hong Kong	1,069,504	1,230,565
Mainland China	315,363	405,697
Malaysia and Singapore	75,439	81,722
USA and Canada	55,368	53,781
Vietnam	14,644	18,047
Australia	7,362	7,859
Macau	6,889	6,938
Europe	4,929	4,786
Other territories	10,776	10,728
	1,560,274	1,820,123

7 CAPITAL EXPENDITURE

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Intangible assets HK\$'000
As at 1 January 2022	1,396,753	5,710	284,874
Additions	80,211	–	29,123
Transfer from investment properties to property, plant and equipment	791	(791)	–
Lease modification	3,448	–	–
Disposals	(652)	–	–
Depreciation and amortisation (Note 19)	(169,864)	(288)	(42,729)
Exchange differences	(1,602)	(220)	(140)
As at 30 June 2022	1,309,085	4,411	271,128
As at 1 January 2023	1,277,936	1,896	255,145
Additions	51,022	–	28,507
Lease modification	75	–	–
Early lease termination	(8,392)	–	–
Disposals	(66)	–	–
Depreciation and amortisation (Note 19)	(156,219)	(98)	(39,346)
Exchange differences	(979)	(80)	(15)
As at 30 June 2023	1,163,377	1,718	244,291

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 CAPITAL EXPENDITURE (continued)

Note:

The condensed consolidated statement of financial position shows the following amounts recognised in the property, plant and equipment relating to leases:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Right-of-use assets		
Properties	49,086	79,725
Equipment	6,723	3,610
Leasehold land and land use right	143,374	148,086
	199,183	231,421

Additions to the right-of-use assets during the period ended 30 June 2023 were HK\$7,044,000 (2022: HK\$43,058,000).

8 GOODWILL

Goodwill that arose on the acquisition of subsidiaries is allocated to and monitored by management at e-Commerce Business segment, which comprises groups of cash-generating units that are expected to benefit from synergies of combination with the acquired businesses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 INTERESTS IN JOINT VENTURES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Non-current		
Investment costs (note)	207,253	206,479
Funds advanced to joint ventures	17,731	17,731
Less: accumulated share of losses	(223,871)	(223,153)
	1,113	1,057
Loan and interest receivable from a joint venture (note)	825,883	781,106
Less: impairment loss on receivables from a joint venture (note)	(266,900)	(225,300)
	558,983	555,806
	560,096	556,863

Note:

In July 2017, the Group entered into the agreement with Imagine Holding Company LLC ("Imagine") in relation to the formation of a joint venture company, namely Imagine Tiger Television, LLC ("ITT"), on a 50:50 basis between both parties. The purpose of ITT is to finance the development and production of a slate of television projects whether developed and/or produced by Imagine alone or with third-party co-financiers/co-production partners. The Group contributed to the capital of ITT in an amount of US\$33,333,000 as to 50% of the equity interests in ITT and has provided a loan to ITT in an amount of US\$66,667,000 in the form of the promissory note ("Promissory Note"). The Promissory Note is unsecured and bears an interest rate of 12% per annum and will mature in July 2032. Interest and principal of the Promissory Note will not become payable unless ITT has distributable cash as defined in the agreement. Imagine shall not be making any capital contribution to ITT but shall contribute in-kind in the form of production expertise as it has the duty to manage and control the business and affairs of ITT and all creative and production decisions with respect to the television projects financed by ITT. With reference to this capital contribution arrangement, the Group would share 100% of ITT's result until ITT has accumulated a positive balance of retained earnings. When the Group's equity interests in ITT has reduced to zero, the Group would not recognise further losses. With effect from 1 July 2019, a conversion of the Group's equity contribution of US\$7,742,000 into a loan to ITT was executed, which accumulated the loan to ITT with an amount of US\$74,409,000.

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 INTERESTS IN JOINT VENTURES (continued)

Note: (continued)

In December 2022, ITT completed a partial repayment of the Promissory Note to TVB in the amount of US\$35,000,000 which had the effect of reducing the outstanding principal amount and accrued and unpaid interest, thereon, of the ITT debt obligation owing to TVB. Of this US\$35,000,000 repayment, the Group reinvested US\$20,000,000 by subscribing for 2,621,148 non-voting Class C Units in Imagine, thereby gaining a minority stake of under 5% in Imagine. The payment was made directly by ITT to Imagine on the Group's behalf therefore there was no cash outlay in respect of the US\$20,000,000 investment. The consideration for the subscription of US\$20,000,000 was determined through management's assessment. This determination was made after conducting arm's length commercial negotiations between the parties with reference to, among other things, the financial position and performance (including but not limited to the unaudited net asset value of Imagine and its subsidiaries as at 31 October 2022 and the net profits (before and after taxation) attributable to the two financial years ended 31 December 2020 and 2021).

The Group made the investment in Imagine in view of its (1) established business model as a producer of TV programs and films in the U.S.; (2) its strategy of growing through mergers and acquisitions and organic initiatives; (3) the strength and track record of its management team (including its founders Ron Howard and Brian Grazer); (4) its established library of iconic and classic titles in film (such as Apollo 13, How the Grinch Stole Christmas, Liar Liar, A Beautiful Mind, Da Vinci Code) and in television (such as Arrested Development, 24); and (5) the potential for joint development and exploitation of Imagine's content IP in the Greater China market in partnership with TVB. Based on the latest information available to the Company, investment funds managed by Raine Group LLC, a boutique investment banking and private equity firm, beneficially own over one-third of the shares of Imagine. None of the other ultimate beneficial owners of Imagine owns more than one-third of shares of Imagine. The Directors are of the view that the consideration for the subscription is fair and reasonable and in the interests of the Company and the shareholders as a whole. The investment has been recognised as FVOCI. There is no fair value change of FVOCI as at 30 June 2023.

On 29 December 2022, the Group also entered into an agreement with CMC, Inc. ("CMC"), whereby CMC agreed to purchase 10% of the Group's interest in ITT, being (i) 10% of the Promissory Note in the principal amount together with the accrued but unpaid interest of approximately US\$10 million; and (ii) 10 ITT Class A Units, representing approximately 5% of the entire issued share capital in ITT at a consideration of US\$10,002,000 which was pre-paid in cash to the Group. As at 30 June 2023, the disposal process was still ongoing and the transaction in relation to the disposal of the Promissory Note was subsequently completed in August. The consideration for the disposal was determined through management's assessment. This determination was made after conducting arm's length commercial negotiations between the parties with reference to, among other things, the outstanding principal amount of the Promissory Note and interest accruing thereon, the liquidity and repayment schedule of the Promissory Note (which maturity date shall fall on 26 July 2032), and the financial performance and operational metrics of ITT. In particular, the nominal consideration for the 10 ITT Class A Units was determined after taking into account the net loss and net liability positions of ITT for the previous two financial years ended 31 December 2020 and 2021 and as at 30 June 2022. The Directors are of the view that the consideration for the disposal is fair and reasonable and in the interests of the Company and the shareholders as a whole.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 INTERESTS IN JOINT VENTURES (continued)

Note: (continued)

As at 31 December 2022, in determining the carrying value of the Promissory Note from ITT, the Group has observed that the US market for premium TV content has been increasingly dominated by streaming platforms, resulting in a reduced number of opportunities for ITT, the Company's US-based joint venture, to pursue independent deficit-financing productions, which was its primary focus. Consequently, the Group assessed that the credit risk associated with the Promissory Note has significantly increased in 2022. To measure the provision for impairment loss of its debt instruments, the Group adopted the stage 2 ECL model. The ECL model involves assessing key measuring parameters and inputs, such as the probability of default ("PD") and the loss given default ("LGD"). The Group considered various factors in determining the PD and LGD of the Promissory Note, including the scale of the business, business model, financial performance, financial position, market share trend, and financial policy of ITT. The Group also adjusted for forward-looking information, such as the future development plan of ITT.

As at 30 June 2023, based on the aforementioned assessment, adopting the stage 2 ECL model which is consistent with that as at 31 December 2022, the total carrying value of the Promissory Note to ITT was HK\$825,883,000 (31 December 2022: HK\$781,106,000), inclusive of the interest income of HK\$41,870,000 (2022: HK\$53,419,000) recognised during the period. Considering the recent uncertainties surrounding the writers strike in the United States, the management has assessed and determined the ECL rate to be 32.4% (31 December 2022: 28.8%). This resulted in an additional provision of HK\$41,600,000 (2022: HK\$3,800,000) for the period, and an increase in the accumulated lifetime ECL provision on the carrying value of the Promissory Note to HK\$266,900,000 (31 December 2022: HK\$225,300,000).

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 BOND SECURITIES AT AMORTISED COST

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Non-current		
Bond securities at amortised cost:		
Unlisted	427,157	426,982
Listed in other countries	70,549	70,285
Less: provision for impairment loss on bond securities (nodes (b), (c) and (d))	(466,842)	(466,842)
	30,864	30,425

Notes:

- (a) As at 30 June 2023, the Company's portfolio of fixed income securities, net of expected credit losses amounted to HK\$30,864,000 (31 December 2022: HK\$30,425,000). They were issued by issuers which are listed or unlisted in Hong Kong or overseas. No bond securities were disposed and redeemed of during the period.

As at 30 June 2023, the investment portfolio consisted of fixed income securities of four (31 December 2022: four) separate issuers, of which the bonds issued by Master Glory Group Limited and SMI Holding Group Limited had been fully impaired in prior years. There was no interest income (2022: HK\$3,132,000) recognised during the period from the bond securities at amortised cost.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 BOND SECURITIES AT AMORTISED COST (continued)

Notes: (continued)

(b) SMI Fixed Coupon Bonds

On 23 April 2018, the Group subscribed a US\$23,000,000 9.5% unsecured redeemable fixed coupon bonds due 2020 (extendable to 2021) ("Fixed Coupon Bonds") issued by SMI. Trading in SMI's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 3 September 2018. The suspension of trading of SMI's shares for a period of more than ten consecutive trading days has triggered an event of default for Fixed Coupon Bonds in accordance with the subscription agreement. The listing of SMI's shares has been cancelled with effect from 14 December 2020.

Based on the impairment assessment as detailed in Note 11, the management considered full impairment of the Fixed Coupon Bonds was adequate but not excessive at 30 June 2023 and 31 December 2022.

(c) CERC Bonds

The Group had purchased the CERC Bonds totalling US\$12,000,000 nominal amount (2018 Bond US\$6,000,000 and 2019 Bond US\$6,000,000). On 11 May 2018, CERC had defaulted the principal payment of the 2018 CERC Bond due in May 2018 and as a result, this triggered a cross default for the 2019 CERC Bond.

CERC is a state-owned oil and gas trading, logistics and distribution and supply services provider in mainland China. According to CERC's announcement dated 25 May 2018, CERC plans to divest certain of its assets in order to resolve its current cash flow difficulties. Management has reviewed a report ("Report") dated 17 August 2018 and prepared by the financial adviser appointed by CERC ("CERC's financial adviser"), in relation to, among other things, a review of the financial condition of CERC. CERC has prepared a plan for the repayment of the principal and the interest over an eight-year period.

On 24 December 2018, the Group had received coupon interests from CERC Bonds. Based on the review of the Report and the receipt of the bond interests, management believes that CERC has both the intention and ability to settle the outstanding balances in an extended schedule. The Group has approached the impairment assessment under the ECL model by way of discounting of the expected cashflow to be recovered over an eight-year period for calculation of the net present value of the CERC Bonds, taking into consideration comparable probability of default, recovery rate quoted from international credit-rating agencies after adjustments to specific conditions/financial conditions and current creditworthiness of CERC and its restructuring progress. On this basis, an impairment loss of HK\$26,000,000 was made during the year ended 31 December 2018.

On 8 November 2019, CERC released the revised restructuring proposal prepared by CERC's financial adviser with the key elements of (i) increasing the installment percentage of principal repayments in earlier years and (ii) suspending all interest payments on the outstanding CERC Bonds.

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 BOND SECURITIES AT AMORTISED COST (continued)

Notes: (continued)

(c) CERC Bonds (continued)

On 25 March 2020, after considering a wide range of feedback from bondholders, CERC further released the revised restructuring proposal by increasing the installment percentage of principal repayment in the first year of repayment.

As at 31 December 2020, taking into account the weakened global economic in oil and gas industry and no positive development on the execution of the revised repayment plan from CERC, the Group considered CERC bonds as credit-impaired and took a more conservative forward view to provide an additional lifetime ECL of HK\$30,000,000 for the year ended 31 December 2020, which is mainly based on the various possible scenarios of discounted cashflow of the revised repayment schedules with reference to the valuation performed by an independent firm of professionally qualified valuers.

On 30 April 2022, the bond issuer announced a revised restructuring proposal with the details of (i) partial payment of the principal amount of the CERC bonds as full and final settlement of any and all outstanding amounts due under the CERC bonds; and (ii) full payment of the principal amount of the CERC bonds following a 10-year extension.

As at 30 June 2023, the Group continued to closely monitor the situation and performed impairment assessment under the ECL model, after taking reference to the valuation performed by an independent valuer, no provision (2022: Nil) has been provided during the period, which concluded the accumulated lifetime ECL provision of HK\$66,000,000 (31 December 2022: HK\$66,000,000) as at period end.

(d) Other bonds

Other than SMI's Fixed Coupon Bonds and CERC Bonds, the net carrying amount of the bond securities at amortised cost as at 1 January 2023 was HK\$2,711,000. During the period, no bond securities were disposed of or redeemed. For the unlisted bond securities at amortised cost considered as credit-impaired as at 30 June 2023 and 31 December 2022, as a result of default events pursuant to the bond agreements, a lifetime ECL allowance has been assessed. For other bond securities considered not credit-impaired, the Group would measure the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises a lifetime ECL. The management performed an analysis of the recovery rate of bond securities by adopting its independently selected parameters which contain credit rating profile similar to each of bond securities and no additional ECL provision on such bond securities was provided (2022: HK\$18,717,000) during the period. As at 30 June 2023, the net carrying amount of other securities at amortised costs after provision for impairment loss was HK\$2,799,000 (31 December 2022: HK\$2,711,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
At the beginning and end of the period/year	17,259	17,259

- (a) Pursuant to the share purchase agreement entered into between Sunrise Investments Global Limited (“Sunrise Investments”) and Ztore Investment Limited (“Ztore”), Sunrise Investments has a call option to purchase all of the shares held by any and all the existing shareholders of Ztore on certain terms and conditions, where the right to exercise such call option is linked to the gross merchandise value (the “GMV”) and the Contribution Margin percentage of the GMV (“Contribution Margin %”) per financial quarter.

Management has engaged an independent firm of professionally qualified valuers to perform a valuation of the call option using the binomial model. Based on the fair value assessment, the fair value of the call option remains unchanged as at 30 June 2023.

- (b) In addition to the Fixed Coupon Bonds described in Note 10, the Group subscribed a US\$83,000,000 7.5% secured redeemable convertible bonds due 2020 (extendable to 2021 by mutual agreement) (“Convertible Bonds”) issued by SMI on 7 May 2018. The Company may exercise its right to convert all or any part of the principal amount of the Convertible Bonds into new shares of SMI at any time during the period from and including the date falling six months from 7 May 2018 up to the close of the business on the maturity date of the Convertible Bonds at the initial conversion price of HK\$3.85 per conversion share. None of them was converted up to 30 June 2023.

Under the subscription agreement of the Convertible Bonds and a related share charge agreement with Campbell Hall Limited, a wholly-owned subsidiary of SMI, dated 7 May 2018, the Convertible Bonds are secured by way of a priority charge against 100% of the issued share capital of SMI International Cinemas Limited (“SMI International”, an indirect wholly-owned subsidiary of SMI). SMI International is an investment holding company that owns 41.34% of the registered capital of Chengdu Runyun Culture Broadcasting Limited (“Chengdu Runyun”). Chengdu Runyun and its subsidiaries operate SMI’s principal business as cinema operators in a number of cities in the mainland China.

On 7 May 2020, SMI was ordered to be wound up and joint and several liquidators of SMI were appointed on 12 May 2020. The Listing Committee of the Stock Exchange decided to cancel the listing of SMI’s shares on 8 May 2020 and the listing of SMI’s shares has been cancelled with effect from 14 December 2020.

As at 30 June 2023, after considering the latest development of SMI, management is of the same view that any recovery from SMI Bonds is not likely, resulting in the carrying amount of the SMI Bonds to remain at nil (31 December 2022: Nil).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 TRADE RECEIVABLES

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade receivables from:		
Associate	62	–
Third parties (note)	773,614	882,221
	773,676	882,221
Less: provision for impairment loss on receivables from third parties	(39,428)	(42,169)
	734,248	840,052

Note:

Except the e-Commerce Business, the Group operates a controlled credit policy to the majority of the Group's customers who satisfy the credit evaluation. The Group generally allows an average credit period of 40–60 days to advertisers, 14–180 days to subscribers and 60 days in respect of programme licensees in mainland China. Cash on delivery, advance payments or bank guarantees are required from other customers of the Group.

The e-Commerce Business trade with its customers on terms of pay in advance. The trade receivables represented proceeds received by service providers of electronic payment platforms. The trade receivables are not past due and the Group does not hold any collateral over these balances.

At 30 June 2023 and 31 December 2022, the ageing of trade receivables, net of provision for impairment based on invoice dates was as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Up to 1 month	428,934	470,781
1–2 months	79,523	152,093
2–3 months	45,314	40,575
3–4 months	44,668	25,234
4–5 months	56,605	67,151
Over 5 months	79,204	84,218
	734,248	840,052

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK\$'000
Ordinary shares, issued and fully paid:		
At 1 January 2022, 30 June 2022 and 1 January 2023	438,000	664,044
Exercise of share options	218	1,183
At 30 June 2023	438,218	665,227

14 OTHER RESERVES

	General reserve HK\$'000	Capital reserve HK\$'000	Legal reserve HK\$'000	Share-based payment reserve HK\$'000	Financial assets at FVOCI reserve HK\$'000	Translation reserve HK\$'000	Total HK\$'000
Balance at 1 January 2022	70,000	(160,699)	127,308	29,636	(7,756)	(10,617)	47,872
Transferred from retained earnings	-	-	5,882	-	-	-	5,882
Exchange differences on translation of foreign operations:							
- Subsidiaries	-	-	-	-	-	(10,796)	(10,796)
- Joint ventures	-	-	-	-	-	(1,295)	(1,295)
Share of other comprehensive loss of an associate	-	-	-	-	-	(7,746)	(7,746)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	-	-	-	-	-	31	31
Share-based payments	-	-	-	1,318	-	-	1,318
Lapse of share options	-	-	-	(18)	-	-	(18)
Balance at 30 June 2022	70,000	(160,699)	133,190	30,936	(7,756)	(30,423)	35,248
Balance at 1 January 2023	70,000	(160,699)	133,190	34,846	(19,346)	(57,060)	931
Transferred from retained earnings	-	-	3,970	-	-	-	3,970
Exchange differences on translation of foreign operations:							
- Subsidiaries	-	-	-	-	-	(11,653)	(11,653)
- Joint ventures	-	-	-	-	-	(773)	(773)
Share of other comprehensive loss of an associate	-	-	-	-	-	(3,481)	(3,481)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	-	-	-	-	-	26	26
Exercise of share options	-	-	-	(169)	-	-	(169)
Share-based payments	-	-	-	3,055	-	-	3,055
Forfeiture of share options	-	-	-	(93)	-	-	(93)
Lapse of share options	-	-	-	(30,824)	-	-	(30,824)
Balance at 30 June 2023	70,000	(160,699)	137,160	6,815	(19,346)	(72,941)	(39,011)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Trade payables to:		
Associates	8,549	1,520
Third parties	269,076	275,361
	277,625	276,881
Contract liabilities	207,763	184,286
Provision for employee benefits and other expenses	67,696	71,037
Accruals and other payables	442,994	442,091
	996,078	974,295

At 30 June 2023 and 31 December 2022, the ageing of trade payables based on invoice dates was as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Up to 1 month	104,718	107,685
1–2 months	55,404	63,354
2–3 months	26,916	52,972
3–4 months	34,821	20,069
4–5 months	16,480	11,902
Over 5 months	39,286	20,899
	277,625	276,881

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 BORROWINGS

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Non-current		
Bank borrowings, unsecured (note (a))	1,567,200	1,561,306
Other borrowings, unsecured	15,934	15,934
	1,583,134	1,577,240
Current		
Bank borrowings, unsecured (note (a))	517,147	390,475
Bank overdrafts, unsecured	188,202	198,640
Other borrowings, unsecured	–	10,000
	705,349	599,115
	2,288,483	2,176,355

The carrying amounts of the above borrowings are repayable, based on scheduled repayment dates set out in the loan agreements, as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Within 1 year	705,349	599,115
Later than 1 year but not later than 5 years	1,583,134	1,577,240
	2,288,483	2,176,355

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 BORROWINGS (continued)

Notes:

- (a) On 30 June 2020, the Group entered into a US\$250,000,000 term loan facility with Shanghai Commercial Bank Limited (“SCBL”), and the entire facility amount was drawn down on 6 July 2020. Originally, the loan was due for repayment in full on 6 July 2023. However, on 22 August 2022 the Group entered into a supplementary agreement with SCBL to extend the maturity of a US\$200,000,000 portion of the loan by two years, to 06 July 2025. A US\$50,000,000 portion of the loan remained due for repayment on its original maturity date of 6 July 2023.

In May 2023, the Group converted the functional currency of the loan facility from US dollars to Hong Kong dollars. This resulted in the conversion of our US\$250,000,000 outstanding loan balance into HK\$1,959,000,000. Subsequent to the period, the Group then repaid an amount of HK\$391,800,000 (being the equivalent of US\$50,000,000) to SCBL. The remaining outstanding amount HK\$1,567,200,000 is due for repayment on 6 July 2025.

Interest on our term loan with SCBL bears a variable rate, which was approximately 6.8% as at 30 June 2023 (31 December 2022: 6.6%).

- (b) Subsequent to the end of the period, on 13 August 2023, the Group entered into a loan facility agreement with CMC and Young Lion Holdings Limited. Pursuant to this agreement, CMC and Young Lion Holdings Limited have made available, on an unsecured basis, a term loan facility of HK\$700,000,000 (the “Facility”) to the Group. The Facility, which is valid up to 31 December 2024, bears an interest rate of 3-month HIBOR plus 1.25%, which is lower than the Group’s current market cost of borrowing in Hong Kong. Of the total HK\$700,000,000 available for drawing under the Facility, HK\$300,000,000 is available for drawing immediately, whereas HK\$400,000,000 is available for drawing from 1 January 2024. Under certain circumstances whereby the Company is able to raise new equity related financing, including through issuance of new shares or instruments convertible into new shares, the size of the Facility may be correspondingly reduced.

CMC is a company controlled by Mr. Li Ruigang, a non-executive director of the Company, whereas Young Lion Holdings Limited is an indirect shareholder of over 10% of the shares of the Company. As such, both CMC and Young Lion Holdings Limited are connected persons of the Company according to Hong Kong listing rules. Nevertheless, given that the terms of the Facility are more favourable than the terms of the Company’s other borrowings in the Hong Kong market, the directors of the Company are of the opinion that the Facility meets the definition of “Financial Assistance” as defined within Hong Kong listing rules, and is thus exempt from normal approval procedures in relation to transactions with connected persons. On 14 August 2023, the Company drew down an amount of HK\$292,125,000 from the Facility.

- (c) Subsequent to the end of the period, on 16 August 2023 the Group entered into a convertible bond agreement with Cardy Oval Limited, a company controlled by Mr. Goodwin Gaw, an independent third party investor. Pursuant to this agreement, the Group will issue to Cardy Oval Limited convertible bonds of HK\$156,000,000 principal value. The bonds will pay an annual coupon of 3.5%, and be convertible into 35,056,164 of shares of the Company within 5 years. On the third anniversary of the issuance, which is expected to take place in September 2023, Cardy Oval Limited has the option to ask the Company to redeem any unconverted bonds at 110% of principal value. Otherwise, if held to maturity without conversion, the bonds shall be redeemed by the Company at 100% of principal value on the fifth anniversary of its issuance. Once issued, and until such time as they are converted into shares or redeemed by the Company, the bonds shall be classified as unsecured debt obligations of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 LEASE LIABILITIES

At 30 June 2023 and 31 December 2022, the Group's lease liabilities recognised in the condensed consolidated statement of financial position were as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Within 1 year	42,127	46,855
Later than 1 year but not later than 5 years	14,725	36,698
	56,852	83,553

18 WRITTEN PUT OPTION LIABILITIES

Pursuant to the share purchase agreement entered into between Sunrise Investments and Ztore, provided that the call option granted to Sunrise Investments has not previously been exercised, the existing shareholders shall be granted a put option to sell all of the shares held in Ztore to Sunrise Investments on certain terms and conditions, where the right to exercise such put option is subject to the GMV and the Contribution Margin % per quarter. The existing shareholders may exercise the put option at the price of HK\$140,000,000 depending on certain threshold of GMV and Contribution Margin % per quarter being met.

19 LOSS BEFORE INCOME TAX

The following items have been charged/(credited) to the loss before income tax during the period:

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Depreciation (Note 7)	156,317	170,152
Amortisation of intangible assets (Note 7)	39,346	42,729
Cost of programmes and film rights	758,363	792,591
Cost of other stocks	206,834	358,687
Net exchange losses	20,091	30,746
Employee benefit expense (excluding directors' emoluments)	722,093	754,960
Government subsidies from Employment Support Scheme	-	(23,656)

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 EMPLOYEE SHARE-BASED PAYMENTS

The establishment of the share option scheme of the Company and Subsidiary share option scheme of its subsidiary, TVB e-Commerce Group Limited (“TVBECGL”) were approved by shareholders at the 2017 annual general meeting. The share option schemes are designed to provide long-term incentives for scheme participants (including a director, an employee of the Company/TVBECGL or its affiliate; a representative, manager, agent, contractor, advisor, consultant, distributor or supplier providing service or goods to the Company/TVBECGL or its affiliate; a customer or joint venture partner of the Company/TVBECGL or its affiliate; a trustee of any trust established for the benefit of employees of the Company/TVBECGL or its affiliate, any other class of participants which the board of the Company/TVBECGL or its delegated committee considers to have contributed or may contribute by way of different forms of cooperation for development and growth of the Company/TVBECGL) to deliver long-term shareholder returns. Under the share option schemes, unless otherwise determined by the board of the Company/TVBECGL at its sole discretion, there is no minimum period for which an option must be held and there is no performance target which must be satisfied or achieved before such an option can be exercised and acquire the Company’s/TVBECGL’s shares under the terms of the share option schemes.

The share option schemes commenced on the Adoption Date (i.e. 29 June 2017) and shall continue in force until the date that falls on the expiry of 10 years after the Adoption Date or the date on which the shareholders or the board of the Company/TVBECGL passing a resolution resolving to early terminate the share option schemes, whichever is earlier.

On 22 March 2018 and 25 May 2022, the Company granted options to subscribe for a total of 17,000,000 shares and 17,700,000 shares under the share option schemes. The share options granted to directors, senior management and certain employees will vest in equal portions each year over a period of 5 years and 4 years. The first vesting date for the share options granted on 22 March 2018 and 25 May 2022 was 1 December 2018 and 25 May 2023, respectively.

The following share options were offered to grantees of the Company under the share option scheme:

Date of grant	Number of share options	Exercise price (HK\$)
22 March 2018 (“2018 Options”)	17,000,000	25.84
25 May 2022 (“2022 Options”)	17,700,000	4.65

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 EMPLOYEE SHARE-BASED PAYMENTS (continued)

The validity period of the share options granted on 22 March 2018 is 5 years, from 22 March 2018 (Date of Grant) up to 22 March 2023 (both days inclusive). This share option scheme was expired on 22 March 2023 and the number of option grants outstanding at the time of the expiration was 9,250,000 shares. No further options will be granted under this share option scheme. The vesting period of the 2018 Options is as follows:

- (i) 20% of the share options shall be vested on 1 December 2018 and exercisable from 1 December 2018 to 22 March 2023 (both days inclusive);
- (ii) 20% of the share options shall be vested on 1 December 2019 and exercisable from 1 December 2019 to 22 March 2023 (both days inclusive);
- (iii) 20% of the share options shall be vested on 1 December 2020 and exercisable from 1 December 2020 to 22 March 2023 (both days inclusive);
- (iv) 20% of the share options shall be vested on 1 December 2021 and exercisable from 1 December 2021 to 22 March 2023 (both days inclusive); and
- (v) 20% of the share options shall be vested on 1 December 2022 and exercisable from 1 December 2022 to 22 March 2023 (both days inclusive).

The validity period of the share options granted on 25 May 2022 is 10 years, from 25 May 2022 (Date of Grant) up to 24 May 2032 (both days inclusive). The vesting period of the 2022 Options is as follows:

- (i) 25% of the share options shall be vested on 25 May 2023 and exercisable from 25 May 2023 to 24 May 2032 (both days inclusive);
- (ii) 25% of the share options shall be vested on 25 May 2024 and exercisable from 25 May 2024 to 24 May 2032 (both days inclusive);
- (iii) 25% of the share options shall be vested on 25 May 2025 and exercisable from 25 May 2025 to 24 May 2032 (both days inclusive); and
- (iv) 25% of the share options shall be vested on 25 May 2026 and exercisable from 25 May 2026 to 24 May 2032 (both days inclusive).

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 EMPLOYEE SHARE-BASED PAYMENTS (continued)

Set out below are summaries of options granted under the share option scheme:

	30 June 2023		31 December 2022	
	Average exercise price per share options	Number of options	Average exercise price per share options	Number of options
Beginning of the period/year	HK\$12.09	26,350,000	HK\$25.84	9,250,000
Granted during the period/year	N/A	–	HK\$4.65	17,700,000
Exercised during the period/year	HK\$4.65	(218,000)	N/A	–
Forfeited during the period/year	HK\$4.65	(250,000)	N/A	–
Lapsed during the period/year	HK\$25.84	(9,250,000)	HK\$4.65	(600,000)
End of the period/year	HK\$4.65	16,632,000	HK\$12.09	26,350,000
Vested and exercisable at the end of the period/year	HK\$4.65	3,994,500	HK\$25.84	9,250,000

Share options outstanding at 30 June 2023 and 31 December 2022 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	30 June 2023	31 December 2022
22 March 2018	22 March 2023	HK\$25.84	–	9,250,000
25 May 2022	24 May 2032	HK\$4.65	16,632,000	17,100,000
Weighted average remaining contractual life of options outstanding at end of period/year			8.91 years	6.18 years

During the period ended 30 June 2023, the equity-settled share-based payments relating to the share option scheme of HK\$3,055,000 was charged to the condensed consolidated income statement (2022: HK\$1,318,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other borrowings	69,088	24,937
Interest on lease liabilities	930	993
	70,018	25,930

22 INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Income tax is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The amount of income tax charged/(credited) to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current income tax:		
– Hong Kong	2,016	460
– Overseas	5,226	36,805
– Over provisions in prior periods	(1,198)	(942)
Total current income tax expense	6,044	36,323
Deferred income tax:		
– Origination and reversal of temporary differences	(1,881)	(60,513)
	4,163	(24,190)

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$406,723,000 (2022: HK\$224,293,000). The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share throughout the six months ended 30 June 2023 was 438,109,000 (2022: 438,000,000).

As at 30 June 2023 and 2022, the ordinary shares were 438,218,000 and 438,000,000 respectively. No fully diluted loss per share was presented as the basic and diluted loss per share are of the same amount. This is because the assumed exercise of the share options would result in a decrease in loss per share.

24 DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2023 and 2022.

25 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before income tax to cash used in operations:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Loss before income tax	(446,419)	(271,881)
Adjustments for:		
Depreciation and amortisation	195,663	212,881
Net reversal of trade receivables	(2,115)	(4,825)
Gain on disposal of bond securities at amortised cost	–	(856)
Impairment loss on bond securities at amortised cost	–	18,717
Impairment loss on receivables from a joint venture	41,600	3,800
Losses on movie investments	–	11
Non-cash share-based payments	3,055	1,318
Share of profits of joint ventures	(56)	(493)
Share of (profits)/losses of associates	(1,022)	458
Write-off of prepayments	–	1,904
(Gain)/losses on disposal of property, plant and equipment	(213)	395
Interest income	(45,737)	(60,566)
Finance costs	70,018	25,930
Exchange differences	(4,853)	25,227
	(190,079)	(47,980)
Decrease/(increase) in programmes, film rights and stocks	24,922	(152,373)
Decrease/(increase) in trade receivables	108,344	(116,705)
(Increase)/decrease in other receivables, prepayments and deposits	(9,784)	1,348
Increase in trade and other payables and accruals	4,928	82,483
Cash used in operations	(61,669)	(233,227)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

26 CAPITAL COMMITMENTS

The amounts of commitments for property, plant and equipment and intangible assets are as follows:

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Contracted for but not provided for	51,546	78,358

27 OBLIGATIONS UNDER TELEVISION BROADCASTING LICENCE

The Company operates under the terms of a domestic free television programme service licence granted by the Government of the HKSAR ("Government") which runs for a period of twelve years to 30 November 2027. Under the licence conditions, the Company is required to (i) make a programming and capital investment of HK\$6,336 million in total for the six-year period from 2016 to 2021; (ii) provide at least 12,000 hours of local productions each year; (iii) provide an additional four hours per week of positive programmes (including current affairs programmes, documentaries, arts and culture programmes and programmes for young persons) on the Company's digital channels; (iv) provide independent local productions on an incremental basis from 20 hours per year in 2016 to 60 hours per year by 2020; and (v) make a programming and capital investment of HK\$6,660 million for the six-year period from 2022 to 2027. In addition, the Company is granted more flexibility to schedule the broadcast of RTHK programmes and an additional 5% non-designated language allowance for the English channel. On 4 March 2020, the direction issued by the Government on the requirement to broadcast RTHK programmes has been revoked.

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the condensed consolidated financial information, the Group had the following material transactions with related parties during the period:

(a) Transactions with related parties

The following is a summary of significant related party transactions during the period carried out between the Group and the affiliated companies of an associate of Shine Investment Limited, which is an associate of the Group in the normal course of its business:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Sales of services/goods:		
<i>Associates</i>		
Computer graphic service fee	685	–
Talent fees	30	372
	715	372
Purchases of services:		
<i>Associates</i>		
Programme licensing fees	(10,095)	(15,244)
Talent fees	(3,914)	(8,196)
	(14,009)	(23,440)

The fees received from/(paid to) related parties are made on normal commercial terms and conditions and market rates, that would be available to third parties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

28 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Key management compensation

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	8,855	8,247
Share-based payments	1,645	205
	10,500	8,452

(c) Balances with related parties

	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
Arising from sales/purchases of services:		
Receivables from an associate	62	–
Payables to associates	(8,549)	(1,520)
Arising from programme production:		
Fund advanced from an associate (note)	(50,000)	–

Note:

During the six-month period ended 30 June 2023, the Group received a fund in advance of HK\$50,000,000 from an associate for programme production. The transaction was carried out in accordance with standard commercial terms and conditions between the Group and the associate.

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

28 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(d) Funds advanced/loan to joint ventures

	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Funds advanced to joint ventures	17,731	17,731
Loan to a joint venture (including interest receivables)		
Beginning of the period/year	781,106	940,795
Repayment of promissory note from a joint venture	–	(274,130)
Interest accrued	41,870	112,644
Exchange differences	2,907	1,797
	825,883	781,106

Except for the loan and receivables from ITT with details disclosed in Note 9, the other balances due from/(to) related companies are unsecured, interest-free and have no fixed terms of repayment.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF TELEVISION BROADCASTS LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 62, which comprises the interim condensed consolidated statement of financial position of Television Broadcasts Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 August 2023

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com



Television Broadcasts Limited
電視廣播有限公司

TVB CITY, 77 CHUN CHOI STREET
TSEUNG KWAN O INDUSTRIAL ESTATE
KOWLOON, HONG KONG

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