

# TVB

## INTERIM REPORT

## 中期報告

## 2024



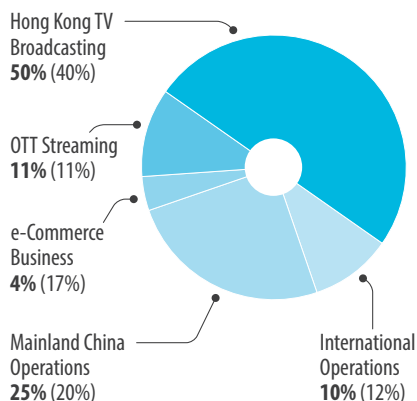
Television Broadcasts Limited  
電視廣播有限公司

Stock Code 股份代號 : 00511

# FINANCIAL HIGHLIGHTS

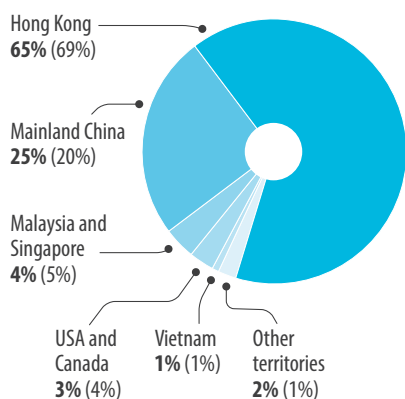
## Revenue from External Customers by Operating Segment

% relating to 1st half of 2023 are shown in brackets



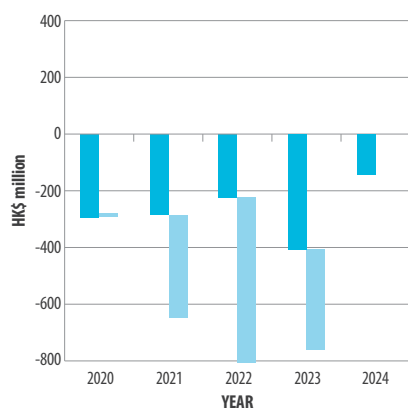
## Revenue by Geographical Locations

% relating to 1st half of 2023 are shown in brackets



## Profit/Loss Attributable to Equity Holders of the Company

■ 1st Half  
■ 2nd Half



## Six months ended 30 June

2024 2023 Change

### Performance

Loss per share **HK\$(0.33)** HK\$(0.93) 65%

Interim dividends per share – – N/A

HK\$'mil HK\$'mil

### Revenue from external customers

- Hong Kong TV Broadcasting	<b>756</b>	628	20%
- OTT Streaming	<b>162</b>	168	-4%
- e-Commerce Business	<b>68</b>	271	-75%
- Mainland China Operations	<b>383</b>	313	22%
- International Operations	<b>144</b>	180	-20%
	<b>1,513</b>	1,560	-3%

### Segment EBITDA

- Hong Kong TV Broadcasting	<b>9</b>	(214)	N/A
- OTT Streaming	<b>27</b>	36	-25%
- e-Commerce Business	<b>(20)</b>	(22)	9%
- Mainland China Operations	<b>45</b>	(12)	N/A
- International Operations	<b>(14)</b>	26	N/A
	<b>47</b>	(186)	N/A

Total expenses <sup>Δ</sup> **1,622** 1,927 -16%

Loss attributable to equity holders **(143)** (407) 65%

30 June 2024  
31 December 2023  
HK\$'mil HK\$'mil

Total assets **5,911** 6,249 -5%

Total liabilities **3,383** 3,510 -4%

Total equity **2,528** 2,739 -8%

Number of issued shares **446,961,836** 438,218,000

### Ratios

Current ratio **1.1** 2.2

Gearing **65.9%** 59.0%

<sup>Δ</sup> 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 JP

### 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

Dr. Allan ZEMAN

Felix FONG Wo

### REMUNERATION COMMITTEE

Dr. Allan ZEMAN Chairman

LI Ruigang

Felix FONG Wo

## NOMINATION COMMITTEE

Felix FONG Wo Chairman

Thomas HUI To

Anthony LEE Hsien Pin

Dr. William LO Wing Yan

Dr. Allan ZEMAN

## INVESTMENT COMMITTEE

Anthony LEE Hsien Pin Chairman

Thomas HUI To

Ian LEE Hock Lye 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)

Ian LEE Hock Lye Chief Financial Officer

Kevin TSE Wai Kwong Assistant General Manager  
(Human and Production Resources)

Catherina TSANG Lai Chun Assistant General Manager  
(Drama Production)

YUEN Chi Wai Assistant General Manager  
(News and Information Services)

Virginia LOK Yee Ling Assistant General Manager  
(Talent Management and Development)

Bonnie WONG Tak Wei Assistant General Manager  
(Corporate Communications)

Rex CHING Chit Group Chief Technology Officer

## COMPANY SECRETARY

LEE Lai Yi

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  
China Merchants Bank Co., Ltd.  
Shanghai Pudong Development Bank Co., Ltd.

## 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 CODE

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

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## INVESTOR RELATIONS

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## WEBSITE

<https://corporate.tvb.com>

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS HIGHLIGHTS

For the six months ended 30 June 2024 (the “Period”)

Total revenue of core TV-related businesses (excluding e-Commerce Business segment) increased by HK\$156 million or 12% from HK\$1,289 million to HK\$1,445 million for the Period, driven mainly by 20% revenue growth in our Hong Kong TV Broadcasting segment and 22% revenue growth in our Mainland China Operations segment.

Total Group revenue, including our e-Commerce Business segment, for the Period fell slightly by HK\$47 million or 3% from HK\$1,560 million to HK\$1,513 million, as revenue growth in our core TV-related businesses was offset by the decline arising from the downsizing of our e-Commerce Business segment.

The Group achieved positive EBITDA of HK\$47 million for the Period, representing a HK\$233 million improvement compared to the EBITDA loss of HK\$186 million in the same period last year. This marks the Group’s return to positive EBITDA for the first half period since 2019.

Hong Kong TV Broadcasting, our largest business segment, achieved positive EBITDA of HK\$9 million during the Period, representing an improvement of HK\$223 million compared to an EBITDA loss of HK\$214 million in the same period of 2023.

Loss attributable to equity holders of the Company was HK\$143 million for the Period, which represents a substantial reduction from the loss of HK\$407 million in the same period last year.

Loss per share was HK\$0.33 (2023: HK\$0.93).

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

## BUSINESS HIGHLIGHTS

Our terrestrial TV channels maintained a 79% market share of viewership in Hong Kong, reflecting our continued status as the go-to terrestrial TV platform for the people of Hong Kong to be entertained and informed. In fact, our market share has remained stable throughout our transition in April 2024 from originally operating five self-produced channels, to now four namely Jade, Pearl, TVB News and our newly-created TVB Plus.

On 22 April 2024, we formally launched our new channel TVB Plus on terrestrial channel 82. Featuring a broad range of live shows, sports and information content, TVB Plus has an interactive element in many of its programmes that sets it apart from traditional linear TV channels. Since launch, TVB Plus has achieved a prime-time TV rating of 2.1 on average, with its popular live talk show on supernatural topics *You Are Not Alone* (直播靈接觸) achieving 5.7 rating points for its top episode.

During the Period, we have expanded our presence on social media platforms in order to better promote our programmes and enhance our overall visibility. In Hong Kong-based social media platforms, we received well over 20 million monthly active users on average during the Period, and over 6 million monthly online engagements from internet users. As at 30 June 2024, there were over 6 million followers on our official Hong Kong-based accounts on Facebook, Instagram and YouTube, representing a double digit percentage growth over the past 12 months.

Our Hong Kong TV Broadcasting segment achieved 20% revenue growth during the Period. This was driven mainly by a 21% increase in advertising income as we brought new clients on board and welcomed back more clients, including blue chip financial groups and consumer brands who had not advertised on our platform for some time.

Adjacent to Hong Kong, we further expanded our presence in the Greater Bay Area market during the Period. With our Jade and Pearl channels seen by over 27 million average monthly viewers in Guangdong province, we launched new cross-border advertising products that enable our advertising clients on both sides of the border to reach this lucrative market. Meanwhile, in Macau we received significant new business from the territory's government agencies and resort groups during the Period, both in terms of large-scale entertainment events and TV programme sponsorships.

Our Mainland China Operations segment logged a 22% year-on-year revenue increase, driven mainly by our drama co-production business. Drama co-production revenue more than doubled during the Period as we expanded our co-production deals with our two key platform partners Youku and Tencent Video. During the Period, we completed filming of four (4) co-production titles namely *Forensic Heroes VI: Redemption* (法證先鋒6: 倖存者的救贖); *No Room For Crime* (反黑英雄); *Darkside of the Moon* (黑色月光); and *No Return* (巾幗梟雄之懸崖). Meanwhile, we commenced filming of three (3) co-production titles namely *D.I.D. 12* (刑偵12), *The Queen of Castle* (巨塔之后), and *The Fading Gold* (金式森林). Separately, our MCN business and livestreaming commerce operations in Mainland China also contributed to revenue growth in this segment.

In our OTT segment, digital advertising income jumped 39% as more advertisers took advantage of the broad reach of our myTV SUPER platform, which had 2 million monthly active users during the Period. This helped to offset a decline in our subscription income which was impacted by adjustments in the bundling arrangements with our telco partners. In this regard, subscribers of our myTV Gold premium service, which at 193,000 as at 30 June 2024 was 4% higher than 12 months ago, provided some stability to our subscription revenue base. Overall OTT segment revenue saw a decline of 4% during the Period.

On the cost side, our continued cost saving efforts in 2024 resulted in the Group's total operating costs falling by HK\$305 million or 16% compared to last year, to HK\$1,622 million during the Period.

## OUTLOOK

While Hong Kong's advertising market remains difficult, we expect our advertising business to grow further in 2024, as we continue to demonstrate to advertisers the value and reach of our TV platforms, including in the Greater Bay Area of Guangdong province, where now offer advertisers on both sides of the border access to our substantial viewership base there. Macau also continues to be a key growth area, as government agencies and resorts there continue their promotion and branding efforts.

Digital advertising revenue, notably in our OTT segment, is primed for further growth in the second half of 2024, as we continue to strengthen our lower-tier and mobile service offerings to boost viewership and advertising revenue opportunities. We expect this, together with firmer revenues from subscription in the second half, will drive overall top-line improvement in our OTT segment in the remainder of 2024.

In Mainland China, drama co-production will continue to drive top-line growth for the remainder of 2024, as we commence filming of an expanded number of co-production titles for Youku and Tencent Video. On the MCN front, we continue to gradually expand our livestream sessions on Taobao and Douyin this year, leveraging our TVB brand and artistes to create new consumer shopping experiences for our mainland audience. We expect this business to contribute further revenue growth in 2024.

On the cost side, we continue to optimize our operating cost, including in content and other areas, over the remainder of 2024. On top of reductions already made in 2023, we expect to reduce our total costs by a further 8–10% this year, other than in areas such as drama co-production where costs will rise as a result of increased business volume.

Based on the current business momentum, we expect to achieve a significantly positive EBITDA for the full year of 2024 and a net profit for the second half of 2024 before extraordinary one-off items (if any).



# MANAGEMENT DISCUSSION AND ANALYSIS

## HONG KONG TV BROADCASTING

For the six months ended 30 June	2024 HK\$ million	2023 HK\$ million	Year-on-year change
Segment revenue	756	628	20%
Segment EBITDA	9	(214)	N/A

Hong Kong TV Broadcasting is our largest business segment encompassing our terrestrial television business in Hong Kong, along with associated activities such as content production, broadcast operations, artiste management, music distribution, events, and digital marketing. Revenue from this segment grew by 20% or HK\$128 million to HK\$756 million. This growth, coupled with our efforts to reduce costs further, led us to achieve positive EBITDA of HK\$9 million for this business segment, which is a substantial improvement from our EBITDA loss of HK\$214 million in the same period last year.

Economic conditions in Hong Kong have remained challenging this year, and the advertising market has been soft as a result. According to admanGo, total ad spend in Hong Kong fell 1.3% year-on-year in the first half of 2024. Nevertheless, our terrestrial TV channels saw growth of 21% in advertising income, which rose to HK\$685 million in the first half of 2024, from HK\$567 million in the same period last year, as we brought in new clients and welcomed back others, including leading financial and consumer brands, who had not advertised on our channels for some time.

In terms of categories of advertisers, our largest segment which was Pharmaceutical & Healthcare grew 22% year-on-year in the first half. We also saw growth in other key categories, such as Food & Dining, Travel & Tourism, as well as Personal Care & Beauty. In addition, our Banking & Financial Products category also benefited from the return of several major leading banks and insurance companies to advertise on our TV channels.

Adjacent to Hong Kong, we further expanded our presence in the Greater Bay Area (GBA). With our Jade and Pearl channels reaching<sup>1</sup> over 27 million monthly average viewers in Guangdong province, we entered into a new arrangement with our carriage partner that allows us to jointly sell advertising on our Guangdong broadcast feeds. This enabled us to launch new cross-border advertising products, including advertising spots, product placements and infomercial programmes, that let advertising clients on both sides of the border to gain exposure and reach consumers in GBA cities.

Elsewhere in the GBA, Macau has also been a key growth area for us in the first half of the year, with both government and commercial advertisers such as hotels and gaming resorts sponsoring our programmes and seeking our help to organize large scale entertainment events. With the 25<sup>th</sup> Anniversary of Macau's return to China approaching, we are also involved in a number of large-scale, tailor-made projects there in the second half to mark this important event. In the longer term, with gaming resorts there seeking to diversify their entertainment offerings in line with official policy, we see continued opportunities for TVB in the territory.

In the second half of 2024, we expect continued growth in our advertising business as we build further on our leading position in the city's dominant TV platform. We will continue to provide our advertising clients, with valuable opportunities to reach the city's consuming households. In this regard, major events in the second half like the 2024 Olympics and the 75<sup>th</sup> Anniversary of the Founding of the People's Republic of China will give us further opportunities to showcase our broad coverage and quality of production. Overall, we are well-positioned in this business segment to deliver solid results for the remainder of 2024.

<sup>1</sup> Average reach is the average number of unique viewers contacted for a specific month. The average reach covers inside homes via television set from Mondays to Sundays on TVB's Jade and Pearl channels aired in Guangdong Province. Data source: CSM Media Research.



## 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 self-produced digital terrestrial TV channels reached<sup>2</sup> 5.0 million in-home-viewers in Hong Kong every week on average, and in aggregate scored an average weekday prime-time rating of 21.1 TVRs<sup>3</sup>, corresponding to a 79% audience share<sup>4</sup> of all TV channels in Hong Kong. We also maintained our substantial lead in the market with over 80% audience share<sup>5</sup> in both young-audience group and high-income group viewership. This remarkable viewership demonstrates the widespread popularity and relevance of TVB's content.

Starting from 22 April 2024, after receiving approval from the Communications Authority of Hong Kong, we transitioned from our original operation of five self-produced channels, to now four. This involved the merging of our original channels J2 (which aired on channel 82) and Finance, Sports and Information (FSI) channel (which aired on channel 85) into a newly created channel, TVB Plus, which now airs on channel 82. TVB Plus is an integrated channel that provides an enhanced viewing experience by integrating TV programmes with our digital platforms and social media accounts, to create an interactive element.

Each of our self-produced channels (channel 81-84) is catered to specific audience segments and interests. Jade (channel 81), TVB's flagship channel, offers a rich slate of entertainment and information programmes for the whole family. It is Hong Kong's favourite channel by far, commanding an impressive 61% audience share<sup>4</sup> among all TV channels in the city. The launch of TVB Plus (channel 82) is a diversified entertainment and information channel with a broad range of programmes, some with interactive elements. TVB News (channel 83) provides 24-hour live coverage of local, national and international news. Pearl (channel 84) airs entertainment and information programmes mainly in English.

TVB's reach extends beyond Hong Kong as well. Through our landing rights for the Jade and Pearl channels in Guangdong province, TVB offers service to 119 million TV audience<sup>6</sup> in the region. This coverage into Mainland China allows us to tap into a large and diverse audience, further strengthening our position as a content creator and distributor. Among all channels aired in Guangdong province, our Jade channel ranked<sup>7</sup> third in overall prime-time viewership. We also ranked<sup>7</sup> second for high-income group and university-graduate or above group viewership. Additionally, we ranked<sup>7</sup> third for young-audience group and management-grade group viewership.

<sup>2</sup> Average reach is the average number of unique viewers contacted for a specific period. The average reach covers inside homes in Hong Kong via television set from Mondays to Sundays across TVB's terrestrial channels. Data source: CSM Media Research.

<sup>3</sup> Rating represents the size of the audience expressed as a percentage of the total TV population in Hong Kong in consideration of viewing intensity. For 2024, aged 4+ TV population comprises 6,494,000 viewers, and, 1 TVR represents 64,940 viewers (1% of the total TV population). The average prime time ratings represent the viewership from Monday to Friday 19:00-23:00 via in-home TV sets. Data source: CSM Media Research.

<sup>4</sup> Audience share (%) is the percentage of ratings of particular channel(s) over the total ratings of all TV channels in Hong Kong, including free TV, pay TV, OTT and satellite channels. The audience share figure quoted covers inside home only. Data source: CSM Media Research.

<sup>5</sup> 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.

<sup>6</sup> Aged 4+ TV population in Guangdong province comprises 119,555,000 viewers. Data source: CSM Media Research.

<sup>7</sup> Ranking based on prime time audience size from Monday to Sunday 19:00-23:00. Data source: CSM Media Research.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTENT CREATION

We have a rich history as a leading provider of compelling and engaging TV content for Chinese audiences in Hong Kong, Mainland China, and around the world. Our strength as a content creator stems from our deep understanding of our viewers, our diverse content offerings, and our continuous investment in creative and performing talent.

This year, we continue to produce an extensive content slate covering a range of genres – from dramas to variety and infotainment programmes that cater to diverse interests and age groups. Our dedication to delivering quality content has earned us a loyal fan base in Hong Kong, Mainland China, and internationally.

### Dramas

Original drama is the signature genre at TVB, occupying prominent primetime slots on our flagship Jade channel. On weeknights, TVB's rich and engaging dramas draw Hong Kong families back to their homes and television screens. A remarkable quality of our productions is their ability to transcend generational boundaries. Our dramas have attained iconic status, renowned for their compelling narratives, well-developed characters, and production excellence. This is the result of a careful synthesis of captivating storytelling, relatable characters, and themes that deeply resonate with a broad audience.

During the first half of 2024, TVB released two brand new original drama IPs concurrently in Hong Kong and Mainland China. TVB's police dramas are renowned for drawing in audiences with heart-racing plots and unforgettable characters. One such drama, *No Room For Crime* (反黑英雄), was a new co-production with Tencent Video. The series brings viewers into the aftermath of a cold-blooded jewellery heist, which sets in motion a chain of events that alters the lives of four police officers who later come together to fight a drug lord in a fierce battle to restore peace. The series garnered widespread praise for its action-packed plot, and the most watched episode recorded a remarkable rating of 26.2 TVRs<sup>8</sup>. Notably, *No Room For Crime* has become one of the most anticipated Hong Kong dramas on the Tencent Video platform, scoring 8.2 points on its premiere day and jumping to the top spot in the suspense genre on Tencent's billboard.

Another one is *Sinister Beings 2* (逆天奇案2), a simulcast series licensed to Youku. Building on the success of the first season, this new installment continues to follow an elite police unit's high-stakes investigations into a surge of international terrorist attacks. The series features a familiar cast of talented actors who reprise their roles from the first season, bringing a sense of continuity and depth to the unfolding storylines. The finale episode attracted a high rating of 26.7 TVRs<sup>8</sup>. *Sinister Beings 2* has also emerged as a standout hit on the Youku platform, appearing on their "Hong Kong Drama Popularity Chart" (港劇熱度榜).

<sup>8</sup> Rating (TVR) performance quoted is a consolidated rating in Hong Kong 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 & YOUBORA.

*The Airport Diary* (飛常日誌) is a drama commissioned by the Hong Kong International Airport Authority to commemorate the airport's 25<sup>th</sup> anniversary. Filmed entirely on location at the airport itself, the drama offers viewers a captivating behind-the-scenes look at the diverse work roles and daily challenges faced by the airport's dedicated staff. The series delves into the fast-paced and high-stakes world of airport operations, providing an authentic glimpse into the inner workings of this vibrant air travel hub while also weaving in the personal storylines and emotional journeys of the main characters. *The Airport Diary* received 25.7 TVRs<sup>8</sup> for its most-watched episode. This success underscores the public's keen interest in the untold stories that unfold within the bustling halls of Hong Kong's iconic international airport.

On a different note, our urban romantic drama, *Happily Ever After?* (婚後事) triggered many online discussions and received many positive reviews. By presenting multiple narrative perspectives, the series offers viewers a refreshed storytelling experience. Exploring complex themes such as divorce, infidelity, and reconciliation, each episode's subject corresponds to a related thematic chapter. The series effectively showcases diverse narrative perspectives on the challenges of modern relationships. *Happily Ever After?* also captured the attention of mainland Chinese viewers, scoring a high 7.8 rating score on the influential Douban platform.

## Music, Variety and Infotainment Programmes

Aside from dramas, TVB offers a wide range of entertainment content, including variety shows, music programmes, game shows, and infotainment programmes.

One of the standout offerings is *Midlife, Sing & Shine!* (中年好聲音), our singing talent show for individuals over 35 years old. Since its launch in late 2022, the programme has become an important IP for TVB. The second season of *Midlife, Sing & Shine!* proved even more popular than the first, with an average rating of 21.9 TVRs<sup>8</sup> and the finale competition episode scoring 27.0 TVRs<sup>8</sup>. The contestants on the show brought rich personal stories, performing in a televised contest under the mentorship of seasoned music producers and veteran singers. Audiences connected emotionally with the contestants as they developed over the course of the show, generating tremendous buzz in Hong Kong. The show's clips and short behind-the-scenes videos uploaded to YouTube also sparked much online discussion.

Following the success of *Midlife, Sing & Shine!*, the top winners have become household names in Hong Kong, with many performing opportunities such as public concerts, commercials and endorsements. The show will enter its third season in the second half of this year, with auditions extending from Hong Kong to cover candidates in the Greater Bay Area, Malaysia, and Singapore.

*Tristar Academy* (福祿壽訓練學院) is a new talent development programme led by renowned entertainers Wong Cho-lam, Ricky Yuen and Steven Lee. Like popular singing contest shows *Midlife, Sing & Shine!*, the programme aims to discover and nurture the next generation of multi-talented performers and inspire audiences with innovative, high-caliber performances. The academy attracts aspiring candidates from Hong Kong and GBA and puts them through rigorous training in acting, singing, and dancing. As they develop their skills and take on creative challenges, their unforgettable journeys under the guidance of the trio mentors are documented in a reality TV-style format.

# MANAGEMENT DISCUSSION AND ANALYSIS

*Scoop* (東張西望) is TVB's daily infotainment programme that consistently scores high TV ratings in Hong Kong and also has a large fan base in Guangdong province. Airing Monday to Sunday, the show covers major social events, news tidbits and entertainment industry updates. It features segments that track trending news, a reporting hotline, and in-depth coverage on public issues and livelihood problems, often accompanied with interviews with experts. Led by an experienced team of hosts and reporters, *Scoop* offers a unique perspective that makes it a must-watch for Hong Kong audiences seeking a comprehensive understanding of daily happenings.

## New Interactive Programmes

With an objective to expand our audience beyond traditional TV viewers and foster deeper engagement, TVB Plus is a new integrated channel launched on 22 April 2024. TVB Plus provides an enhanced viewing experience by seamlessly integrating our TV programmes with interactive content on our digital platforms, including myTV SUPER, Neigbuy and TVB's social media accounts.

We have recently launched two new programmes with strong interactive linkages to our digital offerings. The first, *You Are Not Alone* (直播靈接觸), is an innovative live infotainment programme that delves into the realm of the paranormal and supernatural. The programme also features interviews with invited guests such as feng shui masters and firsthand witnesses, further exploring these mysterious topics. This programme successfully aroused viewers' interest and drove real-time interactions in our online chat room.

The second new offering is *Gourmet Express* (美食新聞報道), which focuses on the latest dining trends in Hong Kong and integrates with our Neigbuy platform, operating a flash-sale model to market dining vouchers from advertisers. This integration creates a synergistic experience for viewers to discover new gourmet options and conveniently purchase related offers.

These new interactive programmes on TVB Plus demonstrate our commitment to delivering a truly immersive and personalized viewing experience for our audience across our linear and digital properties.

## News, Finance and Information, Sports and Greater Bay Area Programmes

Our TVB News Channel has established itself as the go-to source for news in Hong Kong. During the first half of 2024, our news channel reached<sup>9</sup> an average of 3.5 million local in-home viewers every week, solidifying its status as the city's most watched news channel and the only one providing 24-hour live coverage of major local events. Guided by our mission to deliver timely and accurate reporting on the most impactful news, TVB News has continued to expand its programming lineup, offering a diverse array of content including news bulletins, talk shows, documentaries, and special reports that cater to the diverse interests of our viewers and provide comprehensive coverage across various topics.

Our news and information team is accredited by the central government to cover state visits by national leaders. The team has therefore been busy covering official visits by our Chinese state leaders to countries like Australia, Egypt, Tunisia, Brazil, and Kazakhstan. We also produced in-depth feature reports, such as on Egypt's craze for Chinese language learning and Brazil's participation in the BRICS cooperation mechanism. These programmes not only covered local customs and cultures, but also strived to tell story of China's global diplomacy in a balanced and constructive light.

Our award-winning documentary series *No Poverty Land* (無窮之路) has now gone into its fourth season. For this season, the production team traveled to Europe, Africa, and the Middle East to witness the landmark developments and challenges of Belt and Road countries in the 10<sup>th</sup> year anniversary of this initiative. Season four will be broadcast in the second half of 2024.

<sup>9</sup> Average reach is the average number of unique viewers contacted for a specific period. The average reach covers inside homes in Hong Kong via television set from Mondays to Sundays. Data source: CSM Media Research.

Closer to home, our news team also took the lead in extensively reporting on the growing trend of Hong Kong people traveling to various cities in Greater Bay Area and further field for leisure, shopping, and dining.

On another topic relating to Hong Kong society, our team led by veteran journalist Fong Tung Shing found continued success with a new short segment *Be Our Guess* (猜猜我是誰), which tapped into our news archives to uncover little-known stories about both famous and ordinary people, often featuring rare footage. In episode, we engaged audiences in guessing the identities and details of the subjects involved, with the answers revealed the following day on TV and through our digital platforms to much surprise and delight.

In addition to creating our own information programmes, our news department production team is regularly commissioned by government bodies and commercial organizations to create short informative video programmes on a range of topics of public interest, such as labour and workplace safety, and new opportunities in the Greater Bay Area.

A prime example was the documentary we produced under the commission of the Special Duties Unit (SDU) of the Hong Kong Police Force on the unit's fiftieth anniversary entitled *Transcend 50 Years* (飛越五十載). It featured exclusive behind-the-scenes footage of the unit's selection and training processes of their "flying tigers" and reviews the SDU's important moments safeguarding Hong Kong over the last five decades.

As with previous years, the efforts of our news production team have not gone unnoticed. We have received a number of international and local awards, and nominations, in the first half of the year, including for programmes like *News Magazine: Not Getting Married* (新聞透視：不婚) and *News Magazine: Let Me Catch My Breath for Two Hours* (新聞透視：容我喘息兩個鐘). Our current affairs series *A Closer Look* (時事多面睇) also won 3 gold and 4 silver awards at the 8<sup>th</sup> Business Journalism Awards of The Hang Seng University of Hong Kong.

Looking ahead to the second half of 2024, TVB News will provide comprehensive coverage of upcoming events, including the 2024 Olympics, 75<sup>th</sup> Anniversary of the Founding of the People's Republic of China, US presidential election, as well as the 25<sup>th</sup> anniversary of Macau's handover to China. These globally significant events will be brought to life through timely and accurate reporting across TVB's platforms.

## OTT STREAMING

For the six months ended 30 June	2024 HK\$ million	2023 HK\$ million	Year-on-year change
Segment revenue	162	168	-4%
Segment EBITDA	27	36	-25%

This segment comprises our myTV SUPER streaming service in Hong Kong, which generates revenue through both digital advertising and subscriptions. During the first half of 2024, myTV SUPER's digital advertising income rose by 39% as more advertisers leveraged the broad reach of our OTT platform, which has approximately 2 million monthly active users (MAU) across set-top boxes, connected TVs and mobile applications. This helped offset a decline in subscription revenue caused by certain changes in bundled subscription plans offered through telco partners.

Overall, segment revenue decreased 4% year-over-year to HK\$162 million in the first half of 2024. While subscription income was impacted by plan adjustments, the growth in digital advertising performance underscores our growing capabilities in digital advertising through the OTT format, which complements our advertising income from traditional terrestrial TV.

# MANAGEMENT DISCUSSION AND ANALYSIS

Our myTV SUPER platform is the leading streaming service in Hong Kong. Accessible through set-top boxes, connected TVs and mobile applications, myTV SUPER offers both ad-supported free tiers and premium subscription services featuring an extensive curation of content from TVB and global providers.

As of 30 June 2024, myTV SUPER had 10.6 million registered users across its various interfaces, with an average MAU base of 2 million. Within this user base, 193,000 were subscribers to our myTV Gold premium tier, which represents a 4% increase year-over-year. The average revenue per user (ARPU) of our Gold tier (including box, app, and web) has increased to HK\$66 as we successfully converted over 25,000 Gold subscribers to our myTV Gold Plus and myTV Gold Extra services, which offer additional value-added features. We have also launched a myTV Gold Mobile version at a competitive monthly rate of HK\$48 to attract on-the-go users.

In 2024, we are focused on growing our mobile viewership. While large-screen TVs remain our predominant format of viewership, we are also enhancing our mobile app offerings to make our contents more accessible to a broader base of viewers, including those who prefer to watch us on the go. We are also creating more mobile-friendly content such as short-form videos, some of which are available exclusively on our mobile app, and incorporating interactive features like the “myTV SUPER Chat” function where users can comment and vote. We believe that mobile viewership, which is primarily ad-supported, will help drive further growth in our digital advertising revenue.

At myTV SUPER, we strive to deliver fresh and diverse content to attract and retain our paying subscribers. In the first half of 2024, we have significantly expanded our content library across various genres.

For drama enthusiasts, we have shown a number of high-quality Chinese titles, including love stories like *Love is Panacea* (治癒系戀人) and *The Tale of Rose* (玫瑰的故事), wuxia dramas such as *Sword and Fairy* (祈今朝) and *The Legend of Heroes: Hot Blooded* (金庸武俠世界: 鐵血丹心), as well as the medical drama *Fantastic Doctors* (非凡醫者) and the historical costume drama *The Last Cook* (末代廚娘). In terms of regional dramas, we have also introduced popular titles such as the Korean drama *The Player 2: Master of Swindlers* (玩家2) and the award-winning Japanese drama *Extremely Inappropriate!* (不適當也要有個限度!).

Outside of drama, our original production *Made in Dongguan* (一條麻甩在東莞) hosted by Wong Cho Lam showcases the diverse local cuisine of Dongguan. A native of the city, Wong guides viewers to discover the most authentic Dongguan delicacies, while also exploring the city’s vibrant culture and entertainment.

For music entertainment, myTV SUPER presented two prominent concerts in Hong Kong in 2024 – the charity fundraiser *Midlife, Sing & Shine! 2 Concert* (中年好聲音2隆重登場慈善演唱會) and the globally renowned *KCON Hong Kong 2024*, celebrating Korean culture and music. Young audiences enjoyed the digital remastered version of the classic anime *Creamy Mami* (我係小忌廉) with a fresh Cantonese dub and a new take on the iconic theme song.

Our sports lineup was further strengthened with the continued coverage of the thrilling *The FA Cup 2023/2024* (英格蘭足總盃2023/2024) final, featuring the matchup between Manchester City and Manchester United. We also newly added Japan’s J.League 2024 (日本職業足球聯賽2024) starting from March 2024.

To enhance our linear channel offerings, we have introduced four new channels, including the first Asian movie channel PopC dedicated to the rapidly growing genre of Chinese online films, as well as CCTV-1 (中央電視台綜合頻道(港澳版)), CGTN Documentary (CGTN (中國環球電視網)記錄頻道), and CGTN English (CGTN (中國環球電視網)英語頻道) channels.

Looking ahead to the rest of 2024, we expect continued growth in digital advertising revenue as well as firmer subscription income.



## e-COMMERCE BUSINESS

For the six months ended 30 June	2024 HK\$ million	2023 HK\$ million	Year-on-year change
Segment revenue	68	271	-75%
Segment EBITDA	(20)	(22)	9%

E-commerce revenue declined by 75% to HK\$68 million in the first half of 2024, following our downsizing of this business segment at the end of last year. By reducing costs and eliminating overheads, we achieved a slightly reduced EBITDA loss of HK\$20 million compared to last year, despite the fall in revenue.

The Hong Kong retail market remains challenging, especially with the city's residents increasingly accustomed to traveling to Shenzhen and other cities in the Greater Bay Area for shopping and entertainment. With this trend showing few signs of imminent reversal, we are integrating e-commerce ever more closely with our TV channels and programmes to create cross-selling opportunities. For example, we continue to leverage the high viewership of our popular programmes on

Jade such as *Scoop* (東張西望) and *Super Trio Returns* (開心無敵獎門人), new talent show *Tristar Academy* (福祿壽訓練學院畢業Party感謝祭). E-commerce is also a feature on our new TVB Plus Channel, for example in our programme geared towards foodies called *Gourmet Express* (美食新聞報道), which enables us to market products through various forms of content integration.

In this regard, we have also diversified from pure physical products to selling a range of dining vouchers, travel packages, leisure and entertainment bundles, concert tickets, and luxury items under our Neigbuy platform. This enables us to better monetize, from an e-commerce perspective, the broad audience reach of our TV contents and programmes.

## MAINLAND CHINA OPERATIONS

For the six months ended 30 June	2024 HK\$ million	2023 HK\$ million	Year-on-year change
Segment revenue	383	313	22%
Segment EBITDA	45	(12)	N/A

Our Mainland China Operations earn revenues in several ways. The largest revenue source is our co-production of new dramas with Chinese long-form video streaming platforms, such as Youku and Tencent Video. In co-production deals, the dramas are created and produced by us for the designated platform partner, who retains exclusive broadcast rights in Mainland China for the title.

Another key revenue stream is our licensing of other contents, including dramas made for broadcast in Hong Kong and from our library, to third party video platforms such as Youku, Tencent Video, Migu, BesTV and Wasu. This includes the licensing of simulcast dramas, which are aired simultaneously in Hong Kong by us, and in Mainland China by the relevant platform partner.



# MANAGEMENT DISCUSSION AND ANALYSIS

In addition to drama co-production and licensing, we also operate our own direct-to-consumer digital media business, comprising a video streaming service Mai Dui Dui (埋堆堆), and a multi-channel network (MCN) business built around our social media accounts on platforms such as Douyin, Kuaishou, Xiaohongshu, and Weibo. The MCN business also includes an e-commerce livestreaming operation on Taobao and Douyin.

In the first half of 2024, our segment revenue increased by HK\$70 million or 22% from HK\$313 million to HK\$383 million, primarily driven by higher revenue from our drama co-production. Drama co-production revenue soared from HK\$89 million to HK\$192 million, propelled by the signing of strategic bundle deal agreements with Youku and Tencent Video.

Under a content partnership agreement originally signed with Youku in March 2023, we currently have six drama titles in various stages of production. *Darkside of the Moon* (黑色月光) and *Forensic Heroes VI: Redemption* (法證先鋒6 倖存者的救贖) have already completed filming, while *The Queen of Castle* (巨塔之后) is now under production. Additionally, *Themis* (正義女神 Themis), *I Only Live Twice* (模仿人生), and *Mrs. Revenge* (夫妻的博弈) are scheduled to commence filming in the latter part of 2024.

Following Youku's successful airing of our drama *The Queen of News* (新聞女王) in Mainland China last year, they signed an expanded co-production agreement with us in March 2024 to include three additional drama projects. This includes the highly anticipated *The Queen of News 2*, which is slated to start filming in early 2025.

Other than Youku, Tencent Video is another key partner for us in Mainland China. Under the framework agreement signed in August 2023, we will supply Tencent Video with co-production and library dramas, as well as work together to further expand new distribution channels for Hong Kong dramas. Four co-produced titles are already commissioned for release in 2024 and beyond, including the TVB classic drama IP *No Return* (巾幗梟雄之懸崖), *No Room For Crime* (反黑英雄), *Big Biz Duel* (企業強人), and *D.I.D. 12* (刑偵12). Notably, *No Room For Crime* premiered simultaneously on Tencent Video and TVB Jade on 24 June 2024, and has become one of the most anticipated Hong Kong dramas on the Tencent Video platform, scoring 8.2 points on the premiere day and jumping to the top spot in the suspense genre on Tencent's billboard.

Following the demonstrable success of Hong Kong dramas in the mainland market, our co-production partnership agreement with Tencent Video has also been similarly expanded this year, with four new drama titles added to the order list, including *Wars of Roses* (玫瑰戰爭) and *The Fading Gold* (金式森林), which are set to begin filming this year for release in 2025. Tencent Video has also further raised the prominence of Hong Kong dramas on its platform through the recent launch of a "Tencent Hong Kong Drama" (騰訊港劇) category which includes over 2,000 episodes of classic TVB dramas.

In terms of our direct-to-consumer businesses, our content streaming service, Mai Dui Dui, is accessible through multiple platforms to cater to the viewing preferences of different users. Mobile users can access the Mai Dui Dui service through a mobile app, allowing them to enjoy TVB content on the go. For viewers on large-format TV, the service is available on smart TV sets and through cable networks. To further expand our reach, we have launched BesTV Yuezhiting (BesTV 粵視厅), an OTT product jointly developed by Mai Dui Dui and BesTV. BesTV Yuezhiting features a rich selection of TVB programmes and is accessible through a number of carriage partners, including Dangbei, LeTV, JM Go, and through the cable operator China Radio and Television Guangzhou Network Co., Ltd (中國廣播電廣州網路股份有限公司). We have also collaborated with smart TV manufacturers such as Sharp, Huawei, TCL, Konka, Hisense, Skyworth, and Xiaomi to bundle the BesTV Yuezhiting product as part of their offerings.

In our MCN business, the social media accounts of TVB and our managed artistes/KOLs currently have an aggregate fan base of 181 million across major platforms such as Douyin, Kuaishou, Xiaohongshu, WeChat Channels, and Sina Weibo. We seek to monetize this large following in different ways including through advertising, content marketing, brand and product endorsements and e-commerce livestreaming.

In 2023, we entered into an e-commerce livestreaming partnership with mainland e-commerce giant Taobao, where we create differentiated livestream experiences

for shoppers on Taobao with our artistes and IP assets. During the Period, we have gradually increased the frequency of our livestream sessions on Taobao as well as on Douyin, where we also conduct livestream sessions.

Looking ahead to the rest of 2024, we expect further revenue growth driven by our robust drama co-production pipeline. Our MCN business is expected to enjoy a strong second half with important events on the retail calendar such as the “Double 11” and “Double 12” shopping festivals.

## INTERNATIONAL OPERATIONS

For the six months ended 30 June	2024 HK\$ million	2023 HK\$ million	Year-on-year change
Segment revenue	144	180	-20%
Segment EBITDA	(14)	26	N/A

Our International Operations revenue mainly comes from licensing of TVB contents and channels to third-party TV platforms, including pay TV and free-to-air TV operators outside of Hong Kong. Our long-standing partners include Astro in Malaysia, Starhub and Singtel in Singapore, DISH Network in the USA, Fairchild Television in Canada, and SCTV in Vietnam. We also operate an OTT business under our “TVB Anywhere” brand in a number of markets, including Malaysia, Singapore, USA, Canada, UK, Europe and Australia. Lastly, we operate a number of YouTube channels that feature TVB content under a variety of themes and are aimed at an overseas audience.

Segment revenue declined by 20% from HK\$180 million to HK\$144 million, mainly due to continued declines in our licensing fee income. As of 30 June 2024, the combined registered user base of TVB Anywhere and TVB International YouTube channels reached 15.8 million, with the YouTube channels alone having 34.6 million monthly active users.

Our traditional content licensing business continues to face downward pressure from ongoing structural changes in the global video entertainment market, which affects both traditional pay-TV and free-to-air operators. For a number of years, we have endeavoured

to counter this trend by enhancing the local relevance of our content offerings and working with our overseas partners to develop new income streams, such as advertising and sponsorships. For example, we continue to selectively adapt successful IPs from Hong Kong to produce content tailored for local audiences in key markets like Malaysia and Singapore. Later this year, together with our respective platform partners, we are launching Malaysian and Singaporean versions of our hit singing talent show *Midlife, Sing & Shine!* which has enjoyed tremendous success in Hong Kong. We believe such a localization strategy can help us grow advertising and sponsorship income from these markets.

At the same time, we are also looking to grow the reach of TVB Anywhere service, including by working with new partners where possible. For example, this year in Malaysia we have signed a new cooperation deal with TM, the country’s largest telecom and broadband network operator.

Looking ahead to the rest of 2024, we will continue to pursue new partnerships and initiatives that can help diversify our income streams, as we continue to navigate the challenging international market for television content.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

Revenue of the Group's core television-related business segments increased by HK\$156 million or 12% to HK\$1,445 million during the Period. Among these, our Hong Kong TV Broadcasting and Mainland China Operations segments grew by 20% and 22% respectively, or HK\$128 million and HK\$70 million respectively, while revenue of our OTT Streaming and International Operations segments saw declines of 4% and 20% respectively, or HK\$6 million and HK\$36 million respectively, compared to the same period last year. Meanwhile, following our downsizing of this business segment, our e-Commerce revenue shrank substantially by HK\$203 million to HK\$68 million for the Period. Overall, total revenue of the Group declined by 3% or HK\$47 million during the Period, from HK\$1,560 million to HK\$1,513 million.

Cost of sales decreased from HK\$1,161 million to HK\$948 million during the Period, representing a decline of HK\$213 million or 18%. This was mainly due to the decline in sales of our e-Commerce business, which led to a reduction in the cost of goods sold. Additionally, with our continuing implementation of cost-saving initiatives during the Period, which included the merger of our J2 and TVB Finance, Sports & Information channels to create our new TVB Plus channel, we were able to further reduce our content costs during the Period.

Selling, distribution and transmission costs for the Period declined by HK\$52 million or 16% from HK\$324 million to HK\$272 million. This was primarily driven by lower distribution costs in the e-Commerce business in line with a smaller transaction volume, and also a reduction in our depreciation and amortisation expenses. The decrease was partially offset by an increase in selling expenses, mainly sales commissions linked to the growth in advertising revenue at our Hong Kong TV Broadcasting and OTT Streaming segments.

General and administrative expenses for the Period declined by HK\$40 million or 9% from HK\$443 million to HK\$403 million due to various cost-saving initiatives within our administrative and back office functions.

As a result of all the above, total operating costs (comprising cost of sales, selling, distribution and transmission costs and general and administrative expenses) decreased by HK\$305 million or 16% from HK\$1,927 million to HK\$1,622 million.

Other revenues for the Period were HK\$8 million (2023: HK\$6 million), mainly comprising various sundry income.

Other net losses for the Period were HK\$10 million (2023: HK\$20 million), mainly comprising net exchange losses and changes in the fair values of a financial liability at fair value through profit or loss recognised during the Period.

Due to the above factors, we achieved a positive EBITDA for the Period of HK\$47 million, representing a year-on-year improvement of HK\$233 million compared to the EBITDA loss of HK\$186 million incurred in the first half of 2023.

## SEGMENT RESULTS

### Hong Kong TV Broadcasting

Segment revenue from Hong Kong TV Broadcasting increased from HK\$628 million to HK\$756 million, representing a growth of HK\$128 million or 20%. This was mainly driven by income from advertisers which grew by HK\$118 million or 21% from HK\$567 million to HK\$685 million during the Period. At the same time, we continued to reduce our operating costs through various initiatives over the past year, such as the merger of our J2 and TVB Finance, Sports & Information channels to create TVB Plus. With growth in revenue and reduction in cost, this segment achieved a positive EBITDA of HK\$9 million, representing an improvement of HK\$223 million from the EBITDA loss of HK\$214 million in the same period last year. This marks a return to positive EBITDA for this business segment over a first-half period since 2019.

## OTT Streaming

Segment revenue from OTT Streaming declined slightly by HK\$6 million or 4% compared to the same period last year. This was primarily due to the impact of changes made to our bundled subscription plans with local telco partners, which led to a decrease in subscription revenue. However, advertising revenue for this segment, which is digital in nature, registered a 39% growth which partially offset the decline in subscription revenue.

EBITDA declined from HK\$36 million to HK\$27 million in the Period, mainly due to the decrease in segment revenue.

## e-Commerce Business

In December 2023, in view of the continued structural challenges to the Hong Kong retail market, we downsized our e-Commerce business by merging our Ztore platform with Neigbuy. We also integrated Neigbuy's activities more closely with our TV contents and programmes to create more selling opportunities while giving our viewers an enhanced shopping experience. Nevertheless, revenue from this segment declined from HK\$271 million to HK\$68 million, a decrease of HK\$203 million or 75%. However, EBITDA loss from this segment also fell slightly from HK\$22 million to HK\$20 million in the Period.

## Mainland China Operations

Segment revenue from Mainland China Operations increased by HK\$70 million or 22%, from HK\$313 million to HK\$383 million. This was driven mainly by our drama co-production activities, where we have a robust co-production pipeline arising from multi-year content supply partnerships with Youku and Tencent Video. As a result, this segment achieved a positive EBITDA of HK\$45 million during the Period, compared to a loss of HK\$12 million in the same period last year.

## International Operations

Segment revenue from International Operations decreased by 20% from HK\$180 million to HK\$144 million during the Period, it was primarily driven by the decline in traditional licensing income from our pay-TV partners. Segment EBITDA was a loss of HK\$14 million, compared to a profit of HK\$26 million in the previous period.

## LOSS ATTRIBUTABLE TO EQUITY HOLDERS

The Group incurred a loss attributable to equity holders for the Period totalled HK\$143 million (2023: HK\$407 million), representing a reduction in loss of HK\$264 million or 65%.

## LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$143 million (2023: HK\$407 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 2024 was 439,851,000 (2023: 438,109,000), giving a basic and diluted loss per share of HK\$0.33 (2023: HK\$0.93).

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 2024.

## DIVIDENDS PER SHARE

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

## INTEREST INCOME

Interest income amounted to HK\$49 million for the Period (2023: HK\$46 million), primarily being interest income of HK\$46 million (2023: 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 (i) our HK\$1,567 million term loan with Shanghai Commercial Bank, and (ii) our other bank loans, convertible bonds and other borrowings. Finance costs slightly increased from HK\$70 million to HK\$74 million, due to changes in interest rates and our borrowing levels during the Period compared to the same period last year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## IMPAIRMENT LOSS ON RECEIVABLES FROM A JOINT VENTURE

As at 30 June 2024, the gross amount of the promissory note in ITT was HK\$835 million (31 December 2023: HK\$790 million), inclusive of the interest income of HK\$46 million recognised during the Period. In 2023, we applied a 39.4% rate of expected credit loss (“ECL”) on the gross amount of the promissory note, in view of industry disruptions in the United States that impacted the ability of ITT to conduct its normal business of providing deficit financing for scripted TV dramas and documentaries. During the Period, considering that overall production activity of ITT remains at a lower level than expected, we have considered it appropriate to increase our ECL rate on the promissory note to 42.4%, thereby resulting in an additional provision of HK\$44 million for the Period and a corresponding increase in the accumulated lifetime ECL provision on the gross amount of the promissory note to HK\$356 million.

## INCOME TAX

The Group recorded an income tax expense of HK\$4 million (2023: HK\$4 million) for the Period.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 operated.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the total equity of the Group was HK\$2,528 million (31 December 2023: HK\$2,739 million). The share capital of the Company increased from 438,218,000 to 446,961,836 ordinary shares in issue due to 8,743,836 new shares have been allotted and issued by the Company during the Period.

As at 30 June 2024, the Group had unrestricted bank and cash balances of HK\$602 million (31 December 2023: HK\$714 million). About 63% of the unrestricted bank and cash balances (approximately HK\$377 million) were maintained in mainland China and 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 2024, the Group’s net current assets amounted to HK\$419 million (31 December 2023: HK\$2,037 million). The decrease was mainly due to the re-classification of the HK\$1,567 million term loan with Shanghai Commercial Bank Limited (“SCBL”) from non-current liabilities to current liabilities as at period end. As at 30 June 2024, the Group’s current ratio, expressed as the ratio of current assets to current liabilities, was 1.1 (31 December 2023: 2.2).

As at 30 June 2024, bank borrowings totalled HK\$1,826 million (31 December 2023: HK\$1,731 million) which mainly consisted of the HK\$1,567 million term loan with SCBL. Additionally, there were other borrowings and convertible bonds of HK\$308 million and HK\$98 million respectively (31 December 2023: HK\$464 million and HK\$93 million respectively). As at 30 June 2024, the Group’s gearing ratio, expressed as a ratio of net debt to total equity, was 65.9% (31 December 2023: 59.0%).

## BOND PORTFOLIO

As at 30 June 2024, the Company’s portfolio of fixed income securities, net of expected credit losses amounted to HK\$24 million (31 December 2023: HK\$24 million), which were classified under “Bond securities at amortised cost”. Issuers of these securities include listed or unlisted companies in Hong Kong and overseas.

As at 30 June 2024, the investment portfolio consisted of fixed income securities of four separate issuers (31 December 2023: four), of which the bonds issued by Master Glory Group Limited and SMI Holding Group Limited had been fully impaired in prior years.

## ADDITIONAL INFORMATION

### HUMAN RESOURCES

At the end of Period, the Group had a total of 3,043 employees in Hong Kong and 319 employees in mainland China and the overseas. These figures include contract artistes and staff but exclude 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. Employees in mainland China and overseas subsidiaries were paid on scales and systems relevant to the respective localities and legislations.

Under the share option schemes 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 in Part 2 of the Corporate Governance Code as set out in Appendix C1 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 C3 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 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 2023 Annual Report of the Company and up to the date of this Interim Report, save as the changes to the composition of the Audit Committee and the Nomination Committee disclosed under the sub-heading "Board of Directors and its Committees", there had been no change in Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## 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.



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

On 27 March 2024

- **Audit Committee** Dr. Allan Zeman was appointed as a member of the committee, and Mr. Anthony Lee Hsien Pin ceased to be a member of the committee.
- **Nomination Committee** Mr. Thomas Hui To ceased to be the chairman of the committee but remains as a member, and Mr. Felix Fong Wo was appointed as the chairman of the committee.

At 30 June 2024, the Board and its Committees comprised:

Board of Directors	Also serving	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee	Regulatory Committee
<b>Executive Chairman</b>							
Thomas Hui To		C	-	-	M	M	-
<b>Non-executive Directors</b>							
Li Ruigang		M	-	M	-	-	-
Anthony Lee Hsien Pin		-	-	-	M	C	-
Kenneth Hsu Kin		-	-	-	-	-	-
<b>Independent Non-executive Directors</b>							
William Lo Wing Yan		-	C	-	M	-	M
Allan Zeman		-	M	C	M	-	-
Felix Fong Wo		-	M	M	C	-	C
<b>Senior Management</b>							
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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## RE-DESIGNATION OF CHIEF FINANCIAL OFFICER AND CHANGE OF COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

Mr. Ian Lee Hock Lye has been re-designated from the Acting Chief Financial Officer to Chief Financial Officer of the Company with effect from 1 August 2024.

Mr. Desmond Chan Shu Hung resigned from the position of the Acting Company Secretary and an authorised representative of the Company ("Authorised Representative") under Rule 3.05 of the Listing Rules with effect from 1 August 2024. Mr. Chan has confirmed to the Company that he has no disagreement with the Board and that he is not aware of any matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company and the Stock Exchange.

Ms. Lee Lai Yi has been appointed as the Company Secretary and an Authorised Representative of the Company with effect from 1 August 2024.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2024, 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	Capacity	Number of ordinary shares held				Total interests	Approximate percentage of issued shares <sup>(a)</sup>
		Personal interests	Family interests	Corporate interests	Other interests		
Kenneth Hsu Kin	Interest of controlled corporations	–	–	96,817,527 <sup>#(b)</sup>	–	96,817,527	21.66%
Li Ruigang	Interest of controlled corporations	–	–	96,817,527 <sup>#(c)</sup>	–	96,817,527	21.66%

Notes:

Duplication of shareholdings occurred between parties<sup>#</sup> shown in the table here and below under the sub-heading "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares".

- Based on 446,961,836 ordinary shares of the Company in issue as at 30 June 2024.
- Mr. Kenneth Hsu Kin 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 "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" for details).
- 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 "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" for details).

## Long Positions in the Underlying Shares of the Company

Name of Director	Capacity	Number of underlying shares held				Total interests	Approximate percentage of issued shares <sup>(a)</sup>
		Personal interests	Family interests	Corporate interests	Other interests		
Kenneth Hsu Kin	Interest of controlled corporations	–	–	20,000,000 <sup>(c)</sup>	–	20,000,000	4.47%
Thomas Hui To	Beneficial owner	4,000,000 <sup>(b)</sup>	–	–	–	4,000,000	0.89%
Li Ruigang	Interest of controlled corporations	–	–	20,000,000 <sup>(d)</sup>	–	20,000,000	4.47%

Notes:

Duplication of shareholdings occurred between parties<sup>#</sup> shown in the table here and below under the sub-heading “Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares”.

- (a) Based on 446,961,836 ordinary shares of the Company in issue as at 30 June 2024.
- (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”.
- (c) Mr. Kenneth Hsu Kin was deemed to be interested in these underlying shares of the Company 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 “Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares” for details).
- (d) Mr. Li Ruigang was deemed to be interested in these underlying shares of the Company 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 “Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares” for details).

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

Name of associated corporation	Name of Director	Capacity	Number of shares held				Total interests	Approximate percentage of issued shares <sup>(a)</sup>
			Personal interests	Family interests	Corporate interests	Other interests		
Shine Investment Limited	Li Ruigang	Interest of controlled corporations	–	–	102 <sup>(b)</sup>	–	102	85.00%

Notes:

- (a) Based on the total number of Class A shares of the associated corporation in issue as at 30 June 2024.
- (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 2024, 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2024, 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 and Underlying Shares of the Company

Name	Capacity	Number of shares/ underlying shares held	Approximate percentage of issued shares <sup>(a)</sup>
Shaw Brothers Limited <sup>(b)</sup>	Beneficial owner	116,817,527 <sup>#(c)(e)</sup>	26.14%
Young Lion Acquisition Co. Limited	Interest of controlled corporations	116,817,527 <sup>#(c)(e)</sup>	26.14%
Young Lion Holdings Limited	Interest of controlled corporations	116,817,527 <sup>#(c)(e)</sup>	26.14%
Ever Port Limited	Interest of controlled corporations	116,817,527 <sup>#(c)(e)</sup>	26.14%
Brilliant Spark Holdings Limited	Interest of controlled corporations	116,817,527 <sup>#(d)</sup>	26.14%
CMC Group Corporation	Interest of controlled corporations	116,817,527 <sup>#(d)</sup>	26.14%
CMC M&E Holdings Limited	Interest of controlled corporations	116,817,527 <sup>#(d)</sup>	26.14%
CMC M&E Acquisition Co. Ltd.	Interest of controlled corporations	116,817,527 <sup>#(d)(e)</sup>	26.14%
Silchester International Investors LLP	Investment manager	53,195,300 <sup>(f)</sup>	11.90%
Silchester International Investors International Value Equity Trust	Beneficial owner	25,827,100 <sup>(f)</sup>	5.78%
Cardy Oval Limited	Beneficial owner	35,056,164 <sup>(g)</sup>	7.84%
Gaw Goodwin	Interest of controlled corporation	35,056,164 <sup>(g)</sup>	7.84%

Notes:

Duplication of shareholdings occurred between parties<sup>#</sup> shown in the table here and above under the sub-heading of "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

- (a) Based on 446,961,836 ordinary shares of the Company in issue as at 30 June 2024.
- (b) Shaw Brothers Limited ("SBL") was the registered shareholder of 96,817,527 shares of the Company. On 13 May 2024, SBL and the Company entered into a subscription agreement pursuant to which SBL has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 20,000,000 shares in the Company. Thus, SBL was also interested in these 20,000,000 underlying 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 ("Mr. Hsu"). Therefore, YLA, YLH and EPL were deemed to be interested in the same 96,817,527 shares and 20,000,000 underlying 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 and 20,000,000 underlying 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 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.

- (g) These interests in underlying shares (being unlisted physically settled derivatives) represent 35,056,164 shares to be issued to Cardy Oval Limited upon exercise of the conversion right attached to the Convertible Bonds (as defined under the sub-heading “Convertible Bonds due 2028”). Mr. Gaw Goodwin was deemed to be interested in the underlying shares held by his wholly-owned subsidiary, Cardy Oval Limited.

Save for the information disclosed above, at 30 June 2024, 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. 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 2024 and 30 June 2024 were 26,950,000 and 26,950,000 respectively.

During the Period, no options were granted. Accordingly, the number of shares that has been issued in respect of options granted during the Period is nil.

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 2024	Exercise price per share	Exercise period
		Outstanding at 1 January 2024	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period			
<b>Director</b>									
Thomas Hui To <sup>(b)</sup>	25 May 2022	4,000,000	–	–	–	–	4,000,000	HK\$4.65	Note (a)
<b>Employees</b>									
(In aggregate)	25 May 2022	12,632,000	–	–	–	–	12,632,000	HK\$4.65	Note (a)
<b>Total</b>		<b>16,632,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>16,632,000</b>		

Notes:

- (a) 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:
- (i) 25% of the 2022 Options shall be exercisable from 25 May 2023 to 24 May 2032 (both dates inclusive);
  - (ii) 25% of the 2022 Options shall be exercisable from 25 May 2024 to 24 May 2032 (both dates inclusive);
  - (iii) 25% of the 2022 Options shall be exercisable from 25 May 2025 to 24 May 2032 (both dates inclusive); and
  - (iv) 25% of the 2022 Options shall be exercisable from 25 May 2026 to 24 May 2032 (both dates inclusive).
- (b) 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 meeting on 25 May 2022.

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 are set out in Note 21 to the condensed consolidated financial information.

# CORPORATE GOVERNANCE AND OTHER 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.

Subsequent to the Period, a total of 6,900,000 options ("2024 Options") to subscribe for up to 6,900,000 ordinary shares of the Company were granted on 3 July 2024 under the Option Scheme at an exercise price of HK\$3.410 per share of the Company. Among the 2024 Options granted, 2,000,000 options were granted to Mr. Thomas Hui To, the Executive Chairman, and the remaining options were granted to other employees of the Group. The 2024 Options granted to Mr. Hui had been approved by the Board of Directors (including all Independent Non-executive Directors) on 3 July 2024.

The validity period of the 2024 Options is 10 years, from 3 July 2024 to 2 July 2034 (both dates inclusive). The vesting periods of the 2024 Options are set out below:

- (i) 25% of the 2024 Options shall be exercisable from 3 July 2025 to 2 July 2034 (both dates inclusive);
- (ii) 25% of the 2024 Options shall be exercisable from 3 July 2026 to 2 July 2034 (both dates inclusive);
- (iii) 25% of the 2024 Options shall be exercisable from 3 July 2027 to 2 July 2034 (both dates inclusive); and
- (iv) 25% of the 2024 Options shall be exercisable from 3 July 2028 to 2 July 2034 (both dates inclusive).

In determining the grant of the 2024 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 2024 Options have a vesting period of four years in equal proportions and the main purposes of the grant are 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. Any option (to the extent not already exercised) shall lapse and determine without compensation on the date the grantee ceasing to be an eligible participant under the Option Scheme. Having considered the aforesaid factors, the Remuneration Committee was of the view that performance targets were not necessary for the grant of the 2024 Options, and such grant of the 2024 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 2024 Options aligned the interests of the grantees with those of the Company and its shareholders.

Following the grant of the 2024 Options, the number of shares available for future grant under the scheme mandate of the Option Scheme is 20,050,000.

## DISCLOSURES PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

### SMI Holdings Group Limited

As at 30 June 2024, 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 (“SMI Convertible Bonds”)

In May 2018, the Company subscribed for the SMI 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 SMI Convertible Bonds would mature in 2020 (extendable to 2021 by mutual agreement).

Unless otherwise redeemed, converted or cancelled, the SMI Convertible Bonds would be redeemed on the maturity date at the aggregate amount of (i) the principal amount of the outstanding SMI 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

SMI 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 SMI Convertible Bonds, at the redemption price in the aggregate amount of (i) the principal amount of the outstanding SMI 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 SMI 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 2024, the outstanding principal of the above advances remained as US\$106,000,000.

### **Imagine Tiger Television LLC**

As at 30 June 2024, 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.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

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. In August 2023, the Company completed the disposal of the 10% interest of the Promissory Note to CMC, Inc. The gross amount of the Group's Promissory Note in ITT was US\$106,923,267 as at 30 June 2024.

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 2024 are presented as follows:

	Combined statement of financial position HK\$'000	The Group's attributable interest HK\$'000
Non-current assets	–	–
Current assets	240,181	236,984
Current liabilities	(143,371)	(123,565)
Net current assets	96,810	113,419
Total assets less current liabilities	96,810	113,419
Non-current liabilities	(841,088)	(841,088)
Less: unrecognised share of loss	–	704,438
Net liabilities	(744,278)	(23,231)

## CONVERTIBLE BONDS DUE 2028

On 16 August 2023, the Company entered into a subscription agreement with Cardy Oval Limited, a company controlled by Mr. Goodwin Gaw (such company, "Investor"), pursuant to which the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for the convertible bonds ("Convertible Bonds") in an aggregate principal amount of HK\$156 million at an initial conversion price of HK\$4.45 per conversion share. Completion of the subscription agreement took place on 6 September 2023.

As at 30 June 2024, the net proceeds from the issuance of the Convertible Bonds, being approximately HK\$155 million, had been fully utilized for general corporate purposes. No conversion of the Convertible Bonds had been exercised by the holder of the Convertible Bonds, and no Convertible Bonds were redeemed, repurchased or cancelled during the Period. Based on the initial conversion price, a total of 35,056,164 ordinary shares will be allotted and issued upon exercise in full of the conversion right attached to the Convertible Bonds, which represent approximately 7.84% of the total number of shares in issue as at 30 June 2024 and approximately 7.27% of the total number of shares in issue as enlarged by the number of new shares issued upon full conversion of the outstanding Convertible Bonds. Set out below is the dilution effect on equity interest of the substantial shareholders:

Major Shareholder	As at 30 June 2024		Immediately upon conversion of the Convertible Bonds at the initial conversion price	
	Number of shares held	Approximate percentage of issued shares <sup>(a)</sup>	Number of shares held	Approximate percentage of issued shares <sup>(b)</sup>
Shaw Brothers Limited <sup>(c)</sup>	96,817,527 <sup>(d)(f)</sup>	21.66%	96,817,527	20.09%
Young Lion Acquisition Co. Limited	96,817,527 <sup>(d)(f)</sup>	21.66%	96,817,527	20.09%
Young Lion Holdings Limited	96,817,527 <sup>(d)(f)</sup>	21.66%	96,817,527	20.09%
Ever Port Limited	96,817,527 <sup>(d)(f)</sup>	21.66%	96,817,527	20.09%
Brilliant Spark Holdings Limited	96,817,527 <sup>(e)</sup>	21.66%	96,817,527	20.09%
CMC Group Corporation	96,817,527 <sup>(e)</sup>	21.66%	96,817,527	20.09%
CMC M&E Holdings Limited	96,817,527 <sup>(e)</sup>	21.66%	96,817,527	20.09%
CMC M&E Acquisition Co. Ltd.	96,817,527 <sup>(e)(f)</sup>	21.66%	96,817,527	20.09%
Silchester International Investors LLP	53,195,300 <sup>(g)</sup>	11.90%	53,195,300	11.04%
Silchester International Investors International Value Equity Trust	25,827,100 <sup>(g)</sup>	5.78%	25,827,100	5.36%
The Investor	–	–	35,056,164	7.27%

Notes:

- (a) Based on 446,961,836 ordinary shares of the Company in issue as at 30 June 2024.
- (b) Based on 482,018,000 ordinary shares of the Company in issue, as enlarged by the number of new shares to be issued upon full conversion.
- (c) SBL was the registered shareholder of 96,817,527 shares of the Company.
- (d) SBL was a wholly-owned subsidiary of YLA, which was in turn a wholly-owned subsidiary of YLH. YLH was controlled by EPL, which was in turn wholly-owned by Mr. Kenneth Hsu Kin. Therefore YLA, YLH and EPL were deemed to be interested in the same 96,817,527 shares held by SBL.
- (e) 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.
- (f) Mr. Hsu, EPL, CMC M&E Acquisition, YLH, YLA and SBL were the parties of the Agreement to hold the interest in shares of the Company. The Agreement was an agreement to which Section 317 of the SFO applies.
- (g) Silchester International Investors LLP was deemed to be interested in the shares held by Silchester International Investors International Value Equity Trust and certain co-mingled funds, in the capacity of investment manager.

On 30 June 2024, the Group recorded total net assets of approximately HK\$2,528 million and cash reserve of approximately HK\$602 million. Based on the financial positions of the Group, the Company was able to meet its redemption obligations under the Convertible Bonds.

Please refer to the Company's announcements dated 16 August 2023 and 8 September 2023 and note 17 to the condensed consolidated financial information for further details of the Convertible Bonds.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## ALLOTMENT OF SHARES

### Allotment of Shares Under General Mandate

On 13 May 2024, the Company entered into a subscription agreement (“GF Subscription Agreement”) with GF Global Capital Limited (“GF Global”, a company incorporated in Hong Kong and indirectly wholly owned by GF Securities Co., Ltd.) pursuant to which GF Global has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 8,743,836 shares of the Company at the subscription price of HK\$3.36 per share in accordance with the terms and conditions as set out in the GF Subscription Agreement. Completion of the subscription took place on 28 May 2024. An aggregate of 8,743,836 new shares of the Company have been allotted and issued by the Company to GF Global on the date of completion.

The net proceeds (after deducting the related expenses) amounted to HK\$28.50 million will be used for general corporate purposes, including working capital for the Group’s drama co-production projects with mainland Chinese streaming platform partners, before 31 December 2024, subject to the timing and cash expense cycles of the different dramas involved, as previously disclosed in the Company’s announcements.

The following sets forth a summary of the utilization of the net proceeds during the Period:

Purpose	Percentage to total amount	Net proceeds amount HK\$ (million)	Utilised amount during the Period HK\$ (million)	Unutilised amount as at 30 June 2024 HK\$ (million)
General corporate purposes	100%	28.5	28.5	–

The Company believes that it is prudent to raise additional shareholders’ capital through the subscription, in order to ensure the Group’s overall liquidity level remains healthy throughout, and that by introducing GF Global, a company ultimately owned by GF Securities Co., Ltd., as a significant new institutional shareholder from mainland China, it adds to the diversity of the Company’s institutional shareholder base.

The net subscription price is approximately HK\$3.26 per share. The subscription shares have a market value of approximately HK\$32.6 million based on the closing price of HK\$3.73 of the shares of the Company on 13 May 2024, being the date of the GF Subscription Agreement.

Further details of the subscription are set out in the Company’s announcements dated 13 May 2024 and 28 May 2024.

### Allotment of Shares Under Specific Mandate

On 13 May 2024, the Company entered into a subscription agreement (“SBL Subscription Agreement”) with Shaw Brothers Limited (“SBL”, a company incorporated in Hong Kong) pursuant to which SBL has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 20,000,000 shares of the Company at the subscription price of HK\$4.00 per share in accordance with the terms and conditions as set out in the SBL Subscription Agreement. As at the date of the relevant announcement, SBL is a substantial shareholder and a connected person of the Company as defined in the Listing Rules. Therefore, the SBL Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company.

Completion of the subscription is subject to (i) the passing by the independent shareholders of the Company at the annual general meeting of resolutions approving the SBL Subscription Agreement and the grant of the specific mandate for the allotment and issue of the subscription shares; (ii) the grant by the Communications Authority of Hong Kong of the relevant notice of waiver in relation to the revised shareholding structure of the Company as a result of the subscription; and (iii) the Listing Committee having granted the listing of and the permission to deal in the subscription shares, and such approval and granting of permission not having been withdrawn or revoked. As at the date of this Interim Report, completion of the subscription has not taken place.

The net proceeds (after deducting the related expenses) amounted to approximately HK\$78.8 million will be used for general corporate purposes, including working capital for the Group's drama co-production projects with mainland Chinese streaming platform partners, before 31 December 2024, subject to the timing and cash expense cycles of the different dramas involved, as previously disclosed in the Company's announcements and circular.

The Company believes that it is prudent to raise additional shareholders' capital through the subscription, in order to ensure the Group's overall liquidity level remains healthy throughout, and that SBL's willingness to add to its existing shareholdings is a positive indication of confidence in the Company's performance and long-term prospects.

The net subscription price is approximately HK\$3.94 per share of the Company. The subscription shares have a market value of HK\$74.6 million based on the closing price of HK\$3.73 of the shares of the Company on 13 May 2024, being the date of the SBL Subscription Agreement.

Further details of the subscription are set out in the Company's announcement dated 13 May 2024 and the Company's circular dated 24 May 2024.

## 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 69 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 2024.

## 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](http://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 2024

	Notes	30 June 2024 Unaudited HK\$'000	31 December 2023 Audited HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	985,504	1,071,781
Investment properties	7	1,519	1,653
Intangible assets	7	188,284	211,448
Goodwill	8	85,131	85,131
Interests in joint ventures	9	480,434	479,289
Interests in associates		29,796	33,591
Financial assets at fair value through other comprehensive income ("FVOCI")		117,800	150,364
Bond securities at amortised cost	10	24,190	24,238
Financial assets at fair value through profit or loss	11	28	28
Deferred income tax assets		381,351	381,447
Prepayments		32,257	33,757
<b>Total non-current assets</b>		<b>2,326,294</b>	<b>2,472,727</b>
<b>Current assets</b>			
Programmes and film rights		1,548,792	1,579,245
Stocks		21,673	30,720
Trade receivables	12	747,002	867,598
Other receivables, prepayments and deposits		586,138	508,104
Movie investments		73,582	73,582
Tax recoverable		4,985	3,458
Bank deposits maturing after three months		53,490	54,863
Cash and cash equivalents		548,798	658,832
<b>Total current assets</b>		<b>3,584,460</b>	<b>3,776,402</b>
<b>Total assets</b>		<b>5,910,754</b>	<b>6,249,129</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	13	693,726	665,227
Other reserves	14	(61,056)	(11,886)
Retained earnings		1,953,746	2,098,193
<b>Non-controlling interests</b>		<b>(58,115)</b>	<b>(12,354)</b>
<b>Total equity</b>		<b>2,528,301</b>	<b>2,739,180</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2024

	Notes	30 June 2024 Unaudited HK\$'000	31 December 2023 Audited HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	16	15,934	1,583,134
Convertible bonds	17	97,699	92,893
Financial liability at fair value through profit or loss	17	34,660	30,706
Lease liabilities	18	17,053	8,585
Deferred income tax liabilities		51,840	55,714
Total non-current liabilities		217,186	1,771,032
<b>Current liabilities</b>			
Trade and other payables and accruals	15	885,044	947,145
Written put option liabilities	19	140,000	140,000
Current income tax liabilities		1,771	6,785
Borrowings	16	2,118,473	612,283
Lease liabilities	18	19,979	32,704
Total current liabilities		3,165,267	1,738,917
<b>Total liabilities</b>		<b>3,382,453</b>	<b>3,509,949</b>
<b>Total equity and liabilities</b>		<b>5,910,754</b>	<b>6,249,129</b>

The notes on pages 38 to 68 form an integral part of this condensed consolidated financial information.

# FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED INCOME STATEMENT

AS AT 30 JUNE 2024

	Notes	Unaudited	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Revenue	6	1,512,689	1,560,274
Cost of sales		(948,235)	(1,160,959)
<b>Gross profit</b>		<b>564,454</b>	<b>399,315</b>
Other revenues		7,872	5,585
Interest income		49,031	45,737
Selling, distribution and transmission costs		(271,624)	(323,748)
General and administrative expenses		(402,515)	(442,677)
Other losses, net		(9,740)	(20,091)
Finance costs	22	(74,304)	(70,018)
Impairment loss on receivables from a joint venture	9	(44,000)	(41,600)
Share of profits of joint ventures		27	56
Share of profits of associates		192	1,022
<b>Loss before income tax</b>	20	<b>(180,607)</b>	<b>(446,419)</b>
Income tax expense	23	(4,431)	(4,163)
<b>Loss for the period</b>		<b>(185,038)</b>	<b>(450,582)</b>
<b>Loss attributable to:</b>			
Equity holders of the Company		(143,457)	(406,723)
Non-controlling interests		(41,581)	(43,859)
		(185,038)	(450,582)
<b>Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the period</b>	24	<b>HK\$(0.33)</b>	<b>HK\$(0.93)</b>

The notes on pages 38 to 68 form an integral part of this condensed consolidated financial information.



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(185,038)</b>	<b>(450,582)</b>
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations		
– Subsidiaries	(19,464)	(18,396)
– Joint ventures	86	(773)
Share of other comprehensive loss of an associate	(4,006)	(3,481)
Change in fair value of financial assets at FVOCI	(32,579)	–
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	–	26
<b>Other comprehensive loss for the period, net of tax</b>	<b>(55,963)</b>	<b>(22,624)</b>
<b>Total comprehensive loss for the period</b>	<b>(241,001)</b>	<b>(473,206)</b>
Total comprehensive loss attributable to:		
Equity holders of the Company	(195,240)	(422,604)
Non-controlling interests	(45,761)	(50,602)
<b>Total comprehensive loss for the period</b>	<b>(241,001)</b>	<b>(473,206)</b>

The notes on pages 38 to 68 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 2024

		Unaudited						
		Attributable to equity holders of the Company				Non-	Total equity	
Notes	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	controlling interests HK\$'000	HK\$'000		
	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
	Balance as at 1 January 2024		665,227	(11,886)	2,098,193	2,751,534	(12,354)	2,739,180
	Comprehensive loss:							
	Loss for the period		-	-	(143,457)	(143,457)	(41,581)	(185,038)
	Other comprehensive (loss)/income:							
	Exchange differences on translation of foreign operations							
	- Subsidiaries		-	(15,284)	-	(15,284)	(4,180)	(19,464)
	- Joint ventures		-	86	-	86	-	86
	Share of other comprehensive loss of an associate		-	(4,006)	-	(4,006)	-	(4,006)
	Change in fair value of financial assets at FVOCI		-	(32,579)	-	(32,579)	-	(32,579)
	Total comprehensive loss, net of tax, for the period ended 30 June 2024		-	(51,783)	(143,457)	(195,240)	(45,761)	(241,001)
	Transactions with owners:							
	Issue of shares, net of transaction costs	13	28,499	-	-	28,499	-	28,499
	Share-based payments	14	-	1,623	-	1,623	-	1,623
	Transferred to legal reserve	14	-	990	(990)	-	-	-
	Total transactions with owners		28,499	2,613	(990)	30,122	-	30,122
	Balance at 30 June 2024		693,726	(61,056)	1,953,746	2,586,416	(58,115)	2,528,301

The notes on pages 38 to 68 form an integral part of this condensed consolidated financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	26	47,035	(61,669)
Hong Kong tax paid		(4)	(3,598)
Hong Kong tax refunded		633	1,198
Overseas tax paid		(11,726)	(11,442)
Overseas tax refunded		175	–
Net cash generated from/(used in) operating activities		36,113	(75,511)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(18,882)	(43,907)
Additions of intangible assets		(12,957)	(28,507)
Decrease/(increase) in bank deposits maturing after three months		1,373	(43,772)
Proceeds from disposal of property, plant and equipment		262	279
Interest received		3,631	3,980
Net cash used in investing activities		(26,573)	(111,927)
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(156,075)	(10,000)
Proceeds from borrowings		100,158	125,347
Interest paid		(66,243)	(59,335)
Principal elements of lease payments		(17,355)	(26,346)
Net proceeds from issue of shares		28,499	–
Proceeds from exercise of share options		–	1,014
Net cash (used in)/generated from financing activities		(111,016)	30,680
<b>Net decrease in cash and cash equivalents</b>		(101,476)	(156,758)
Cash and cash equivalents at 1 January		658,832	765,222
Effect of foreign exchange rate changes		(8,558)	(10,250)
<b>Cash and cash equivalents at 30 June</b>		548,798	598,214
<b>Analysis of cash and cash equivalents:</b>			
Cash at bank and on hand		487,702	206,330
Short-term bank deposits maturing within three months		61,096	580,086
Bank overdrafts		–	(188,202)
		548,798	598,214

The notes on pages 38 to 68 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, 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 21 August 2024.

The financial information relating to the year ended 31 December 2023 that is included in the condensed consolidated financial information for the six months ended 30 June 2024 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 2023 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 2023, 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 2024 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 2023, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

During the six months ended 30 June 2024 (the “Period”), the Group incurred a loss of HK\$185 million (2023: HK\$451 million).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 2 BASIS OF PREPARATION (continued)

During the year ended 31 December 2023, the Company was unable to comply with a bank covenant in relation to the ratio of consolidated net debt to consolidated EBITDA (“EBITDA covenant”) under its loan agreement with Shanghai Commercial Bank Limited (“SCBL”) for a term loan facility with the outstanding amount of HK\$1,567,200,000 maturing in July 2025. The Group has obtained a written confirmation from SCBL that SCBL is aware of this non-compliance, but will not demand immediate repayment of the loan on account of this non-compliance up to the end of 31 March 2025. Considering that this date of 31 March 2025 is less than 12 months from 30 June 2024, the date of the condensed consolidated financial information, the outstanding amount of HK\$1,567,200,000 was therefore reclassified as a current liability as of 30 June 2024. Subsequent to 30 June 2024, SCBL has agreed in principle to an extension of a majority portion of this facility. Based on cashflow projections for a period of not less than 12 months after 30 June 2024 and considering the projected improvement in financial performance and the potential implication of the compliance of the financial covenants under the term loan agreement with SCBL for the year ending 31 December 2024, the allotment of 20,000,000 new shares to Shaw Brothers Limited which was approved at the Annual General Meeting of the Company on 28 June 2024, other available undrawn banking and other facilities including that provided by CMC, Inc. (“CMC”) and Young Lion Holdings Limited to the Group as set out in note 16(b), the Directors consider that the Group will have adequate funds available to enable it to operate its business for the foreseeable future and accordingly consider it appropriate to prepare the condensed consolidated financial information on a going concern basis.

### 3 ACCOUNTING POLICIES

The accounting policies applied and methods of computation used in the preparation of these interim financial information are consistent with those used in the financial statements for the year ended 31 December 2023.

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 beginning on or after 1 January 2025. 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.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 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 2023.

### 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 2023.

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

#### 5.2 Credit risk

Compared to the year end, 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 2024 and 31 December 2023, the fair value measurement of the Group's financial assets at FVOCI and financial assets and liability at fair value through profit or loss ("FVPL") are 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, OTT Streaming, e-Commerce Business, Mainland China Operations and International Operations.

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 an e-Commerce platform, namely 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 on receivables from a joint venture, change in fair value of a financial liability at fair value through profit or loss, share of profits 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 advertising income net of agency deductions, e-Commerce income, licensing income, subscription income, as well as other income such as digital marketing and event income, co-production income, music entertainment income, 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		e-Commerce		Mainland China		International		Total		
	Broadcasting		Streaming		Business		Operations		Operations				
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
<b>Revenue</b>													
Timing of revenue recognition:													
At a point in time	16,582	5,437	758	594	68,484	271,140	29,938	45,548	2,102	1,962	117,864	324,681	
Over time	738,982	623,130	161,484	167,033	-	-	352,753	267,096	141,606	178,334	1,394,825	1,235,593	
<b>External customers</b>	755,564	628,567	162,242	167,627	68,484	271,140	382,691	312,644	143,708	180,296	1,512,689	1,560,274	
<b>Reportable segment EBITDA</b>	9,124	(214,152)	27,451	36,343	(20,000)	(21,689)	44,679	(12,453)	(13,904)	25,998	47,350	(185,953)	
Additions to non-current assets*	14,680	46,615	16,792	28,301	116	349	304	1,655	2,059	9,456	33,951	86,376	

\* 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	
	2024	2023
	HK\$'000	HK\$'000
Reportable segment EBITDA	47,350	(185,953)
Depreciation and amortisation	(154,949)	(195,663)
Finance costs	(74,304)	(70,018)
Interest income	3,516	3,867
Interest income from joint ventures	45,515	41,870
Change in fair value of a financial liability at fair value through profit or loss	(3,954)	-
Impairment loss on receivables from a joint venture	(44,000)	(41,600)
Share of profits of joint ventures	27	56
Share of profits of associates	192	1,022
<b>Loss before income tax</b>	<b>(180,607)</b>	<b>(446,419)</b>

## 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	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	989,343	1,069,504
Mainland China	384,526	315,363
Malaysia and Singapore	59,790	75,439
USA and Canada	49,176	55,368
Vietnam	8,419	14,644
Australia	7,605	7,362
Macau	1,058	6,889
Europe	4,652	4,929
Other territories	8,120	10,776
	<b>1,512,689</b>	<b>1,560,274</b>

### 7 CAPITAL EXPENDITURE

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Intangible assets HK\$'000
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 20)	(156,219)	(98)	(39,346)
Exchange differences	(979)	(80)	(15)
At 30 June 2023	<b>1,163,377</b>	<b>1,718</b>	<b>244,291</b>
At 1 January 2024	1,071,781	1,653	211,448
Additions	22,493	–	12,957
Lease modification	11,312	–	–
Disposals	(93)	–	–
Depreciation and amortisation (Note 20)	(118,824)	(94)	(36,031)
Exchange differences	(1,165)	(40)	(90)
At 30 June 2024	<b>985,504</b>	<b>1,519</b>	<b>188,284</b>

# FINANCIAL INFORMATION

## 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 2024 HK\$'000	31 December 2023 HK\$'000
<b>Right-of-use assets</b>		
Properties	26,971	30,683
Equipment	10,273	9,700
Leasehold land and land use right	135,812	140,005
	<b>173,056</b>	<b>180,388</b>

Additions to the right-of-use assets during the period ended 30 June 2024 were HK\$3,975,000 (2023: HK\$7,044,000).

### 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 2024 HK\$'000	31 December 2023 HK\$'000
<b>Non-current</b>		
Investment costs (note)	206,453	206,539
Funds advanced to joint ventures	17,731	17,731
Less: accumulated share of losses	(223,064)	(223,177)
	1,120	1,093
Loan and interest receivable from a joint venture (note)	834,914	789,796
Less: impairment loss on receivables from a joint venture (note)	(355,600)	(311,600)
	479,314	478,196
	480,434	479,289

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 has 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 less than 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 investment in Imagine provides the Group with a shareholding of a successful player in the US film and TV industry. The Imagine investment has been recognised as financial assets at FVOCI.

On 29 December 2022, the Group also entered into an agreement with CMC, whereby CMC agreed to purchase 10% of the Group's interest in ITT. The disposal of the 10% Promissory Note was completed in August 2023.

In determining the impairment assessment of the Promissory Note from ITT as at each balance sheet date, the Group has observed that the US television market has been increasingly dominated by streaming platforms, resulting in a reduced number of opportunities for ITT which is based in the US to conduct its intended business of enabling productions of premium scripted TV dramas and documentaries, mainly for traditional TV platforms, through the provision of deficit financing. As such, the Company considered to measure the outstanding balance under a stage 2 expected credit loss ("ECL") model with certain forward looking assumptions.

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 2024, based on the aforementioned assessment, the Group also adopted the stage 2 ECL model which is consistent with that as at 31 December 2023. As at 30 June 2024, the gross amount of the Group's Promissory Note in ITT was HK\$834,914,000 (31 December 2023: HK\$789,796,000), inclusive of the interest income of HK\$45,515,000 (2023: HK\$41,870,000) recognised during the Period. In 2023, the Group applied a 39.4% rate of ECL on the gross amount of the Promissory Note, in view of industry disruptions in the United States that impacted the ability of ITT to conduct its normal business. During the Period, considering that overall production activity of ITT remains at a lower level than expected, the management have considered it appropriate to increase the ECL rate on the Promissory Note to 42.4%, thereby resulting in an additional provision of HK\$44,000,000 for the Period (2023: HK\$41,600,000) and a corresponding increase in the accumulated lifetime ECL provision on the gross amount of the Promissory Note to HK\$355,600,000 (31 December 2023: HK\$311,600,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10 BOND SECURITIES AT AMORTISED COST

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
<b>Non-current</b>		
Bond securities at amortised cost:		
Unlisted	426,976	426,995
Listed in other countries	70,277	70,306
Less: provision for impairment loss on bond securities (notices (b), (c) and (d))	(473,063)	(473,063)
	<b>24,190</b>	<b>24,238</b>

Notes:

- (a) As at 30 June 2024, the Company's portfolio of fixed income securities, net of expected credit losses amounted to HK\$24,190,000 (31 December 2023: HK\$24,238,000). They were issued by issuers which are listed or unlisted in Hong Kong or overseas.

As at 30 June 2024, the investment portfolio consisted of fixed income securities of four (31 December 2023: 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.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10 BOND SECURITIES AT AMORTISED COST (continued)

Notes: (continued)

#### (b) SMI Fixed Coupon Bonds

The Group subscribed to US\$23,000,000 9.5% unsecured redeemable fixed coupon bonds due 2020 (extendable to 2021) issued by SMI on 23 April 2018. However, trading in SMI's shares on The Stock Exchange Hong Kong Limited has been suspended since 3 September 2018, triggering an event of default for the Fixed Coupon Bonds. Subsequently, SMI's shares were delisted on 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 2024 and 31 December 2023.

#### (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.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10 BOND SECURITIES AT AMORTISED COST (continued)

Notes: (continued)

#### (c) CERC Bonds (continued)

In 2019, CERC released a revised restructuring proposal for the CERC Bonds, focusing on increasing the principal repayments and suspending interest payments. Negotiations are ongoing between the management and CERC. Due to the weakened oil and gas industry and lack of progress on the repayment plan in 2020, the Group considered the CERC bonds as credit-impaired. They made a provision of HK\$30 million for expected credit losses. On April 30, 2022, the bond issuer announced a revised restructuring proposal involving partial settlement and a ten-year extension for the principal amount. An impairment loss of HK\$10 million was made during the year ended 31 December 2022.

As at 30 June 2024, 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 (2023: Nil) has been provided during the Period, which concluded the accumulated lifetime ECL provision of HK\$70,400,000 (31 December 2023: HK\$70,400,000) 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 costs after provision for impairment loss as at 1 January 2024 was HK\$890,000. For the unlisted bond securities at amortised cost considered as credit-impaired as at 30 June 2024 and 31 December 2023, as a result of default events pursuant to the bond agreements, a lifetime ECL allowance has been assessed. 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 (2023: Nil) during the Period. As at 30 June 2024, the net carrying amount of other securities at amortised costs after provision for impairment loss was HK\$888,000 (31 December 2023: HK\$890,000).

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
At the end of the period/year	28	28

- (a) The financial assets at FVPL represents a call option granted to the Group by the Ztore Group in conjunction with its acquisition by the Group in 2021. This call option would have enabled the Group to increase the controlling stake in the Ztore Group at a pre-determined price, subject to certain conditions and business indicators being met. Based on the fair value assessment, the fair value of the call option was determined at HK\$28,000 as at 30 June 2024, or HK\$17,231,000 less than its original carry value.
- (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 2024.

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 2024, 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 2023: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 12 TRADE RECEIVABLES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade receivables from third parties (note)	781,641	907,099
Less: provision for impairment loss on receivables from third parties	(34,639)	(39,501)
	<b>747,002</b>	<b>867,598</b>

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 2024 and 31 December 2023, the ageing of trade receivables, net of provision for impairment based on invoice dates was as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Up to 1 month	313,183	443,591
1-2 months	156,139	146,116
2-3 months	70,435	71,346
3-4 months	70,686	49,621
4-5 months	31,134	26,503
5-12 months	79,546	99,860
Over 1 year	25,879	30,561
	<b>747,002</b>	<b>867,598</b>

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.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 13 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK\$'000
<b>Ordinary shares, issued and fully paid:</b>		
At 1 January 2023	438,000	664,044
Exercise of share options	218	1,183
<b>At 30 June 2023, 31 December 2023 and 1 January 2024</b>	<b>438,218</b>	<b>665,227</b>
Issue of shares (note)	8,744	28,499
<b>At 30 June 2024</b>	<b>446,962</b>	<b>693,726</b>

Note:

On 28 May 2024, the Company allotted and issued 8,743,836 shares at the subscription price of HK\$3.36 per share to GF Global Capital Limited. The net proceeds, after deducting the related expenses, amounted to HK\$28,499,000.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 14 OTHER RESERVES

	General reserve HK\$'000	Capital reserve HK\$'000	Legal reserve HK\$'000	Share- based payment reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Financial assets at FVOCI reserve HK\$'000	Translation reserve HK\$'000	Total HK\$'000
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)
<b>Balance at 30 June 2023</b>	<b>70,000</b>	<b>(160,699)</b>	<b>137,160</b>	<b>6,815</b>	<b>-</b>	<b>(19,346)</b>	<b>(72,941)</b>	<b>(39,011)</b>
Balance at 1 January 2024	70,000	(160,699)	137,160	8,595	35,876	(30,661)	(72,157)	(11,886)
Transferred from retained earnings	-	-	990	-	-	-	-	990
Exchange differences on translation of foreign operations:								
- Subsidiaries	-	-	-	-	-	-	(15,284)	(15,284)
- Joint ventures	-	-	-	-	-	-	86	86
Share of other comprehensive loss of an associate	-	-	-	-	-	-	(4,006)	(4,006)
Change in fair value of financial assets at FVOCI	-	-	-	-	-	(32,579)	-	(32,579)
Share-based payments	-	-	-	1,623	-	-	-	1,623
<b>Balance at 30 June 2024</b>	<b>70,000</b>	<b>(160,699)</b>	<b>138,150</b>	<b>10,218</b>	<b>35,876</b>	<b>(63,240)</b>	<b>(91,361)</b>	<b>(61,056)</b>

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15 TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade payables to:		
Associates	4,623	6,926
Third parties	158,260	227,766
	162,883	234,692
Contract liabilities	230,239	190,223
Provision for employee benefits and other expenses	51,336	59,550
Accruals and other payables	440,586	462,680
	885,044	947,145

At 30 June 2024 and 31 December 2023, the ageing of trade payables based on invoice dates was as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Up to 1 month	72,191	91,059
1–2 months	35,232	47,305
2–3 months	23,082	29,045
3–4 months	10,258	28,752
4–5 months	2,463	15,268
Over 5 months	19,657	23,263
	162,883	234,692

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16 BORROWINGS

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
<b>Non-current</b>		
Bank borrowings, unsecured (note (a))	–	1,567,200
Other borrowings, unsecured (note (d))	15,934	15,934
	15,934	1,583,134
<b>Current</b>		
Bank borrowings, unsecured (notes (a) and (c))	1,826,348	164,083
Other borrowings, unsecured (note (b))	292,125	448,200
	2,118,473	612,283
	2,134,407	2,195,417

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Within 1 year	2,118,473	612,283
Later than 1 year but not later than 5 years	15,934	1,583,134
	2,134,407	2,195,417



# 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 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. 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 6 July 2025.

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 US\$250,000,000 outstanding loan balance into HK\$1,959,000,000. During the year ended 31 December 2023, the Group repaid an amount of HK\$391,800,000 (being the equivalent of US\$50,000,000) to SCBL. The remaining outstanding amount of HK\$1,567,200,000 is due for repayment on 6 July 2025.

During the year ended 31 December 2023, the Company was unable to comply with EBITDA covenant under its loan agreement with SCBL for a term loan facility with the outstanding amount of HK\$1,567,200,000 maturing in July 2025. The Group obtained a written confirmation from SCBL that SCBL is aware of this non-compliance, but will not demand immediate repayment of the loan on account of this non-compliance up to the end of 31 March 2025. Considering that this date of 31 March 2025 is less than 12 months from 30 June 2024, the date of the condensed consolidated financial information, the outstanding amount of HK\$1,567,200,000 was therefore reclassified as a current liability as of 30 June 2024. Subsequent to 30 June 2024, SCBL has agreed in principle to an extension of a majority portion of this facility.

Interest on the Group's term loan with SCBL bears a variable rate, which was approximately 6.8% as at 30 June 2024 (31 December 2023: 7.7%).

- (b) 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 was originally 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. 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. In addition, following the Company's successful issuance of HK\$156,000,000 in convertible bonds to Cardy Oval Limited on 6 September 2023 (as disclosed below in note 17), this term loan facility made available by CMC and Young Lion Holdings Limited has been correspondingly reduced to HK\$544,000,000 and the Company drew down HK\$448,200,000 from the Facility as at 31 December 2023. During the Period, the Company repaid HK\$156,075,000 to CMC and the remaining loan balance was HK\$292,125,000 as at 30 June 2024. Pursuant to a supplemental letter dated 16 August 2024, repayment date of this Facility has been extended to the end of 30 September 2025.

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16 BORROWINGS (continued)

Notes: (continued)

- (c) As at 30 June 2024, the Group has short-term bank borrowings of HK\$259,148,000 (31 December 2023: HK\$164,083,000) from two commercial banks (31 December 2023: one), with fixed interest rates ranging from 3.3% to 3.6% per annum (31 December 2023: 3.6% per annum).
- (d) As at 30 June 2024, the Group's other borrowings of HK\$15,934,000 from the third parties bear interest rate of 5% (2023: 5%) per annum with maturity date of 30 September 2025.

### 17 CONVERTIBLE BONDS AND FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

On 16 August 2023, the Company entered into a subscription agreement (the "Subscription Agreement") with Cardy Oval Limited (the "Investor"). Pursuant to the agreement, the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for convertible bonds in an aggregate principal amount of HK\$156,000,000 (the "Convertible Bonds") at an initial conversion price of HK\$4.45 per conversion share. Based on the initial conversion price, a total of 35,056,164 conversion shares would be allotted and issued upon exercise in full of the conversion right attached to the Convertible Bonds, representing (i) approximately 8.00% of the existing issued share capital of the Company as of the date of the agreement; and (ii) approximately 7.41% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full conversion of the Convertible Bonds at the initial conversion price, assuming that no other shares are allotted and issued.

The issuance of the Convertible Bonds was completed on 6 September 2023 with net proceeds of approximately HK\$155,000,000 which was used for general corporate purposes. Any amounts of the Convertible Bonds which remain outstanding shall carry interest at the rate of 3.5% per annum compounding annually. Any accrued but unpaid interest will be paid semi-annually in arrears in the sixth month after the completion date and in every sixth month thereafter to and including the earlier of (i) the due date for redemption of the Convertible Bonds and (ii) the fifth anniversary of the completion date ("Maturity Date").

The holder of each bond will have the right at such holder's option, to require the Company to redeem all and not part of the bonds it holds at 110% of the principal amount on the date of redemption together with accrued but unpaid interest from the issue date to such date, at any time within five business days after the third anniversary of the issue date. If the Convertible Bonds have not been converted or redeemed, they will be redeemed on the Maturity Date at par. Interest of 3.5% per annum will be paid semi-annually up until the settlement date.

The Convertible Bonds contain three components, a debt component, a derivative component and an equity component. The derivative component is measured at fair value with change in fair value recognised in the consolidated income statement.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 17 CONVERTIBLE BONDS AND FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The movement of the convertible bonds for the period is set out below:

	Debt component HK\$'000	Derivative component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 January 2024	92,893	30,706	35,876	159,475
Interest expense (Note 22)	7,612	–	–	7,612
Interest payable	(2,806)	–	–	(2,806)
Fair value change	–	3,954	–	3,954
At 30 June 2024	<b>97,699</b>	<b>34,660</b>	<b>35,876</b>	<b>168,235</b>

### 18 LEASE LIABILITIES

At 30 June 2024 and 31 December 2023, the Group's lease liabilities recognised in the condensed consolidated statement of financial position were as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Within 1 year	19,979	32,704
Later than 1 year but not later than 5 years	17,053	8,585
	<b>37,032</b>	<b>41,289</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 19 WRITTEN PUT OPTION LIABILITIES

Pursuant to the acquisition of the Ztore Group by the Group in 2021, and provided that the call option granted to the Group has not previously been exercised, the existing shareholders shall be granted a put option to sell all of the shares held in Ztore to the Group on certain terms and conditions, where the right to exercise such put option is subject to the gross merchandise value (the "GMV") and the contribution margin percentage of the GMV ("Contribution Margin %") per quarter. The existing shareholders of the Ztore Group 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.

### 20 LOSS BEFORE INCOME TAX

The following items have been charged to the loss before income tax during the period:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Amortisation of intangible assets (Note 7)	36,031	39,346
Cost of programmes and film rights	746,207	758,363
Cost of other stocks	60,344	206,834
Depreciation (Note 7)	118,918	156,317
Employee benefit expense (excluding directors' emoluments)	652,997	722,093
Net exchange losses	5,786	20,091

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 21 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 certain directors and 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

### 21 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

### 21 EMPLOYEE SHARE-BASED PAYMENTS (continued)

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

	30 June 2024		31 December 2023	
	Average exercise price per share options	Number of options	Average exercise price per share options	Number of options
Beginning of the period/year	HK\$4.65	16,632,000	HK\$12.09	26,350,000
Exercised during the period/year	HK\$4.65	–	HK\$4.65	(218,000)
Forfeited during the period/year	HK\$4.65	–	HK\$4.65	(250,000)
Lapsed during the period/year	HK\$4.65	–	HK\$25.84	(9,250,000)
End of the period/year	HK\$4.65	16,632,000	HK\$4.65	16,632,000
Vested and exercisable at the end of the period/year	HK\$4.65	8,207,000	HK\$4.65	3,994,500

Share options outstanding at 30 June 2024 and 31 December 2023 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	30 June 2024	31 December 2023
22 March 2018	22 March 2023	HK\$25.84	–	–
25 May 2022	24 May 2032	HK\$4.65	16,632,000	16,632,000
Weighted average remaining contractual life of options outstanding at end of period/year			7.91 years	8.41 years

During the period ended 30 June 2024, the equity-settled share-based payments relating to the share option scheme of HK\$1,623,000 was charged to the condensed consolidated income statement (2023: HK\$3,055,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 22 FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other borrowings	66,234	69,088
Interest expense on convertible bonds (Note 17)	7,612	–
Interest expense on lease liabilities	458	930
	<b>74,304</b>	<b>70,018</b>

### 23 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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	
	2024	2023
	HK\$'000	HK\$'000
Current income tax:		
– Hong Kong	14	2,016
– Overseas	9,166	5,226
– Over provisions in prior periods	(880)	(1,198)
Total current income tax expense	<b>8,300</b>	<b>6,044</b>
Deferred income tax:		
– Origination and reversal of temporary differences	(3,869)	(1,881)
	<b>4,431</b>	<b>4,163</b>



# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 24 LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$143,457,000 (2023: HK\$406,723,000). 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 2024 was 439,851,000 (2023: 438,109,000).

During the period ended 30 June 2024 and 2023, 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 and the conversion of the Company's outstanding convertible bonds would result in a decrease in loss per share.

### 25 DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2024 and 2023.

### 26 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before income tax to cash generated from/(used in) operations:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Loss before income tax	(180,607)	(446,419)
Adjustments for:		
Depreciation and amortisation	154,949	195,663
Net reversal of trade receivables	(4,551)	(2,115)
Impairment loss on receivables from a joint venture	44,000	41,600
Change in fair value of a financial liability at fair value through profit or loss	3,954	–
Non-cash share-based payments	1,623	3,055
Share of profits of joint ventures	(27)	(56)
Share of profits of associates	(192)	(1,022)
Gain on disposal of property, plant and equipment	(169)	(213)
Interest income	(49,031)	(45,737)
Finance costs	74,304	70,018
Exchange differences	(14,478)	(4,853)
	29,775	(190,079)
Decrease in programmes, film rights and stocks	39,500	24,922
Decrease in trade receivables	125,414	108,344
Increase in other receivables, prepayments and deposits	(80,727)	(9,784)
(Decrease)/increase in trade and other payables and accruals	(66,927)	4,928
Cash generated from/(used in) operations	47,035	(61,669)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 27 CAPITAL COMMITMENTS

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Contracted for but not provided for	25,397	30,277

### 28 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

### 29 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	
	2024	2023
	HK\$'000	HK\$'000
Sales of services/goods:		
<i>Associates</i>		
Computer graphic service fee	–	685
Talent fees	1,152	30
	1,152	715
Purchases of services:		
<i>Associates</i>		
Programme licensing fees	(1,104)	(10,095)
Talent fees	(3,106)	(3,914)
	(4,210)	(14,009)

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

### 29 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (b) Key management compensation

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	16,697	8,855
Share-based payments	1,250	1,645
	17,947	10,500

#### (c) Balances with related parties

	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Arising from sales/purchases of services:		
Receivables from an associate	–	62
Payables to associates	(4,623)	(6,926)
Arising from programme production:		
Fund advanced from an associate (note (a))	(50,000)	(50,000)
Arising from non-trade activities:		
Fund receivable from a related party (note (b))	17,012	17,012
Fund payable to a related party (note (b))	(55,384)	(55,384)

#### Notes:

- (a) During the year ended 31 December 2023, the Group received a fund in advance of HK\$50,000,000 from an associate for the programme production. The transaction was carried out in accordance with standard commercial terms and conditions between the Group and the associate.
- (b) The related party is an entity controlled by a shareholder with significant influence over the Group.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 29 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (d) Funds advanced/loan to joint ventures

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Funds advanced to joint ventures	17,731	17,731
Loan to a joint venture (including interest receivables, gross of ECL provision)		
Beginning of the period/year	789,796	781,106
Disposal of promissory note	–	(78,317)
Interest accrued	45,515	86,802
Exchange differences	(397)	205
	834,914	789,796

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 32 to 68, 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 2024 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 selected explanatory notes. 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, 21 August 2024

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