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Television Broadcasts Limited

電視廣播有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

INSIDE INFORMATION

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions.

The Board wishes to inform Shareholders and potential investors that while the Group's unaudited consolidated revenue has grown by 6% from HK\$2,724 million for FY2020 to approximately HK\$2,899 million for FY2021, the Group expects to record a loss attributable to equity holders of the Company for the Year in the range of approximately HK\$640 million to HK\$660 million, compared with a loss attributable to equity holders of the Company of HK\$281 million for FY2020.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Television Broadcasts Limited ("Company", together with its subsidiaries, "Group") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company ("Board") wishes to inform the shareholders of the Company ("Shareholders") and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts for the year ended 31 December 2021 ("Year" or "FY2021"), while the Group has achieved revenue of approximately HK\$2,899 million for the Year, representing 6% growth from HK\$2,724 million of revenue recorded in the year ended 31 December 2020 ("FY2020"), the Group expects to record a loss attributable to equity holders of the Company for the Year in the range of approximately HK\$640 million to HK\$660 million, compared to a loss attributable to equity holders of the Company of HK\$281 million for FY2020.

The estimated increase in loss attributable to equity holders was attributed to the following:

- In August 2021, we acquired Ztore Investment Limited and its subsidiaries (“Ztore Group”) as part of our growth strategy. By substantially scaling up our e-commerce presence in Hong Kong, the Ztore acquisition brings tremendous synergies and cross-selling opportunities with our large local TV viewership. Post-acquisition, our average monthly e-commerce revenues have indeed grown several-fold. However, as the Ztore Group was still in the investment phase and hence was loss-making in FY2021, our consolidation of its results meant that our e-commerce business recorded a net loss for the Year.
- In FY2021, we continued to invest in our content and production talents, to strengthen our core creative capacity. We believe this will fuel future growth across our businesses. Hence, such investment and Ztore acquisition also led to an expected 14% increase in total operating costs for the Year from HK\$3,253 million incurred in FY2020.
- In FY2020, we received a one-off wage subsidy of HK\$202 million under the Hong Kong Government’s Employment Support Scheme, which we recorded as other revenue. This subsidy was not provided again in FY2021.

The Company is in the process of finalizing the annual results of the Group for the Year. The information contained in this announcement is only based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the Year and information currently available to the Board, which have not been agreed, audited or reviewed by the Company’s auditor and its Audit Committee, and it may be subject to possible adjustment upon further review. An announcement setting forth details of the annual results of the Group for the Year is expected to be published in late March 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Kitty FUNG Kit Yi
Company Secretary

Hong Kong, 11 March 2022

As at the date of this announcement, the Board of the Company comprises:

Chairman and Non-executive Director

Thomas HUI To

Non-executive Directors

LI Ruigang

Anthony LEE Hsien Pin

Kenneth HSU Kin

Independent Non-executive Directors

Dr. William LO Wing Yan JP

Dr. Allan ZEMAN GBM, GBS, JP

Felix FONG Wo BBS, JP

Belinda WONG Ching Ying