TVB 2023

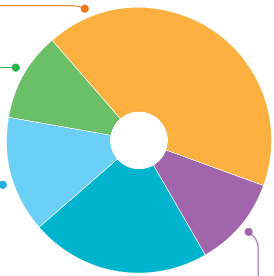
ANNUAL REPORT

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

FINANCIAL HIGHLIGHTS

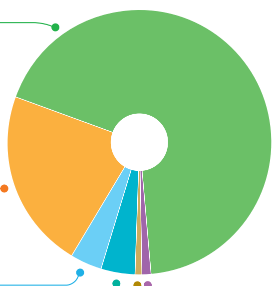
2023 Revenue from External Customers by Operating Segment

% relating to 2022 are shown in brackets

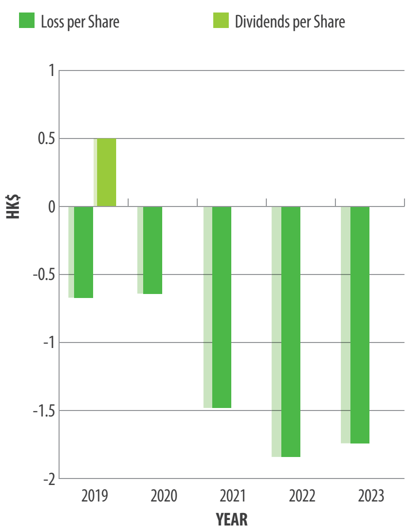


2023 Revenue by Geographical Locations

% relating to 2022 are shown in brackets



Loss and Dividends Per Share



	2023	2022	Change
Performance			
Loss per share	**HK$(1.74)**	HK$(1.84)	5%
Dividends per share	**-**	-	
	HK$'mil	HK$'mil	
Revenue from external customers			
- Hong Kong TV Broadcasting	**1,397**	1,294	8%
- OTT Streaming	**356**	349	2%
- e-Commerce Business	**486**	863	-44%
- Mainland China Operations	**729**	698	4%
- International Operations	**355**	382	-7%
	3,323	3,586	-7%
Segment EBITDA			
- Hong Kong TV Broadcasting	**(272)**	(514)	47%
- OTT Streaming	**84**	66	27%
- e-Commerce Business	**(49)**	(100)	51%
- Mainland China Operations	**63**	160	-61%
- International Operations	**34**	50	-32%
	(140)	(338)	59%
Total expenses[Δ]	**3,844**	4,356	-12%
Loss attributable to equity holders	**(763)**	(807)	5%
	31 December 2023 HK$'mil	31 December 2022 HK$'mil	
Total assets	**6,249**	7,045	-11%
Total liabilities	**3,510**	3,441	2%
Total equity	**2,739**	3,604	-24%
Number of issued shares	**438,218,000**	438,000,000	
Ratios			
Current ratio	**2.2**	2.3	
Gearing	**59.0%**	34.4%	

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

Content creation drives user engagements and generates income through advertising, subscription, licensing, e-commerce, and MCN businesses

	TV broadcasting and programme licensing		OTT streaming and social media			e-Commerce	
Market	Hong Kong; Guangdong	Global (including mainland China)	Hong Kong	Mainland China	Global	Hong Kong	Mainland China
Platform	翡翠台 J2 無綫新聞台 Pearl 財經體育資訊台	TVB content on third party platforms	myTV SUPER	埋堆堆 BesTV Yueshiting and social media platforms	ANYWHERE+	鄰住買 Neigbuy.com	Livestream commerce on Douyin and Taobao platforms
Viewer / customer base	5.1 million audience 126 million people in Guangdong, where Jade and Pearl channels have broadcasting rights	Family audience	10.5 million registered users 2.0 million MAU	181 million followers 4.6 million MAU on Mai Dui Dui and BesTV Yueshiting	14.9 million users 22.5 million MAU on YouTube	Over 1 million paid customers	63.6 million Douyin followers Over 3 million Taobao viewers, on average at each livestream session
Content	Free-to-air channels	TVB channels and programmes	TVB produced programmes and acquired content dubbed in many languages			Livestream commerce and celebrity endorsement	Official account "TVB 識貨" on Douyin, Taobao
Revenue model	Advertising, production, artiste management and music income	Programme co-production and licensing income	Subscription, advertising and content marketing income			Flash-sales income	MCN income

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OVERVIEW

CORPORATE INFORMATION

CHAIRMAN EMERITUS
The late Sir Run Run SHAW GBM

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN
Thomas HUI To

NON-EXECUTIVE DIRECTORS
LI Ruigang
Anthony LEE Hsien Pin
Kenneth HSU Kin

INDEPENDENT NON-EXECUTIVE DIRECTORS
Dr. William LO Wing Yan JP
Dr. Allan ZEMAN GBM, GBS, JP
Felix FONG Wo BBS, JP

BOARD COMMITTEES

EXECUTIVE COMMITTEE
Thomas HUI To Chairman
LI Ruigang
Eric TSANG Chi Wai General Manager (Content Operations)
SIU Sai Wo General Manager (Business Operations)

AUDIT COMMITTEE
Dr. William LO Wing Yan Chairman
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 Head of Corporate Development and Acting Chief Financial Officer

REGULATORY COMMITTEE
Felix FONG Wo Chairman
Dr. William LO Wing Yan
Desmond CHAN Shu Hung Deputy General Manager (Legal and International Operations)

SENIOR MANAGEMENT
Eric TSANG Chi Wai General Manager (Content Operations)
SIU Sai Wo General Manager (Business Operations)
Desmond CHAN Shu Hung Deputy General Manager (Legal and International Operations)
Rex CHING Chit Group Chief Technology Officer
Ian LEE Hock Lye Head of Corporate Development and Acting Chief Financial Officer
Kevin TSE Wai Kwong Assistant General Manager (Human and Production Resources)
YUEN Chi Wai Assistant General Manager (News and Information Services)
Catherina TSANG Lai Chun Assistant General Manager (Drama Production)
Bonnie WONG Tak Wei Assistant General Manager (Corporate Communications)
Virginia LOK Yee Ling Assistant General Manager (Talent Management and Development)

ACTING COMPANY SECRETARY
Desmond CHAN Shu Hung
Email: companysecretary@tvb.com.hk
Fax: +852 2358 1337

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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
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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
Computershare Investor Services
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Fax: + 852 2358 1337

WEBSITE
https://corporate.tvb.com

CORPORATE CALENDAR

BOOK CLOSE PERIOD
31 May 2024 to 28 June 2024,
both dates inclusive

ANNUAL GENERAL MEETING
28 June 2024

MILESTONES

1967

Commenced free-to-air broadcasting as Hong Kong's first wireless commercial TV operator

1971

Launched the first colour production *Enjoy Yourself Tonight* (EYT)

1973

Organized the first *Miss Hong Kong Pageant* which has since become an iconic annual event

1976

Began programme licensing, video rental business and operation of cable and satellite television channels in overseas markets

1984

HK-TVB was listed on Hong Kong Stock Exchange

1988

Television Broadcasts ("TVB") became the listed parent company after a group reorganization

1994

Obtained approval from Broadcasting Authority to establish a regional satellite television broadcast service for audiences across Asia

2004

Obtained landing rights for distribution of Jade and Pearl channels in the Guangdong Province

2007

Began digital terrestrial television broadcasting and expanded to five channels

2011

Young Lion Holdings acquired 26% equity interest in TVB from Shaw Brothers (HK) and became the controlling shareholder

2015

CMC became a shareholder of TVB through its equity interest in Young Lion, which acquired 26% from Shaw Brothers (HK) in 2011

2016

Launched OTT service: myTV SUPER in Hong Kong and TVB Anywhere globally

Co-invested with CMC, TVB took up 11.98% effective interest in Shaw Brothers (953.HK) for movie production and investments

2021

TVB together with Shaw Brothers acquired 75% of Ztore Group

2022

Launched livestream commerce broadcast on Douyin platform

2023

Signed agreements with Youku and Tencent on drama co-production and licensing of programmes

Formed strategic partnership with Taobao on livestream commerce

Signed MoU with ASTORY for remake of Korean dramas

Restructuring of TV Broadcasting and e-Commerce businesses

COMMENDATIONS AND AWARDS

2023 Asian Academy Creative Awards

"Unchained Medley", Grand Final Winner in Best Comedy Programme category

1

2023 New York Festivals TV & Film Awards

"Miss Hong Kong Pageant 2022", Silver Award in Best Production Design/Art Direction category

2

2023 New York Festivals TV & Film Awards

"Psychic King", Bronze Award in Variety category

3

2023 New York Festivals TV & Film Awards

"2022 Mid-Autumn Festival Image", Bronze Award in Direction: Promotion/ Open & IDs category

4

2023 Asian Academy Creative Awards

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10 *Ruco Chan in "I've Got The Power", National Winner (Hong Kong SAR) in Best Actor in a Leading Role*

11 *Rosina Lam in "Speakers Of Law", National Winner (Hong Kong SAR) in Best Actress in a Leading Role*

12 *Lam Tsz-sin in "The Invisibles", National Winner (Hong Kong SAR) in Best Actor in a Supporting Role*

13 *Tiffany Lau in "The Invisibles", National Winner (Hong Kong SAR) in Best Actress in a Supporting Role*

14 *Jarvis Chow in "TV Awards Presentation 2022", National Winner (Hong Kong SAR) in Best Entertainment Host*

15 *Priscilla Wong in "Across Borders", National Winner (Hong Kong SAR) in Best Factual Presenter*

16 *"Show You Where I Lived", National Winner (Hong Kong SAR) in Best General Entertainment, Game or Quiz Programme category*

17 *"Taste Of Satisfaction", National Winner (Hong Kong SAR) in Best Lifestyle Programme category*

18 *"Midlife, Sing & Shine!", National Winner (Hong Kong SAR) in Best Music or Dance Programme category*

19 *"Hong Kong Super Pet Model Contest", National Winner (Hong Kong SAR) in Best Non Scripted Entertainment category*

20 *"Taste Of Satisfaction" by Yusuke Hatano, National Winner (Hong Kong SAR) in Best Theme Song or Title Theme category*

21 *"No Poverty Land II – A Treasure Trove", National Winner (Hong Kong SAR) in Best Documentary Series category*

22 *"News Magazine: Girl In Coffin?", National Winner (Hong Kong SAR) in Best Documentary Programme (one-off) category*

23 *"Cross My Mind ", National Winner (Hong Kong SAR) in Best Original Programme by a Streamer/OTT category*

ABU Asiavision Annual Awards 2023

"Changes to the administration of Hong Kong", Winner in Best Series of Reports on an Issue of Public Interest category

5

YouTube Award

TVBI Co. Ltd., 2023 Best Globalization Partner

6

ContentAsia Awards 2023

"Taste Of Satisfaction" Gold Award in Best Factual Entertainment Programme for a Single Market in Asia category

7

ContentAsia Awards 2023

"News Magazine: Girl In Coffin?" Gold Award in Best Current Affairs Programme for a Single Asian Market category

8

The 30th ABU Intellectual Property & Legal Committee

TVB Legal & Regulatory Department, Winner in the "30th ABU Intellectual Property & Legal Awards"

9

2023 New York Festivals TV & Film Awards

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24 *Elaine Yiu in "The Righteous Fists", Finalist in Best Performance by an Actress*

25 *"Brutally Young 2.0", Finalist in Best Direction category*

26 *"Taste Of Satisfaction", Finalist in Mini-Series category*

27 *"No Poverty Land II – A Treasure Trove", Finalist in Environment & Ecology category*

28 *"A Closer Look: Love or Responsibility?", Finalist in Social Justice Reporting category*

29 *"The Righteous Fists", Finalist in Telenovela Promotion category*

ContentAsia Awards 2023

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34

30 *"Super Trio – Ladies First Special", Nominee in Best Asian Original Game Show category*

31 *"Guru Coffee Tour", Nominee in Best Factual Entertainment Programme Made in Asia for International/ Regional Markets category*

32 *Angel Chiang in "The Beauty Of War", Nominee in Best Supporting Actress in a TV Programme/Series*

33 *"No Poverty Land II – A Treasure Trove", Nominee in Best Current Affairs Programme Made in Asia for International/Regional Markets category*

34 **The 13th China Academy Awards of Documentary Film**

"No Poverty Land III – A Vast Expanse", Nominee of the China Academy Awards of Documentary Film

VIEWERSHIP HIGHLIGHTS

Jade

Top 5 Dramas TV Ratings

1 **The Queen of News**
26.9 TVRs

2 **The Invisibles**
25.5 TVRs

3 **Narcotics Heroes**
24.7 TVRs

4 **Unchained Medley**
22.1 TVRs

5 **A Perfect Man**
22.1 TVRs

Top 5 Variety and Infotainment Programmes TV Ratings

1 **TV Awards Presentation 2022**
28.7 TVRs

2 **Midlife, Sing & Shine!**
27.3 TVRs

3 **TVB 56th Anniversary Gala**
26.1 TVRs

4 **Miss Hong Kong Pageant 2023**
23.9 TVRs

5 **Super Trio Returns**
22.2 TVRs

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


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ONSUN
JAPAN
ONSUN
JAPAN
HAPPY
BIRTHDAY

THOMAS HUI

CHAIRMAN'S STATEMENT

On behalf of the board of directors, I present the Group's strategic initiatives and results for 2023.

2023 was yet another year of steady progress for TVB. Once more, we were by far Hong Kong's leading TV platform by viewership, with well over 5 million viewers watching us each week across our terrestrial TV channels and myTV SUPER streaming service. In 2023, our terrestrial TV channels garnered an average weekday prime time rating of 22.4 TVRs over the year, which equates to an audience share of 79% among all TV channels. In mainland China, we continued to broadcast our Jade and Pearl channels to millions of our viewers in Guangdong province, including the Greater Bay Area, where our Jade channel is among the most watched terrestrial TV channels. Meanwhile, we continued to serve our large global viewership through our TVB Anywhere service, YouTube channels, and growing presence on social media.

Throughout 2023, we continued to demonstrate our core strength in content creation in a broad range of content genres. Working under the slogan of "留住初心, 繼續創新" or "continually innovating while staying true to our original spirit", our content teams led by our General Manager for Content Operations Mr. Eric Tsang Chi Wai once again proved why TVB remains one of Asia's leading makers of content after 56 years.

Early in the year, our new singing talent show *Midlife, Sing & Shine!* (中年好聲音) set Hong Kong alight by drawing in talented contestants who inspired and touched the hearts of audiences with their colourful characters and rich personal stories. The finale achieved a peak live rating of 26.4 TVRs, which surpassed our already high expectations. Later in the year, we aired *No Poverty Land III — A Vast Expanse* (無窮之路III — 無垠之疆), which brought our audience into the fascinating landscapes and communities of the Xinjiang and Tibet autonomous regions of China. The third instalment of our highly acclaimed *No Poverty Land* documentary series on China's development story, this show continues to shine a spotlight on that diverse and exciting "other" China outside of its modern and prosperous coastal region. Then, in late 2023 our drama series *The Queen of News* (新聞女王) hit the screens in mainland China through Youku, and in Hong Kong and around the world on our various TV and streaming platforms. Audiences were captivated by the rich cast of characters, dramatic plot lines and searing dialogue. Social media in mainland China was lit up by discussions and debates about the series, while in Hong Kong this series garnered an impressive rating of 26.9 TVRs, with people on the streets marvelling at the plotting and calculative natures of the characters in this fictional newsroom.

The above programmes are but a sample of the broad range of exciting TV content that we make each year for our viewers. As an endorsement of our capability as a content creator, Youku has just signed another content collaboration deal with TVB in March 2024, which will see us supply Youku with additional TV dramas in 2025 and beyond. We are proud of this endorsement, and I thank our content production teams in our drama, variety, news and information departments for their hard work and boundless creativity in 2023.

In addition to creating a broad range of popular content, 2023 was a year when we achieved significant improvement in our financial performance. Early in the year, we announced measures to save HK$260 million of costs per year by streamlining our content production and reducing our overheads. In this regard, I'm glad to report that we achieved this goal by the end of 2023. In fact, we went further in late 2023 by announcing the merger of our terrestrial channels 82 and 85 to create a new TVB Plus channel within a reduced 4 channel lineup. Not only will this enable us to save an additional HK$100 million of programming and related costs, but TVB Plus will also feature a range of interactive content that is closely integrated with our digital platforms such as myTV SUPER, Neigbuy and TVB social media accounts to create an enhanced TV + digital media viewing experience for our audiences. We are excited that, subject to the approval of the Communications Authority of Hong Kong with whom we are in close dialogue, TVB Plus will go on air early in the second quarter of 2024.

Despite the persistent economic challenges and geopolitical issues affecting Hong Kong, TVB remains focused on completing our financial turnaround. While the 2023 Hong Kong advertising market remained sluggish, we still managed to grow our income from advertisers by 9% for our Hong Kong TV Broadcasting business. We achieved this partly through the return of blue-chip corporate clients who had not advertised with us for some time, but now wish to take advantage of our popular content and unparalleled reach into Hong Kong's households.

In 2024 we are also expanding our advertising market to cover audiences in the Greater Bay Area. While TVB's Jade and Pearl channels have been broadcast into cities in Guangdong province for quite some years now, giving us a substantial audience in the mainland, we have not fully monetized this additional viewership by selling advertising on an integrated cross-border basis. We have recently entered into a new arrangement, and can now jointly sell the advertising spots on our mainland broadcast feeds together with our carriage partner. This means we can offer both Hong Kong and mainland advertisers access to our viewership on a GBA-wide basis. We already see strong interest in such an advertising product, and I am excited at this new growth opportunity.

Elsewhere in the Greater Bay Area, Macau has also been a hotspot for us this past year. With the Macau government encouraging its gaming industry to broaden out its entertainment offerings, we have been busy working with different resort operators to stage large-scale shows and events. In fact, in January of 2024 we moved our entire production of the *2024 TVB Awards Presentation* (萬千星輝頒獎典禮) to the Grand Lisboa Macau. With this year being Macau's turn to celebrate a quarter century since its return to China, we will also play a role in creating programmes and events to celebrate this momentous milestone. With all the activity shaping up in Macau, we have set up a local subsidiary to spearhead our growth there.

At all levels, 2024 is shaping up to be a year not just of turnaround, but also of exciting opportunities in our core content production and advertising businesses. Once again, I thank our board and shareholders for their continued support during this eventful and fruitful year. And I thank our entire staff and management team for all their hard work this past year. As our turnaround efforts over the recent years start to bear fruit, I look forward to a successful 2024 and beyond.

Thomas Hui To
Executive Chairman

27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

HONG KONG TV BROADCASTING

For the year ended 31 December	2023 HK$ million	2022 HK$ million	Year-on-year change
Segment revenue	1,397	1,294	8%
Segment EBITDA	(272)	(514)	47%

Hong Kong TV Broadcasting encompasses 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. The segment recorded a revenue growth of HK$103 million, equivalent to an 8% increase, reaching HK$1,397 million. The primary driver of this growth was the rise in income from advertisers, which increased by HK$102 million or 9% to HK$1,280 million. This increase, coupled with our efforts to streamline content and overhead costs, contributed to a significant HK$242 million or 47% reduction in EBITDA loss to HK$272 million for this business segment.

In 2023, Hong Kong's economy returned to growth with real GDP rising 3.2%, a welcome reversal of the 3.7% contraction in 2022. This recovery was primarily driven by an increase in private consumption expenditure and inbound tourism following the pandemic years. However, the territory continued to face certain headwinds, such as a slowdown of the mainland Chinese economy, and high interest rates necessitated by the Hong Kong's currency peg to the US dollar, which also contributed to a stronger Hong Kong dollar compared to regional currencies. As a result, the local stock market and property market have remained sluggish, and Hong Kong's economic recovery from the pandemic has thus been relatively muted.

According to admanGo, Hong Kong's media market saw a 5.4% year-on-year improvement in total ad spend in 2023. Among all media segments, only the digital, print and outdoor categories experienced growth, while the TV and radio categories recorded declines. TVB's market share of total TV ad spend (free and paid TV) in Hong Kong remained stable at 75%.

Despite a slower-than-expected local economic recovery, our terrestrial TV channels achieved year-on-year growth in advertising income, with a rise of 4% in the first half of 2023 and 13% in the second half, compared to the same periods of the previous year. This resulted in an overall growth of 9% for the full year of 2023. Our successful programmes such as *The Queen of News* (新聞女王), *Midlife, Sing & Shine!* (中年好聲音) and others helped bring in advertisers for premium and luxury goods and banking/financial services, and also helped us regain many former blue-chip corporate clients who had not advertised with us for some time. As a result, we achieved 32% higher unit rates for our Jade channel prime time TV advertising slots in 2023, compared to the previous year. In this regard, our continued efforts to produce and air content of high quality has yielded positive results.

Pharmaceutical and healthcare companies remained our largest contributors in 2023, with advertising income from this category increasing by approximately 20% year-on-year. We maintained the highest market share in this category and also gained market share in other categories. Most of our other major advertising categories, including Travel & Tourism, Entertainment, Education, Government, Business Services, and Personal Care & Beauty, also saw growth. However, advertising revenue in the Property and Bank/Finance categories declined.

Recognizing the growing popularity of digital media, we have intensified our efforts to generate advertising revenue through our digital platforms and assets. We have introduced a total marketing solution that integrates our linear TV, OTT, and social media platforms to provide a "full funnel" solution with enhanced reach, engagement, and conversion. By offering a wider range of advertising products, enhancing after-sales services, and revamping our brand image, we are fostering closer and more collaborative relationships with advertisers and agencies.

Despite continued economic uncertainties, we are cautiously optimistic on the prospects of our advertising business in 2024. During our "early bird" pre-commitment campaign in December 2023, we achieved double-digit growth in advance bookings from clients for our 2024 TV advertising packages compared to the same period in 2023. Average spot prices in these packages were also 8% higher than a year ago. This serves as a positive indicator for our advertising income in 2024. Furthermore, this year we are expanding our advertising market beyond Hong Kong into the Greater Bay Area (GBA). For quite some years now, our Jade and Pearl terrestrial TV channels have been broadcast into cities in Guangdong province through a signal carriage arrangement with our local partner, for which TVB receives a fixed fee. However, we have recently agreed a new arrangement whereby we and our partner will jointly sell advertising airtime on the TVB channel feeds into the Greater Bay Area, hence enabling us to provide solutions to cross-border advertisers, whether in Hong Kong or mainland China, who wish to reach our viewership on a GBA-wide basis. We have already strengthened our ad sales team to pursue this substantial new revenue opportunity.

Elsewhere in the Greater Bay Area, Macau is another key growth area. With the gaming resorts there seeking ways to diversify their entertainment offerings in line with official policy, Macau is now a key market for us in terms of live shows and events. For our artistes, Macau has also become a key market for performances and appearances. In fact, in January of this year, we held our annual *TVB Awards Presentation* (萬千星輝頒獎典禮) show at the Grand Lisboa Macau under the resort's title sponsorship. This sumptuous and festive event was broadcast live to our viewers in Hong Kong and around the world, marking a first for us in terms of a large-scale, off-site production of a marquee event. We have also set up a new subsidiary company in Macau to conduct local business. In the coming year, we will continue to build up our presence in Macau.

TERRESTRIAL TV CHANNELS

As Hong Kong's largest TV content creator and broadcaster, TVB informs, entertains, touches and cheers millions of viewers every day. In 2023, our digital terrestrial TV channels reached[1] 5.1 million in-home-viewers in Hong Kong every week on average, and in aggregate scored an average weekday prime time rating of 22.4 TVRs[2], corresponding to a 79% audience share[3] of all TV channels in Hong Kong. We also maintained our substantial lead in the market with over 80% audience share[4] in both young audience group and high-income group viewership. This remarkable viewership demonstrates the widespread popularity and relevance of TVB's content. Whether it is dramas, variety shows, news and information programmes, or other forms of entertainment, TVB consistently captivates and engages our audience by staying true to our original spirit while constantly innovating (留住初心，繼續創新).

Each of our channels is tailored to specific audience segments and interests. Jade, 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 62% audience share[3] among all TV channels in the city. Meanwhile J2, our channel for young audiences, offers vibrant and creative alternative genres. Pearl airs entertainment and information programmes mainly in English. TVB News provides 24-hour live coverage of local, national and international news, while TVB Finance, Sports & Information ("FSI") channel focuses on sports and finance-related programming.

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 126 million people 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.

Market leadership in TV notwithstanding, we are aware that the media landscape continues to shift, and we are locked in intense competition with internet platforms and content for viewership and advertisers. The key for us of course is to continue making compelling content. Yet we also know, cost is also a key factor to our competitiveness. Hence since 2023 we have been busy bringing costs down. We restructured our programme budgets by allocating production resources to programmes of highest viewership and impact, and reduced our production of fringe-hour content. In other words, we are making fewer but better programmes, for those times of the day and week that really count. These efforts should result in annual savings of over HK$260 million in terms of our content spending compared to prior years.

Furthermore, in December 2023 we announced an upcoming transition from our current five-channel operation to a new, slimmer four-channel lineup. We are merging our J2 and TVB FSI channels to create a new integrated channel called TVB Plus. This new channel will air on channel 82 currently occupied by J2 and will feature a combination of young audience content, as well as sports and information programmes. This is designed to appeal to a broader viewership. At the same time, we will integrate the programmes on TVB Plus closely with our digital media assets such as myTV SUPER, TVB social media accounts and Neigbuy to create a different viewership experience. Meanwhile, our current FSI channel will be taken off the air. Subject to regulatory approval, we expect to launch this new channel lineup sometime in the second quarter of 2024.

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

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

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

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

Channel number	2023 five-channel lineup and average weekday prime time rating[2]	2024 post-restructuring four-channel lineup and content type
81	**Jade** 17.4 TVRs	**Jade** (Integrated entertainment and information in Cantonese)
82	**J2** 1.7 TVRs	**TVB Plus** (Integrated entertainment and information with interactive linkage to our digital platforms)
83	**TVB News** 1.8 TVRs	**TVB News** (News and information)
84	**Pearl** 0.3 TVRs	**Pearl** (Integrated entertainment and information, mainly in English)
85	**TVB FSI** 1.1 TVRs	

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. We believe 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.

Each year, we 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. Our programmes have garnered numerous awards and accolades, further solidifying our reputation as a powerhouse in the media industry.

Dramas

Our signature genre at TVB is original drama, which holds a prominent place in our primetime slots on the flagship Jade channel. On weeknights, TVB's rich and entertaining dramas are what brings many Hong Kong families back to their homes and TV screens. A remarkable aspect of our productions is our ability to create content that transcends generational boundaries. Our dramas have gained iconic status, renowned for their gripping narratives, well-crafted characters, and production quality. This is the result of a careful blend of storytelling, relatable characters, and themes that deeply resonate with a wide audience. Throughout the years, numerous TVB dramas have become cultural phenomena, generating widespread buzz and leaving lasting impressions on viewers.

During the year, we released five brand new IPs concurrently in Hong Kong and mainland China. Each of these dramas showcased distinct genres and storylines, catering to different tastes and preferences. These efforts demonstrate our commitment to innovating new drama IPs that connect with a wide range of viewers in Hong Kong and mainland China.

In chronological order, the first drama series to debut was *Treasure of Destiny* (新四十二章/傲嬌與章經), an action sci-fi fantasy drama that follows a group of people from different backgrounds on a life-and-death treasure hunt for the Sutra of Forty-Two Chapters. The second series, titled *The Invisibles* (隱形戰隊), was an action-packed crime drama centred around two elite task forces combating terrorism. The series garnered widespread praise for its intense plot twists, with its exhilarating finale, attracting an impressive rating of 28.7 TVRs[5]. The talented cast members of this drama were also recognized for their outstanding performances, receiving three individual awards at the Asian Academy Creative Awards 2023 — National Winners (Hong Kong SAR). Next in line was *Secret Door* (隱門), a thriller series that explores how the past sins of two criminals affect their next generation. The story revolves around the children of these criminals as they strive to escape their past and rewrite their destinies. Following that was *Narcotics Heroes* (破毒強人), a co-production drama with Youku. This police detective series focuses on the efforts of the Narcotics Bureau to bring down a major drug lord and his syndicate. Hooking its audience with a rich and complex plot filled with tension and vengeance, the series' most-watched episode garnered a remarkable rating of 30.1 TVRs[5].

In conjunction with our TVB anniversary celebrations in November 2023, we released *The Queen of News* (新聞女王), also a co-production with Youku, which instantly became a hit with audiences in Hong Kong and mainland China. This series delves deep into the competitive world of news reporting and explores the ethical dilemmas faced by journalists. It portrays their dedication to uncovering hidden truths and overcoming workplace challenges. With its captivating plot, rich cast of characters, and memorable quotes, *The Queen of News* achieved an average rating of 26.9 TVRs[5], making it the most-watched drama series of 2023 in Hong Kong.

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

1. Narcotics Heroes（破毒強人）

2. Treasure of Destiny（新四十二章/傲嬌與章經） | 3. The Invisibles（隱形戰隊） | 4. The Queen of News（新聞女王）

5. Secret Door（隱門） | 6. Let Me Take Your Pulse（你好，我的大夫） | 7. A Perfect Man（有種好男人）

The Queen of News' success extended beyond traditional television ratings, as it garnered substantial attention online. The drama claimed the top spot as the most searched drama series on Google in Hong Kong, underscoring its widespread popularity and influence. Furthermore, within weeks of its release, the series became one of the most watched and searched titles among Hong Kong dramas on the Youku platform in 2023. It also appeared on several trending lists across China's social media platforms. Remarkably, the series holds a commendable rating of 7.8 points on Douban, an influential media rating forum in China.

In addition, *The Queen of News* has received significant recognition from various important entities in mainland China, including being selected as one of the outstanding cross-border drama series in the 2023 Online Audiovisual Excellence Programme (2023年網絡視聽精品節目) by the National Radio and Television Administration, and being listed as one of China's Top 10 Influential TV Dramas of 2023 in the 2023 China Film and Television Blue Book: Annual Development Report (中國影視藍皮書：2023年度發展報告). *The Queen of News* has also received awards such as the Weibo Annual Drama Series and Annual Craftsmanship Actor. The highly anticipated *The Queen of News* will have a sequel.

TVB has consistently delivered engaging dramas that have received impressive ratings and positive reviews from audiences. Among the top ten dramas, three productions shine for their fresh and inventive content. *Unchained Medley* (靈戲逼人) stands out as one of these exceptional dramas. This romantic comedy delves into the intricate dynamics between a pop musician and a Cantonese opera diva, seamlessly blending humor and romance. Its outstanding qualities were acknowledged when it received the Best Comedy award at the Asian Academy Creative Awards 2023 — National Winners (Hong Kong SAR).

A Perfect Man (有種好男人) follows a young mother's journey to discover her IVF son's biological father, weaving a tale of love and skepticism about marriage. *Let Me Take Your Pulse* (你好，我的大夫) revolves around young Chinese Medicine practitioners and their personal and professional growth in the field of healing, offering a fresh perspective on traditional medicine. These three dramas with engaging plots and relatable characters, have not only earned high TV ratings but also scored over 7.0 points on Douban forum.

8. Unchained Medley (靈戲逼人)

Music, Variety and Infotainment Programmes

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

Music is always a key component of our programmes as it deeply resonates with audiences.

In 2023 we scored a big hit among Hong Kong audiences with *Midlife, Sing & Shine!* (中年好聲音), our new singing talent show for over 35's. This show drew out contestants from all over Hong Kong who in the middle of their busy lives and careers, and yet still harboured dreams of becoming a star. Bringing with them rich personal stories, they performed in a televised contest under the mentorship of seasoned music producers and veteran singers. The programme generated tremendous buzz in Hong Kong, with large audiences turning in each Sunday night to watch as the show unfolded over altogether 21 episodes. Clips and short behind-the-scenes videos we uploaded to YouTube also generated much online chatter, as audiences connected emotionally with the contestants who grew and developed over the course of the show. Following the success of *Midlife, Sing & Shine*! the top winners have become household names in Hong Kong, and the show has gone into its second season this year with auditions attracting over 5,000 candidates.

Produced on a relatively light budget compared to our previous talent shows, this programme showcases our ability to make shows that not only entertains our audiences, but also builds emotional connections.

This year, we continued our collaborations with various organizations in the mainland China to produce music shows that appeal to a broad audience. Following the success of the singing show *Infinity and Beyond — Hong Kong Edition* (聲生不息・港樂季) co-produced with Mango TV in 2022, we once again partnered with Mango TV to broadcast *Infinity and Beyond — Taiwan Edition* (聲生不息・寶島季) and *Circle of Sound* (聲生不息・家年華) on our channels.

To celebrate the 26th anniversary of the HKSAR this year, over 100 renowned filmmakers, musicians, artistes, and social dignitaries from mainland China, Hong Kong, Macau, and Taiwan gathered in Hong Kong for a magnificent celebration of art and culture. The star-studded film concert, titled *A Full Moon Rising above the Greater Bay Area* (灣區升明月2023大灣區電影音樂晚會), was co-hosted by TVB and Shenzhen Media Group and co-organized by the China Movie Channel Programme Centre, Bauhinia Culture Group, and Phoenix Television. The marquee event was streamed live on various

1. Infinity and Beyond – Circle of Sound (聲生不息・家年華) | 2. Infinity and Beyond – Taiwan Edition (聲生不息・寶島季)

3. A Full Moon Rising above the Greater Bay Area (灣區升明月2023大灣區電影音樂晚會)
4-5. Midlife, Sing & Shine! (Season 2) (中年好聲音2)

6. TV Awards Presentation 2023（萬千星輝頒獎典禮2023）
7. Family Feud – Hong Kong Version（思家大戰） | 8. Super Trio Returns（開心無敵獎門人）

platforms, while an edited version was aired on our flagship Jade on the HKSAR Establishment Day.

In August 2023, TVB and Youku collaborated to launch *Asia Super Young* (亞洲超星團), a male idol talent competition show that aimed to form a boyband by the end of the season. The programme brought together 65 contestants from mainland China, Hong Kong, South Korea, and other Asian regions, each showcasing their distinct style and capturing viewers' attention. The show quickly generated buzz on Weibo and other social media. Contestants underwent rigorous training and mentorship, with a focus on singing, dancing, and stage presence. With each episode, the competition grew more intense, testing the contestants' growth and progress. The recent grand finals saw show mentors, TVB's General Manager Eric Tsang and Korean superstar Rain announce the much-anticipated results. The winners formed the boyband "Loong 9," with "Loong" symbolizing the Year of the Dragon. The success of the first season set the stage for the second season of *Asia Super Young*, with registrations now open for aspiring talents to join Asia's brightest stars.

We have also refreshed our other music programmes, *J Music* and *Music Break*, with a new format. These shows feature promising young idols from our talent series *Stars Academy* (聲夢傳奇), offering an immersive entertainment experience. *Music Break* stands out by having hosts who broadcast live on social media during the programme's telecast, enabling real-time interaction with their fans.

Popular game show IPs such as *Super Trio Returns* (開心無敵獎門人), *Family Feud — Hong Kong Version* (思家大戰), and the daily infotainment programme *Scoop* (東張西望) continued to attract impressive viewership and online discussion from audiences in 2023. Our annual signature shows, such as *Miss Hong Kong Pageant 2023* (2023香港小姐競選決賽), *TVB 56th Anniversary Gala* (萬千星輝賀台慶), and *TV Awards Presentation 2023* (萬千星輝頒獎典禮2023), continued to generate high TV ratings as some of our top five variety programmes. In 2023, these shows were also broadcast live via our official account on the Taobao platform to reach a vast mainland audience.

Alongside our successful marquee shows, we offer an engaging selection of reality shows and travelogues that have garnered audience acclaim. These inspiring programmes showcase the vibrant essence and beautiful stories of Hong Kong. A popular family programme is *My Papa, My Hero* (爸知弊!你嚟湊吖!), a heartwarming reality show where our artistes raise their young children, sharing the joys and challenges of parenthood. Travelogues like *Family Vacation* (同屋企人去旅行), *Travel Buddies — Happy Hong Kong* (約埋班Friend遊香港), *Long Weekend Getaways* (請1日假去旅行), and *Lokyi in The Wild* (隨懿深度行) take viewers on enthralling journeys to local and short-haul destinations, offering fresh perspectives and uncovering hidden treasures along the way.

9. Miss Hong Kong Pageant 2023 (2023香港小姐競選決賽)

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 year, our news channel reached[6] 3.5 million local in-home-viewers every week on average. It is the city's most watched news channel and also the only news channel that provides 24-hour live news coverage on major local events. Our mission is to deliver timely and accurate reporting of the most impactful news to our viewers. With a wide range of programmes, including news bulletins, talk shows, documentaries, and special reports, TVB News caters to diverse interests and provides comprehensive coverage across various topics.

Our news team has closely covered the city's recovery from the pandemic, documenting the government's implementation of international promotional schemes like the "Hello Hong Kong" campaign. These efforts aimed to attract tourists back to the city and gradually revive the economy. Our Chief Executive (CE), John Lee has also had a busy travel schedule to the Middle East and ASEAN countries to strengthen investment, trade, and cultural exchange with these nations. Our reporters have provided comprehensive coverage of these significant visits.

In addition to overseas visits, our CE has also traveled to several cities within the mainland to collaborate with provincial leaders in promoting the development of the Guangdong-Hong Kong-Macao Greater Bay Area. Our reporters have also provided excellent coverage of these visits, ensuring that our viewers are well-informed about these crucial initiatives.

Furthermore, we have also covered China's initiatives in providing international medical and public health humanitarian assistance to countries involved in the Belt and Road Initiative. Through our collaboration with the GX Foundation, we have followed their projects, such as cataract blindness elimination and dengue fever prevention, in Djibouti (East Africa), Senegal (West Africa), East Timor, and Laos. The GX Foundation, chaired by Leung Chun Ying, the Vice Chairman of The National Committee of the Chinese People's Political Consultative Conference (CPPCC) and a former CE of Hong Kong, is a non-profit charitable organization.

In response to the growing number of individuals experiencing sleep-related challenges, our health-awareness programme, *Sleep Right, Sleep Tight* (好睡好起), has effectively raised awareness about mental and sleep health. By discussing common sleep disorders and utilizing the latest scientific research, the programme has captivated diverse audiences and shed light on the impact of sleep on our overall well-being. It provides valuable insights into ways to improve sleep quality.

Continuing our tradition of uncovering remarkable stories about China, our award-winning documentary series, *No Poverty Land* (無窮之路), is set to premiere its highly anticipated third season in November 2023.

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

1. Strive and Rise, Touch the Sky（共創明「Teen」活出藍天）

2. Go! Nansha!（起動南沙） | 3. Greater Bay Area, Great Future（大灣區大未來）
4-5. No Poverty Land III – A Vast Expanse（無窮之路III – 無垠之疆）

6. A Closer Look: Is it love or responsibility?（時事多面睇：係愛定係責任？）
7. News Magazine: Girl in Coffin?（新聞透視：活著就好？） | 8. TVB Raceday （TVB 賽馬日）

The latest installment, titled *No Poverty Land III – A Vast Expanse* (無窮之路III – 無垠之疆), adopts a self-driving travel format to showcase the breathtaking landscapes and local communities of Xinjiang and Tibet. Garnering an impressive average rating of 16.0 TVRs[5] and reaching over 2.6 million viewers[7], the series has drawn a wide audience and earned a nomination at the 13th China Academy Awards of Documentary Film.

Furthermore, several episodes of our regular programmes have received international recognition. For instance, *News Magazine: Girl in Coffin?* (新聞透視：活著就好?) named the Best Single-Episode Documentary Programme at the Asian Academy Creative Awards 2023 — National Winners (Hong Kong SAR) and the Content Asia Awards 2023 Gold Award. *A Closer Look: Is it love or responsibility?* (時事多面睇：係愛定係責任?) was nominated at the 2023 New York Film and Television Festival. These accolades underscore our commitment to producing high-quality content that echoes with both local and international audiences.

Drawing upon the expertise and reputation of our news team, we have developed approximately 30 mini programmes in collaboration with government departments, NGOs, and the commercial sector. These programmes aim to deliver valuable information to the community. For instance, we have created series focusing on cancer awareness, borderless rescue missions, law enforcement and national security, as well as an exploration of Saudi Arabia. In addition, we have produced more than 30 half-hour episodes of thought-provoking programmes, such as *Strive and Rise, Touch the Sky* (共創明「Teen」活出藍天), *Go! Nansha!* (起動南沙), *Greater Bay Area, Great Future* (大灣區大未來) to inform and inspire our audience. *Strive and Rise, Touch the Sky* focuses on empowering teenagers to pursue their dreams and aspirations. *Go! Nansha!* explores the development and opportunities in the Nansha district. Lastly, *Greater Bay Area, A Great Future* delves into the promising prospects and potential of the Greater Bay Area.

In terms of sports coverage, we have provided extensive telecasts of various events to cater to sports enthusiasts. This includes the live broadcast of the *31st FISU World University Games* (第31屆世界大學生運動會), as well as golf tournaments from the *Ladies European Tour, namely the 2023 Aramco Team Series — London* (歐洲女子高爾夫球巡迴賽2023沙特阿美石油團體系列賽 — 倫敦站) and the *Aramco Team Series — Hong Kong*. Additionally, our coverage of live horse racing through *Horse Racing Live* (賽馬直擊) has been well-received by sports fans. By broadcasting these events, we aim to bring the excitement and thrill of sports to our viewers.

[7] Reach is the number of unique viewers contacted for a programme during a specific period. The reach covers inside homes via television set. Data source: CSM Media Research.

9. Sleep Right, Sleep Tight (好睡好起)

OTT STREAMING

For the year ended 31 December	2023 HK$ million	2022 HK$ million	Year-on-year change
Segment revenue	356	349	2%
Segment EBITDA	84	66	27%

This segment comprises our myTV SUPER streaming service in Hong Kong, which generates revenue through both advertising and subscriptions. During the year, myTV SUPER revenues increased by 2% to HK$356 million from last year primarily driven by strong growth in the platform's digital advertising income, which grew by 35% as more advertisers took advantage of the broad reach of our OTT streaming platform. This helped to offset a slight decline in subscription income during the year which resulted from changes in our subscription plans that we bundle for distribution by our telco partners. Together with cost savings in content and overhead expenses, this revenue growth helped improve EBITDA for this segment by 27% to HK$84 million.

Our myTV SUPER platform has established itself as a leading streaming service in Hong Kong. According to the 2023 Video Consumption Survey by NielsenIQ, myTV SUPER ranked first in terms of audience reach, viewing frequency, and time spent among all long-form digital platforms catering to Hong Kong viewers. Accessible through set-top boxes, smart TVs, and mobile apps, myTV SUPER has an ad-supported free-tier service, as well as paid-tier services that offer a wider range of content. Our highest premium tier service, myTV Gold, offers viewers our most extensive curation of content from TVB and around the world.

As of 31 December 2023, myTV SUPER had 10.5 million registered users across different interfaces, with an average monthly active user (MAU) of 2.0 million. Among these users, 193,270 were subscribers of our myTV Gold service, representing a 21% increase compared to 159,300 subscribers a year ago. Additionally, we raised the monthly fee for new subscriptions with set-top box and smart TV access for myTV Gold by 20%, from HK$98 to HK$118. We continue to focus on expanding the subscriber base for this premium tier service through initiatives such as promoting bundle deals with telco partners, a "Member-get-Member" rewards program, and exclusive offers for certain live football matches. We have also enhanced our service by introducing a new smart set-top box that supports voice search, a bluetooth remote, and smart TV apps. Furthermore, we launched a new UHD Jade channel for smart TV users to deliver a spectacular viewing experience.

To attract and retain paying subscribers, we offer a wide range of premium local, Asian, and sports content in our paid subscription tiers. These included top-rated and highly acclaimed Chinese dramas such as *The Knockout* (狂飆), *Meet Yourself* (去有風的地方), *Wrong Carriage Right Groom* (花轎喜事), *The Long Season* (漫長的季節), *The Last Immortal* (神隱) as well as Japanese dramas *The Last Man: The Blind Profiler* (Last Man – 全盲搜查官), *VIVANT* and many more hit new releases.

1. The Knockout (狂飆)

2. Meet Yourself（去有風的地方） | 3. Wrong Carriage Right Groom（花轎喜事） | 4. 23:23
5. Triage The Series（心臟驟停愛上你） | 6. VIVANT | 7. The Last Man: The Blind Profiler（Last Man – 全盲搜查官）

8. Midlife, Sing & Shine! 2 Behind the Scenes（你看不見的中年好聲音2）
9. Asia Super Young (extended version)（亞洲超星團(加長版)）

We have also introduced popular Thai dramas such as *23:23* and *Triage The Series* (心臟驟停愛上你) to enrich our drama offerings and entice new subscribers. Our exclusive broadcast of *The FA Cup* (英格蘭足總盃) has attracted new sign-ups and garnered excellent viewership. Our paid-tier viewers also enjoyed original myTV SUPER productions including drama *Cross My Mind* (4K Version) as well as infotainment shows *Med with Doc Season 1 & 2* (醫度講第一季及第二季), *My United Lover* (搵鬼做情人) and *Kids Talk* (細蚊仔傾吓偈).

We also continue to show an extended director's cut of popular game show *Super Trio Returns* (開心無敵獎門人) and its spinoff specials to amuse our audience. Capitalizing on the success of our hit singing contest series, we exclusively bring programmes like *Asia Super Young* (extended version) (亞洲超星團 (加長版)), and *Midlife, Sing & Shine! 2 Behind the Scenes* (你看不見的中年好聲音2) to our subscribers.

On the channel front, we have launched two new thematic channels namely SUPER FREE and Golden Chinese Drama (黃金華劇台) and added several high-quality international channels such as Fashion Box, Dragon TV (東方衛視國際頻道), Phoenix Chinese Channel (鳳凰衛視中文台), Phoenix Info News Channel (鳳凰衛視資訊台) and Phoenix Hong Kong Channel (鳳凰衛視香港台) to strengthen our linear channel offerings.

Despite a sluggish economy in Hong Kong, our revenue from the digital advertising we offer through myTV SUPER grew by 35% year-on-year. This remarkable achievement can be attributed to the broad reach of our OTT platform as well as our full-funnel marketing solution, which combines the power of our traditional TV platforms with the reach of our digital assets, resulting in higher ROI for advertisers. We see continued growth momentum in digital advertising income this coming year.

In 2024, we are working to grow our mobile-based viewership. Currently, the majority of viewership of myTV SUPER takes place on large screen TV. However, with the global trend towards video content consumption on mobile devices, we are improving our mobile app-based offerings to grow our mobile DAU. We anticipate that mobile-based viewing will be supported by advertising as opposed to subscription, hence we look to mobile viewership as another source of growth for our digital advertising income.

10. Cross My Mind | 11. Med with Doc (醫度講)

E-COMMERCE BUSINESS

For the year ended 31 December	2023 HK$ million	2022 HK$ million	Year-on-year change
Segment revenue	486	863	-44%
Segment EBITDA	(49)	(100)	51%

As consumer spending habits and attitudes continued to evolve post-pandemic, our e-Commerce revenue and GMV on order intake declined from their peak levels last year to HK$486 million and HK$544 million, respectively. In the early part of last year, we benefited from an intense Covid wave that kept consumers homebound, and boosted demand for daily necessities and pandemic-related supplies. However, in 2023, Hong Kong's consumers returned to traditional physical shopping habits after the pandemic, with an increasing number traveling to neighboring Shenzhen in search of shopping value and more choices. We responded by reducing costs and overheads, and also shifting our focus to higher margin products and diversifying into services and consumption experiences, such as dining vouchers. Collectively, these efforts helped us to achieve a smaller EBITDA loss of HK$49 million, compared to HK$100 million in 2022, despite the fall in revenue.

In December 2023, we also announced the merger of our Ztore platform into Neigbuy, and the consequent cessation of operations of the Ztore app and website which also meant that our own logistics service will now deliver orders only to self pick-up points, and no longer to customers' homes. This leaves us with a leaner and lighter backend operations with lower logistics costs. With Neigbuy also working with third-party merchants to sell goods on its platform, it is also an asset-lighter model than Ztore, which operated on 100% owned inventory.

We believe that in e-commerce, sustainable growth in the future requires moving away from reliance on a single platform and price-driven sales. Instead, establishing a cross-platform, omni-channel industry ecosystem that combines entertainment, information, and sales is crucial. By leveraging TVB's high-quality content and viewer traffic, along with Neigbuy's flash sales and live-streaming sales models, we can generate significant synergy and amplify our marketing reach. Our objective is to provide a comprehensive "entertainment-to-purchase" experience that effectively converts viewers into customers.

To achieve this, we capitalize on the high viewership of our popular TV shows like *Scoop* (東張西望) and *Super Trio Returns* (開心無敵獎門人) to market products through various forms of content integration, offering a wider range of choices and attractive value offers. Our culinary programmes, travelogues, and music shows have also helped us build a substantial base of foodies, travel enthusiasts, and music fans who now represent potential customers. We customize TV ads, livestream sessions, and social media exposures for brand owners to promote their products and service packages. Content featuring artistes' immersive shopping experiences has proven effective in boosting the sales conversion of food products, dining vouchers, travel packages, concert tickets, and luxury items.

Regarding product offerings, in addition to our existing categories such as groceries, beauty, fresh produce, and frozen food, Neigbuy will introduce higher-value luxury goods. We will also focus on further developing the market for electronic dining vouchers. Neigbuy will integrate more closely with our Mai Dui Dui subsidiary in mainland China to offer Hong Kong goods and services to mainland Chinese visitors through our livestream commerce initiatives.

鄰住買
Neigbuy.com

1-4. Neigbuy（鄰住買）

MAINLAND CHINA OPERATIONS

For the year ended 31 December	2023 HK$ million	2022 HK$ million	Year-on-year change
Segment revenue	729	698	4%
Segment EBITDA	63	160	-61%

Our mainland China operations earns a large part of its revenue from provision of our content to major Chinese video platforms (such as Youku, Tencent Video, Migu, BesTV and Wasu) through drama co-production deals, and licensing of our simulcast and library dramas as well as other contents. In addition, we operate our own direct-to-consumer digital media business comprising a video streaming service, Mai Dui Dui (埋堆堆), which offers a range of TVB contents to mainland Chinese viewers; and an MCN business built around social media accounts we operate for TVB and for our artistes on platforms such as Douyin, Kuaishou, Xiaohongshu, Sina Weibo and WeChat Channels. As another important expansion of our MCN business, we launched a livestream commerce partnership with mainland e-commerce giant Taobao in March 2023 with livestream sessions featuring our artistes and content IPs to drive robust viewership and sales.

During the year, our segment revenue increased by HK$31 million or 4% from HK$698 million to HK$729 million, primarily driven by higher revenue from our drama co-production and MCN businesses. Drama co-production revenue grew by 72% after we signed co-production agreements with Youku and Tencent. As our social media reach continued to expand, our livestream stores on Taobao and Douyin saw a further ramp-up in activity.

In March 2023, we signed an agreement with Youku to supply it with co-production dramas, simulcast and library dramas over a two-year tenure. New co-produced series, *Narcotics Heroes* (破毒強人), *The Spectator* (旁觀者) and *The Queen of News* (新聞女王) were released during the year. *The Queen of News* premiered on Youku in November 2023 became an instant hit with audiences. Within the initial weeks of release, it had become one of the most viewed and searched titles among Hong Kong dramas on the Youku platform in 2023, with much buzz and discussion on mainland Chinese social media. *The Queen of News* also enjoyed one of the highest pre-order rates for a Hong Kong drama on the Youku platform. The success of this drama cements our position as a leading producer of Hong Kong dramas for the mainland China market in the coming years.

Under our existing agreement with Youku, we 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) are currently in the post-production stage, while *The Queen of Castle* (巨塔之后), *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 begin filming in the latter part of 2024. Excitingly, we have also signed another agreement with Youku in March 2024 for three additional co-production projects, including the highly anticipated *The Queen of News 2*, which is slated to start filming in early 2025. In addition to our drama collaborations, we aim to strengthen our partnership with Youku in IP monetization. This includes leveraging advertising and commercial opportunities in mainland China and Hong Kong, such as product placements and innovative business models, to expand our market reach within the regional and global Chinese community.

In terms of simulcast dramas licensed to Youku, brand new IP titles such as *Treasure of Destiny* (新四十二章/傲嬌與章經), *The Invisibles* (隱形戰隊), *Secret Door* (隱門) premiered on Youku platform during the year. Other new series in progress for distribution in 2024 include *Sinister Beings 2* (逆天奇案2), *Death Hint* (奪命提示), and *The Unusual Prosecutor* (非常檢控觀).

1. The Queen of News（新聞女王） | 2. Forensic Heroes VI: Redemption（法證先鋒6倖存者的救贖） | 3. Darkside of the Moon（黑色月光）
4. Death Hint（奪命提示） | 5. The Unusual Prosecutor（非常檢控觀） | 6. Sinister Beings 2（逆天奇案2）

1. Official account on Douyin TVB識貨 (港式甄選)
2-4. Official account on Taobao TVB識貨

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

Our direct-to-consumer Mai Dui Dui content streaming service continued to grow in popularity with more partners carrying this service on their TV sets and networks. For example, BesTV Yueshiting (BesTV粤视厅) is an OTT product jointly launched by Mai Dui Dui and BesTV, offering viewers a rich choice of new and classic TVB programmes. At present, this service is available on more than 52 smart terminals and applications such as Dangbei, LeTV, JM Go and cable operator China Radio and Television Guangzhou Network Co., Ltd (中國廣電廣州網路股份有限公司). We also work with smart TV manufacturers such as Sharp, Huawei, TCL, Konka, Hisense, Skyworth and Xiaomi to bundle the BesTV Yueshiting products in their offerings.

On the MCN front, the social media accounts of TVB and our managed artistes/KOLs have experienced significant growth. Over the past year, the number of followers has increased from 109 million to 181 million across major platforms such as Douyin, Kuaishou, Xiaohongshu, WeChat Channels, and Sina Weibo. During this year, we further monetized this large fan base, as well as our famous IP and brand influence. We have also developed our artistes/KOLs to engage in content marketing, brand/product endorsement and livestream commerce activities for our advertisers and suppliers. Our sales strategy, which combines livestream commerce with artiste endorsements on social media, has gained momentum. From March 2023, when we formed a partnership with the Chinese e-commerce giant Taobao, until the end of the year, we achieved a total GMV of over RMB570 million through product sales on our livestream stores in Taobao and Douyin.

In April 2022, we began hosting our own livestream commerce sessions on Douyin with the aim of promoting and selling premium branded cross-border and Hong Kong products. Our official accounts, TVB識貨(港式甄選) and TVB識貨 (美味甄選), now run multiple sessions each day on Douyin to reach a wider range of consumers.

In March 2023, we teamed up with Taobao to broadcast star-studded livestream commerce sessions through our official "TVB識貨" account on the Taobao platform. During each livestream session, we incorporate various blockbuster content IPs and memorable characters to create immersive and entertaining experiences for online shoppers. For instance, during the "618" shopping festival, one of our livestream broadcasts, themed after our signature IP, the *Miss Hong Kong Pageant*, and mainly hosted by our pageant winners, attracted over 9 million views and achieved a record GMV of over RMB100 million. This business model demonstrates the marketing power and appeal of TVB's content IPs and artistes among consumers in mainland China, positioning us as a unique player in the livestream commerce market for high-value consumer products.

In 2024, as we gradually increase the frequency of livestream sessions featuring our artistes on both Taobao and Douyin platforms, and offer a wider range of special consumer products from the Greater Bay Area, we anticipate a stronger revenue contribution from this new initiative. Leveraging our brand influence in Guangdong province, we have devised a strategy to expand our reach beyond Hong Kong and encompass the entire Greater Bay Area. We plan to achieve this by leveraging our growing social media presence, livestreaming shows, as well as our Jade and Pearl channels, which have broadcasting rights in Guangdong province and enjoy a large viewership there. By innovating integrated marketing solutions, we aim to unlock the commercial value of our artistes and content IPs for brand owners and advertisers in the Greater Bay Area.

INTERNATIONAL OPERATIONS

For the year ended 31 December	2023 HK$ million	2022 HK$ million	Year-on-year change
Segment revenue	355	382	-7%
Segment EBITDA	34	50	-32%

Our International Operations consist of two main components: content licensing business and direct-to-consumer digital business, which caters to viewers outside of Hong Kong and mainland China. The latter encompasses various services, including our TVB Anywhere streaming platform and our official registered accounts on popular social media and video hosting platforms such as YouTube and Facebook.

As of 31 December 2023, the combined user base of TVB Anywhere and subscribers from TVB International

YouTube channels stood at approximately 14.9 million, while TVB International YouTube channels alone garnered a MAU of 22.5 million. Notably, we obtained official recognition as a MCN from YouTube at the beginning of the year. This new status has opened up an additional revenue stream for us, as we now manage and monetize third-party content on YouTube. Our foreign language TVB International YouTube channels experienced positive growth, both in terms of viewer numbers and stream views, resulting in a 11% increase in overall social media revenue compared to the previous year.

Our International Operations received the "2023 Best Globalization Partner Award" from YouTube. This marks the third time in past four years that we have been honoured with a coveted industry award. This achievement reflects our effective strategies and ability to thrive in the competitive global market by leveraging industry trends.

Segment revenue softened by 7% from HK$382 million to HK$355 million, mainly due to lower licensing income from Malaysia, Singapore and Vietnam markets,

1. Astro x TVB Artiste Meet & Greet – Malaysia | 2. MagnumCares Charity Event – Malaysia
3. Kwong Wah Spring Party 2024 – Malaysia | 4. Unifi TV x TVB Artiste Meet & Greet – Malaysia
5. TVB Anywhere Moon Festival – Australia | 6. TVB Stars Tour Summertime 2023 – US & Canada

though this was mitigated by a steady growth in revenue from our social media and YouTube channels.

Our revenue from traditional content licensing continues to face downward pressure due to ongoing structural changes in the global video entertainment market, affecting both traditional pay and free-to-air TV operators. To counter this trend, we are expanding our licensing outlets to include new media operators and collaborating with selected partners to enhance the local relevance of our content offerings and develop our advertising business. This involves adapting our successful IPs from Hong Kong to produce content tailored to local audiences and conducting on-site promotions and celebrity endorsements for advertisers' products and services. We have already implemented these strategies successfully in key markets such as Malaysia.

In line with our commitment to deepening our reach and engagement with the local audience, we have formed new partnerships with local companies in Malaysia. In addition to our existing collaborations with TM Net and Touch 'n Go, we have joined forces with Magnum Corporation, a licensed gaming company, to deliver our content to its members. This strategic partnership expands the reach of our content and offers entertainment options to a wider audience, further strengthening our presence in the Malaysia market.

As Covid restrictions eased, we intensified our on-site marketing efforts in Malaysia by bringing our artistes from Hong Kong and involving our local Malaysian talents. These activities not only raised awareness of our new programmes but also fostered a stronger bond with our Malaysian fans. Additionally, our Malaysian artistes have been appointed as ambassadors of Magnum Cares, the charity arm under Magnum Corporation, allowing us to make a positive impact on the local community. For our advertising business, we have increased our efforts in creating local infomercials and producing sponsored TV and online content to cater to the evolving needs of our advertisers.

In Singapore, we maintain ongoing content supply agreements with major media and telecom players, namely Singtel, StarHub, and Mediacorp. These partnerships contribute significantly to our revenue from Singapore and help us achieve high viewership penetration in the pay and free-to-air TV markets. To compensate for the decline in licensing income, we are developing our advertising business with local partners in Singapore and focusing more on digital marketing to enhance our brand presence and drive subscriptions for TVB Anywhere.

Our operations in North America primarily involve licensing content to pay-TV platforms, such as DISH Network in the USA and Fairchild Television in Canada.

As video streaming grows in popularity, we are focused on expanding the user base of our TVB Anywhere services. We believe that by increasing the coverage of the TVB Anywhere App on connected TV sets and mainstream OTT platforms, we can generate additional advertising revenue. Consequently, we launched a Free Ad-Supported Television (F.A.S.T) channel on major OTT platforms for North American viewers in November 2023. This channel showcases a curated selection of TVB dramas with English subtitles, aimed at reaching the English-speaking audience. Thanks to our expanded TVB Anywhere ad-supported service in North America, we have experienced encouraging growth in our advertising income.

In Vietnam, we have successfully renewed the programme supply agreement for our subscription TV business with Saigontourist Cable Television. However, both subscription and advertising revenues have been adversely affected by the sluggish economy. To diversify our income stream, we are actively seeking opportunities to collaborate with new media partners, such as local OTT and VOD platforms. Additionally, we plan to develop local content, including singing contests aimed at attracting young audiences and advertisers.

To further expand our direct-to-consumer digital business, we will increase the volume of our digital-first content productions and acquire third-party content to enrich our content offerings. We also intend to allocate more resources to on-site promotions and the programming of local content that appeals to our target audience in key markets by collaborating with more local partners.

Combating Piracy

Our International Operations have invested heavily in combating piracy through the development and deployment of an advanced AI-based "Copyright Landscape System." This system automatically detects and removes infringing copies of our programmes from the internet, protecting our intellectual property. It operates continuously, monitoring piracy concerns on both a broad and granular level, allowing us to efficiently target and address piracy issues. Additionally, the system provides insights into the popularity of our content in untapped regions, aiding in market surveys and informed decision-making for future business expansion. The system's exceptional performance has been recognized by the Asia-Pacific Broadcasting Union (ABU), where we received the Winner award in the 30th ABU Intellectual Property and Legal Awards. This recognition acknowledges our relentless efforts in combating piracy and safeguarding our intellectual property rights.

TVB ARTISTES

TVB ARTISTES

TVB ARTISTES

FINANCIAL REVIEW

OPERATING RESULTS

Revenue of the Group increased in the key segments of Hong Kong TV Broadcasting, OTT Streaming and Mainland China Operations, which grew by HK$103 million, HK$7 million and HK$31 million respectively, collectively reflecting an aggregate 6% growth. However, revenue of our e-Commerce segment fell markedly by HK$377 million, and our International Operations segment revenue also suffered a HK$27 million decline. As a result, total revenue of the Group declined by 7% or HK$263 million from HK$3,586 million to HK$3,323 million.

Cost of sales decreased from HK$2,578 million to HK$2,299 million, a decrease of 11%. 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, we implemented cost savings initiatives to reduce our content cost by adjusting the volume and nature of our content production, discontinuing lower-impact programmes and triming our staff costs and overheads.

Selling, distribution and transmission costs decreased from HK$818 million to HK$710 million, a decrease of 13%. This was mainly due to distribution cost savings in our e-Commerce business segment.

General and administrative expenses decreased by 13% from HK$959 million to HK$834 million. This was due to cost-saving measures implemented during the Year, including headcount reductions, particularly in the Hong Kong TV Broadcasting and e-Commerce segments.

Overall, total costs (comprising cost of sales, selling, distribution and transmission costs and general and administrative expenses) decreased by HK$512 million or 12% from HK$4,356 million to HK$3,844 million, as a result of the above factors.

Other revenues decreased from HK$52 million in 2022 to HK$21 million in 2023. This was mainly due to a one-off wage subsidy from the Hong Kong government, which amounted to HK$37 million in 2022, and was not repeated in 2023.

Other net losses of HK$35 million (2022: HK$51 million), comprising changes in the fair values of a financial asset and a financial liability at fair value through profit or loss, gain on disposal of other financial assets at amortised cost and exchange losses recognised during the Year.

Due to the above factors, the Group's negative EBITDA for the Year reduced substantially by 59% to HK$140 million, from HK$338 million in 2022. On a sequential basis, the Group's performance also improved from an EBITDA loss of HK$186 million in the first half of the Year to a positive EBITDA of HK$46 million in the second half of the Year.

SEGMENT RESULTS

Segment	Hong Kong TV Broadcasting	OTT Streaming	e-Commerce Business	Mainland China Operations	International Operations
Nature of revenue	Advertising revenue, hilltop income, talent management income, fees for events management; music royalties and licensing income for short-form videos	Subscription and advertising revenue	e-Commerce income	Production income from co-production drama serials; licensing income from telecast, video and new media distribution in Mainland China; subscription revenue from Mai Dui Dui	Overseas licensing income from telecast, video and new media distribution; subscription and advertising revenue from Overseas pay TV and TVB Anywhere

Segment revenue from Hong Kong TV Broadcasting increased from HK$1,294 million to HK$1,397 million, a growth of HK$103 million or 8%. This was primarily driven by income from advertisers which grew by HK$102 million or 9% from HK$1,178 million to HK$1,280 million. Meanwhile, we implemented a number of cost saving initiatives during the Year, which resulted in an overall 8% reduction in cash operating cost (excluding depreciation and amortisation) for this segment. Content cost, the largest cost category, fell 13%. With the growth in revenue and decrease in cost, this segment's negative EBITDA improved by HK$242 million or 47%, from HK$514 million in 2022 to HK$272 million in 2023.

Segment revenue from OTT Streaming was stable, with a slight increase of HK$7 million or 2%, from HK$349 million to HK$356 million. In this regard, the advertising component of this segment's revenue grew by 35%, offsetting a slight decline in subscription income during the Year as a result of changes we made in our bundled subscription plans distributed by local telco partners. EBITDA improved from HK$66 million to HK$84 million as a result of content and overhead cost savings.

Segment revenue from e-Commerce fell markedly from HK$863 million to HK$486 million, representing a decline of HK$377 million or 44%. This was primarily due to the reduced demand for essentials, groceries, and daily household necessities as Hong Kong's consumers returned to traditional physical shopping habits after the pandemic, with an increasing number traveling to neighboring Shenzhen in search of shopping value and more choices. We responded by reducing operating costs and overheads, and focusing on selling higher margin products. In December 2023, we also merged Ztore platform with Neigbuy to increase operating efficiency. This enabled us to achieve a smaller EBITDA loss of HK$49 million, compared to HK$100 million in 2022, despite the fall in revenue.

Segment revenue from Mainland China Operations increased by 4% from HK$698 million to HK$729 million. This was mainly driven by the increase in revenue from drama co- production after we signed multi-year content supply deals with Youku and Tencent Video in March and August 2023, respectively. Despite the rise in segment revenue, EBITDA in this segment decreased by 61% from HK$160 million to HK$63 million which was due to a decrease in revenue of our content licensing business as a result of fewer simulcast dramas distributed during the Year.

Segment revenue from International Operations decreased from HK$382 million to HK$355 million as traditional licensing income from pay-TV partners declined, though this was partially mitigated by a modest increase in revenue from our social media and YouTube channels. Overall, this segment recorded a drop in EBITDA of HK$16 million from HK$50 million in 2022 to HK$34 million in 2023.

INTEREST INCOME

Interest income totalled HK$96 million for the Year (2022: HK$125 million), primarily consisting of interest income of HK$87 million (2022: HK$113 million) derived from the promissory note with Imagine Tiger Television, LLC ("ITT"), as well as interest income obtained from fixed bank deposits.

FINANCE COSTS

Finance costs mainly comprised interest expenses on (i) HK$1,567 million term loan with Shanghai Commercial Bank drawn down in July 2020, (ii) other bank loan, convertible bonds and other borrowings. Finance costs increased from HK$81 million to HK$147 million, mainly due to higher interest rates particularly in relation to (i) which bears an interest rate linked to HIBOR.

IMPAIRMENT LOSSES

Interest in an associate — Shine Investment Limited

During the Year, the Group recognised an impairment loss of HK$126 million in our consolidated income statement in respect of our investment in an associate, Shine Investment Limited.

Shine Investment Limited, in which the Group holds a 40% interest, is an investment holding company that in turn holds a 29.94% stake in Shaw Brothers Holdings Limited ("SBHL"), a company which produces and distributes TV and film content, and manages artistes. SBHL is listed on The Stock Exchange of Hong Kong Limited under the stock code 0953.

The Group regularly monitors the operational and financial performance of its associates. We have noted that SBHL's financial performance has declined in 2022, and it has incurred net losses attributable to shareholders since that financial year. Management had anticipated a financial recovery for SBHL following the lifting of pandemic restrictions in early 2023. However, this has not materialised to the expected extent. Hence, while we note that SBHL's board of directors and management team are working proactively to improve the company's performance, the Group has assessed that in view of the circumstances, and in consideration of the declined financial results, coupled with recent trading value of the shares of SBHL, it is appropriate to adjust the recoverable value of our investment in Shine Investment Limited to HK$34 million as at 31 December 2023, or HK$126 million less than our original carrying value of HK$160 million.

Receivables from a joint venture — ITT

As at 31 December 2023, the total carrying value of our Promissory Note in ITT was HK$790 million (2022: HK$781 million), inclusive of interest income of HK$87 million (2022: HK$113 million) recognised during the Year. During the Year, the industrial action by writers and actors in the filmed entertainment industry of the United States caused a slowdown in TV production activity. Although the action ended in late 2023, financial performance of the ITT was temporarily affected by the lack of production. Considering these factors, a higher Expected Credit Loss ("ECL") rate of 39.4% has been applied to the total carrying value of the Promissory Note (2022: 28.8%). This resulted in an additional provision of HK$86 million for the Year and a corresponding increase in the accumulated lifetime ECL provision on the carrying value of the Promissory Note to HK$312 million.

Intangible asset — "Ztore" tradename

During the Year, we restructured our e-Commerce business segment by merging our Ztore online platform with Neigbuy. The Ztore website and mobile application ceased operations in December 2023. The tradename of Ztore is no longer actively used, and the probability of arising of economic benefits associated with Ztore's tradename was considered remote. Consequently, management has considered it appropriate to fully write down the carrying amount of the "Ztore" tradename, which resulted in an impairment loss of HK$16 million recognised in the consolidated income statement during the Year.

CHANGE IN FAIR VALUE OF A FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

The financial asset 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. An independent valuer was engaged to conduct an assessment on the fair value of the call option using binomial option pricing model with reference to the recent financial performance of Ztore Group and other market reference points. According to the assessment result, the fair value of the call option was determined at HK$0.03 million as at 31 December 2023, or HK$17 million less than its original carrying value. As a result, a change in the fair value of a financial asset at FVPL of HK$17 million has been recognised as a charge in the consolidated income statement during the Year.

INCOME TAX

The Group recorded an income tax expense of HK$20 million (2022: income tax credit of HK$76 million). The difference between our income tax expense/credit in 2023 and 2022 was mainly due to our cessation in recognising deferred income tax assets arising from the tax losses of our Hong Kong TV Broadcasting segment for the Year.

Hong Kong profits tax has been provided at the rate of 16.5% (2022:16.5%) on the estimated assessable profit for the Year. Taxation on overseas profits has been calculated on the estimated assessable profit for the Year at the rates of taxation prevailing in the countries in which the Group operated.

LOSS ATTRIBUTABLE TO EQUITY HOLDERS

The Group's loss attributable to equity holders of the Company for the Year totalled HK$763 million, or an improvement of HK$44 million or 5% from HK$807 million in 2022.

Excluding the effect of extraordinary items of a non-operating nature such as impairment losses on the interest in an associate; intangible assets and changes in the fair values of financial and derivative instruments, the Group's adjusted loss attributable to equity holders of the Company would otherwise be HK$607 million, or an improvement of HK$72 million (11%) from HK$679 million in 2022.

LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK$763 million (2022: HK$807 million). The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share throughout the year ended 31 December 2023 was 438,122,000 (2022: 438,000,000), giving a basic and diluted loss per share of HK$1.74 (2022: loss per share of HK$1.84).

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the total equity of the Group was HK$2,739 million (31 December 2022: HK$3,604 million). The share capital of the company increased from 438,000,000 to 438,218,000 ordinary shares in issue due to the exercise of share options under the share option scheme.

As at 31 December 2023, the Group had unrestricted bank and cash balances of HK$714 million (31 December 2022: HK$1,020 million). About 45% of the unrestricted bank and cash balances (approximately HK$321 million) were maintained in overseas subsidiaries to support daily operations. Unrestricted bank and cash balances held by the Group were denominated mainly in Hong Kong dollars, Renminbi and US dollars.

As at 31 December 2023, the Group's net current assets amounted to HK$2,037 million (31 December 2022: HK$2,298 million). The current ratio, expressed as the ratio of current assets to current liabilities, was 2.2 at 31 December 2023 (31 December 2022: 2.3).

As at 31 December 2023, bank borrowings totalled HK$1,731 million (31 December 2022: HK$2,150 million) which mainly consisted of the HK$1,567 million term loan with Shanghai Commercial Bank. Additionally, there were other borrowings of HK$464 million and convertible bonds of HK$93 million. As at 31 December 2023, the Group's gearing ratio, expressed as a ratio of net debt to total equity, was 59.0% (31 December 2022: 34.4%).

BOND PORTFOLIO

As at 31 December 2023, the Company's portfolio of fixed income securities, net of expected credit losses amounted to HK$24 million (31 December 2022: HK$30 million), which were classified under "Bond securities at amortised cost". Issuers of these securities include listed or unlisted companies in Hong Kong and overseas. No bond securities were disposed of or redeemed during the Year (2022: a gain of HK$0.1 million).

As at 31 December 2023, the investment portfolio consisted of fixed income securities of four (31 December 2022: four) separate issuers, of which the bonds issued by Master Glory Group Limited and SMI Holding Group Limited had been fully impaired in prior years. There was no interest income (2022: HK$4.3 million) recognised during the Year from the bond securities at amortised cost.

In the process of winding down the bond portfolio, further non-cash impairment losses of HK$6 million (2022: HK$29 million) were recognised for the remaining two legacy bonds during the Year. These additional impairment losses were made after considering the credit risk of the bond portfolio and the latest development of certain credit-impaired bond securities.

CONVERTIBLE BONDS

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 agreed to issue and the Investor has agreed to subscribe for convertible bonds in an aggregate principal amount of HK$156 million (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 million 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").

For further details, please refer to the announcements of the Company dated 16 August 2023 and 8 September 2023.

CAPITAL COMMITMENTS

At 31 December 2023, the Group had capital commitments totalling HK$30 million (2022: HK$78 million), mainly for the enhancement or replacement of transmission and production related equipments.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's foreign currency exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange trading exposures mainly arise from trade receipts from overseas customers.

The Group is also exposed to currency fluctuation on translation of the accounts of overseas subsidiaries and also on the repatriation of earnings, and bank and other borrowings. In order to mitigate the potential impact of currency movement, the Group closely monitors its foreign exchange exposures and uses suitable hedging arrangements against significant foreign currency exposures, where necessary. No forward exchange or hedging contract was entered into by the Group during the year.

HUMAN RESOURCES

At the year end, the Group had a total of 3,187 employees in Hong Kong and 309 employees in mainland China and 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. About 2% of the Group's manpower was employed in overseas subsidiaries and paid on scales and systems relevant to the respective localities and legislations.

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

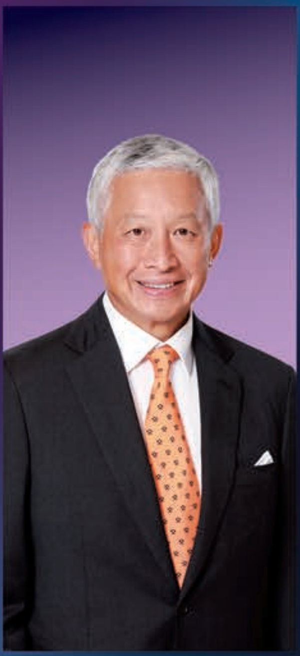
From time to time, the Group organises, either in-house or with other vocational institutions, seminars, courses, and workshops on subjects of technical interests, such as industrial safety, management skills and other related studies, apart from sponsorship of training programmes that employees may enrol on their own initiatives. To sustain the long term steady supply of human resources for production, the Group has implemented a number of new initiatives during the Year 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.

GOVERNANCE

DIRECTORS

Thomas HUI To

LI Ruigang



Anthony LEE Hsien Pin

Thomas HUI To
Executive Chairman
Chairman of Executive Committee
Member of Nomination Committee
Member of Investment Committee

Board appointment Mr. Hui, aged 51, was appointed as the Executive Chairman of the Board on 10 March 2023. Mr. Hui was first appointed as a Non-executive Director of the Company on 23 April 2015, re-designated as an Executive Director of the Company on 21 March 2018 and further re-designated as a Non-executive Director of the Company and appointed as the Chairman of the Board on 29 April 2020. In addition, he holds directorship in certain subsidiaries and a joint venture entity of the Company.

Competencies and experience Mr. Hui possesses over 25 years of experience in management and investment with broad experience and deep expertise in managing media, entertainment and internet businesses. Mr. Hui was formerly a director of KingSoft Corporation Limited, GigaMedia Limited and JC Entertainment Corporation. Mr. Hui also worked at Goldman Sachs (Asia) L.L.C., Hong Kong, Merrill Lynch & Co. as well as McKinsey & Company. Mr. Hui is a non-executive director of Shaw Brothers Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Mr. Hui is the chief operating officer and an executive director of CMC Inc. Mr. Hui is a director of Young Lion Holdings Limited ("YLH"), Young Lion Acquisition Co. Limited ("YLA") and Shaw Brothers Limited ("SBL") which are substantial shareholders of the Company.

Qualifications Mr. Hui holds a Master Degree of Engineering in Electrical Engineering from Cornell University and a Bachelor Degree of Science in Electrical Engineering from the University of Wisconsin, Madison.

Kenneth HSU Kin

Dr. William LO Wing Yan
JP

Dr. Allan ZEMAN
GBM, GBS, JP

Felix FONG Wo
BBS, JP

LI Ruigang
Non-executive Director
Member of Executive Committee
Member of Remuneration Committee

Board appointment Mr. Li, aged 54, was appointed as a Non-executive Director of the Company and the Vice Chairman of the Board on 17 October 2016. He ceased to be the Vice Chairman on 29 April 2020. In addition, Mr. Li holds directorship in a subsidiary of the Company.

Competencies and experience Mr. Li is the founding chairman and CEO of CMC Inc. (together with its affiliates, "CMC") and founding partner of CMC Capital Partners. Mr. Li has rich operational experience, investment track record and in-depth insight into China's media and entertainment industry. Mr. Li has led CMC to create many industry champions across the sectors of media, entertainment, lifestyle, technology and consumer. Mr. Li was the chairman and president of Shanghai Media Group (SMG). Mr. Li is the chairman and a non-executive director of Shaw Brothers Holdings Limited, which is listed on the main board of the Stock Exchange. Mr. Li holds share interest in the Company through his interest in YLH, YLA and SBL, all of which are substantial shareholders of the Company. Mr. Li is a director of YLH, YLA and SBL. Mr. Li is a board member of Special Olympics.

Qualifications Mr. Li holds a Master Degree of Arts and a Bachelor Degree of Arts of Journalism from Fudan University.

DIRECTORS

Anthony LEE Hsien Pin
Non-executive Director
Chairman of Investment Committee
Member of Nomination Committee

Board appointment Mr. Lee, aged 66, was appointed as a Non-executive Director of the Company on 3 February 2012. Mr. Lee was an Alternate Director to the late Mrs. Christina Lee Look Ngan Kwan, his mother, a former Non-executive Director of the Company, between 3 September 2002 and 3 February 2012.

Competencies and experience Mr. Lee is a non-executive director of Hysan Development Company Limited, a company listed on the main board of the Stock Exchange, and a director of Lee Hysan Company Limited.

Qualifications Mr. Lee received a Bachelor of Arts Degree from Princeton University and a Master of Business Administration Degree from The Chinese University of Hong Kong.

Kenneth HSU Kin
Non-executive Director

Board appointment Mr. Hsu, aged 75, was appointed as a Non-executive Director of the Company on 2 December 2020.

Competencies and experience Mr. Hsu was formerly the vice president and managing director of the Asia Pacific operations of Johnson Controls Inc., a publicly-listed American Irish-domiciled multinational conglomerate. Prior to that, Mr. Hsu worked for the Government of the Republic of Singapore. Mr. Hsu is a licensed professional engineer in Hong Kong, the UK and the US. He was the Chairman of the Engineers Registration Board, a HKSAR statutory board. Mr. Hsu was an active participant in the Hong Kong Institution of Engineers and had chaired many of its boards and committees. In recognition of his contributions to the profession, Mr. Hsu was a recipient of the Institution's prestigious President's Award in 2010. Mr. Hsu holds share interest in the Company through his interest in YLH, YLA and SBL, all of which are substantial shareholders of the Company. Mr. Hsu is a director of YLH, YLA and SBL.

Qualifications Mr. Hsu holds a bachelor's degree in Electrical Engineering from the University of Hong Kong, and post-graduate academic qualifications from the National University of Singapore and the University of Utah.

Dr. William LO Wing Yan JP
Independent Non-executive Director
Chairman of Audit Committee
Member of Nomination Committee
Member of Regulatory Committee

Board appointment Dr. Lo, aged 63, was appointed as an Independent Non-executive Director of the Company on 11 February 2015.

Competencies and experience Dr. Lo is an independent non-executive director of CSI Properties Limited, Jingrui Holdings Limited and OCI International Holdings Limited, all of which are listed on the main board of the Stock Exchange. Dr. Lo is an independent non-executive director of US NASDAQ listed Regencell Bioscience Holdings Limited. Dr. Lo is an experienced executive in the TMT (technology, media and telecommunications) and the consumer sectors. He started his career in McKinsey & Company Inc. as a management consultant and held senior positions in China Unicom, Hongkong Telecom, Citibank HK, I.T Limited, South China Media Group and Kidsland International Holdings Limited in the past, and has been the chief financial officer of I.T Limited and Kidsland International Holdings Limited. Dr. Lo is the founding governor of the Charles K. Kao Foundation for Alzheimer's Disease and the ISF Academy as well as the present chairman of Junior Achievement HK.

Qualifications Dr. Lo graduated from Cambridge University with a M. Phil. Degree in Pharmacology and a Ph.D. Degree in Molecular Neuroscience.

Dr. Allan ZEMAN GBM, GBS, JP
Independent Non-executive Director
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee

Board appointment Dr. Zeman, aged 75, was appointed as an Independent Non-executive Director of the Company on 1 April 2015.

Competencies and experience Dr. Zeman is the chairman of Lan Kwai Fong group and the Lan Kwai Fong Association in Hong Kong. Dr. Zeman serves as a non-executive chairman of Wynn Macau, Limited, an independent non-executive director of Fosun Tourism Group, Sino Land Company Limited, Tsim Sha Tsui Properties Limited and is a non-executive director of Pacific Century Premium Developments Limited, all of which are listed on the main board of the Stock Exchange. Dr. Zeman has been very involved in government services as well as community activities. Dr. Zeman was the chairman of Hong Kong Ocean Park from July 2003 to June 2014, and was the honorary advisor of the Park from 2014 to 2022. Dr. Zeman was also a member of the board of West Kowloon Cultural District Authority from 2008 to 2016, and is now an honorary advisor of the Authority and the chairman of its Commercial Letting Panel. He serves as the board of director of the Alibaba Entrepreneurs Fund. Dr. Zeman is the governor of the board of governors of Our Hong Kong Foundation. Dr. Zeman is also a member of the board of governors of The Canadian Chamber of Commerce in Hong Kong and the vice patron of the Hong Kong Community Chest. Dr. Zeman is a member of the Task Force on Promoting and Branding Hong Kong, a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region, a member of the Cultural Commission of the Hong Kong Special Administrative Region and a member of the Human Resources Planning Commission of the Hong Kong Special Administrative Region.

Qualifications Dr. Zeman is a holder of Honorary Doctorate of Laws Degree from The University of Western Ontario, Canada. In 2012, he was awarded Honorary Doctorate Degrees of Business Administration from City University of Hong Kong and The Hong Kong University of Science and Technology. In November 2019, Dr. Zeman was awarded Honorary Doctorate Degree of Business Administration by The Open University of Hong Kong (now known as Hong Kong Metropolitan University). In 2001, Dr. Zeman was appointed a Justice of the Peace in Hong Kong. He was awarded the Gold Bauhinia Star in 2004 and the Grand Bauhinia Medal in 2011.

Felix FONG Wo BBS, JP
Independent Non-executive Director
Chairman of Nomination Committee
Chairman of Regulatory Committee
Member of Audit Committee
Member of Remuneration Committee

Board appointment Mr. Fong, aged 73, was appointed as an Independent Non-executive Director of the Company on 3 December 2019.

Competencies and experience Mr. Fong is a practicing solicitor in Hong Kong and is also qualified in Canada and England. He is appointed by the Ministry of Justice of China as one of the China-Appointed Attesting Officers in Hong Kong. Mr. Fong is a consultant and the founding partner of the Hong Kong law firm, King & Wood Mallesons (formerly known as Arculli Fong & Ng), and has practiced law for over 40 years, including eight years in Toronto. Mr. Fong is an independent non-executive director of a number of listed companies, namely Greenland Hong Kong Holdings Limited, Guangdong Land Holdings Limited, Howkingtech International Holding Limited and Vesync Co., Ltd, whose shares are listed on the Stock Exchange. Mr. Fong is a member of the Guangdong Provincial Committee of Chinese People's Political Consultative Conference (9th and 10th Sessions), a director of the China Overseas Friendship Association, a director of the Shanghai Chinese Overseas Friendship Association and an executive director of the Guangdong Overseas Friendship Association. He is a director of the Hong Kong Basic Law Institute and also the former chairman of the Advisory Council on Food and Environment Hygiene and a former member of the Hong Kong Communications Authority. Mr. Fong is a member of the first Election Committee for the purposes of electing the Chief Executive for HKSAR, a founding member of the Canadian International School of Hong Kong and a visiting professor of the School of Law of Sun Yat-sen University, China.

SENIOR MANAGEMENT





Eric TSANG Chi Wai | SIU Sai Wo | Desmond CHAN Shu Hung | Rex CHING Chit | Ian LEE Hock Lye

Eric TSANG Chi Wai
General Manager (Content Operations)
Member of Executive Committee

Competencies and experience Mr. Tsang, aged 70, was appointed as General Manager (Content Operations) on 27 September 2021. He rejoined TVB on 21 January 2021 as Deputy General Manager (Non-Drama, Music Production & Programme). He also holds directorships in a number of the subsidiaries of the Company. He has overall responsibilities of TVB's key content operations, including the creation of various types of content (non-drama, co-produced drama, music) and the acquisition and curation of programmes. Mr. Tsang is a veteran actor and producer in Hong Kong's film and television industry with an extensive network of contacts and has established wide influence in the entertainment industry in the region. Mr. Tsang has committed to groom young talents, has considerable caring for performing arts, charities and the communities, and often organises large-scale fund-raising activities for benefit of the disadvantaged groups.

Mr. Tsang holds/held various important positions of the performing arts industry in Hong Kong, including the executive chairman of the Association for Betterment of Hong Kong's Entertainment Industry in Mainland China (HKEIMC), the president of the Hong Kong Performing Artistes Guild and the vice chairman of the board of directors of the Hong Kong Film Awards. Mr. Tsang was granted the Ruziniu Award (孺子牛獎) by the Ministry of Civil Affairs of the People's Republic of China in 1993 and the Medal of Honor by the government of the HKSAR on 1 July 2008. He was an elected member of the Standing Committee of the Chinese People's Political Consultative Conference of Jiangmen City, Guangdong Province in 2011, and the honorary chairman of the World Trade Federation. Mr. Tsang was awarded an Honorary Doctorate Degree of University of Colorado Boulder in 2006.

SIU Sai Wo
General Manager (Business Operations)
Member of Executive Committee

Competencies and experience Mr. Siu, aged 61, was appointed as General Manager (Business Operations) on 4 October 2021. He is responsible for overseeing marketing and sales operations across TVB's various platforms as well as directing all internal and external corporate communication activities and formulating the Group's overall brand strategy. He also holds directorships in a number of the subsidiaries of the Company. Prior to joining TVB, Mr. Siu was an executive director and the chief executive officer of Sing Tao News Corporation Limited. He held various senior positions at a number of leading Chinese newspaper companies in Hong Kong and has worked in the print media industry over 35 years. Mr. Siu is currently a member of Export Panel on Public Relations Strategy for Lantau Development and Conservation. He obtained a Bachelor of Journalism and Communication Degree from The Chinese University of Hong Kong in 1985.

Desmond CHAN Shu Hung
Deputy General Manager
(Legal and International Operations)
Member of Regulatory Committee

Competencies and experience Mr. Chan, aged 56, was appointed as Deputy General Manager (Legal and International Operations) in July 2016. He has doubled as the Acting Company Secretary since July 2022. He joined TVB as General Counsel in May 2010 and was appointed as Assistant General Manager in December 2012. He is responsible for international operations and legal and regulatory matters of the Company. Mr. Chan is also the General Manager of TVBI Company Limited and holds directorships in a number of the subsidiaries and a joint venture entity of the Company. Mr. Chan has had extensive experience in television and telecommunications industries. He worked at Asia Television Limited from 1994 to 1999, and i-Cable Communications Limited from 1999 to 2010. Mr. Chan received Master of Laws degrees from City University of Hong Kong, Renmin University of China and University of Strathclyde of United Kingdom respectively. He is a solicitor of HKSAR (not currently in private practice).

Rex CHING Chit
Group Chief Technology Officer

Competencies and experience Mr. Ching, aged 48, was appointed as Group Chief Technology Officer in September 2021 to lead the development and dissemination of technology across all business groups within TVB. He was also appointed as President of MyTV Super Group in January 2022 for overseeing the business, operations and technology development. Mr. Ching also holds directorships in certain subsidiaries of the Company. He joined TVB as Head of Technical Engineering in October 2014. Before joining TVB, Mr. Ching worked in PCCW Solution to lead the IT development for nowTV. He has 25 years of extensive experience in OTT, IT and Telecommunication industries. Mr. Ching holds a Bachelor of Electrical and Electronics Engineering and Master of Economics from The University of Hong Kong. He is also the Corporate Member of The Hong Kong Institution of Engineers.

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

Competencies and experience Mr. Lee, aged 51, joined TVB in December 2021 as Head of Corporate Development and was appointed as the Acting Chief Financial Officer in July 2022. He holds directorships in a number of the subsidiaries of the Company. Mr. Lee holds a Bachelor's degree in Engineering from King's College London. His career prior to TVB includes senior positions in Goldman Sachs, where he was an executive director of investment banking; and in PSA International, where he served as CFO of the Northeast Asia region, then as head of group strategy.

SENIOR MANAGEMENT

Kevin TSE Wai Kwong | YUEN Chi Wai | Catherina TSANG Lai Chun | Bonnie WONG Tak Wei | Virginia LOK Yee Ling

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

Competencies and experience Mr. Tse, aged 66, joined TVB in November 1978 and was appointed as the Assistant General Manager (Human and Production Resources) in July 2016. He holds directorship in a subsidiary of the Company. Mr. Tse received Master of Business Administration degree from The Open University of Hong Kong (now known as Hong Kong Metropolitan University) and has extensive expertise and experience in Business Administration and resources management of TV Broadcasting and Production operations. His existing role involves overseeing Group's Human Resources and Administration as well as various aspects of Production Resources functions, including Engineering, Production Facilities, Art Setting, Wardrobe, Make Up and Hairdressing etc. for the supporting of Drama and Non-Drama production.

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

Competencies and experience Mr. Yuen, aged 68, was appointed as Assistant General Manager (News and Information Services) in 2016 and is responsible for the production of all news, financial, information and sports programs of TVB.

Mr. Yuen is a veteran journalist. He joined the TVB News Department in 1977 and has successively served as News Reporter, Anchor, News Editor, Managing Editor, Executive Producer, Public Affairs Manager and News Controller.

Mr. Yuen graduated from the Communication Department of Hong Kong Baptist College in 1978.

Catherina TSANG Lai Chun
Assistant General Manager (Drama Production)

Competencies and experience Ms. Tsang, aged 72, was appointed as the Assistant General Manager (Drama Production) at TVB in 2016. Ms. Tsang is a highly esteemed management figure within the television industry. As the head of the drama division at TVB, she has consistently demonstrated strategic leadership in guiding her team to achieve optimal performance since she joined TVB in 1974. She has been instrumental in unearthing compelling narratives and nurturing talent in acting and production, combining these elements to create a series of influential and successful television works for TVB.

Ms. Tsang's management and execution skills are fully evident in the series she has produced. Her productions are not only beloved by audiences but have also had a significant positive impact on TVB's brand image and commercial revenue. In 2022, she received the prestigious "Honorary Achievement Award", in recognition of her professional achievements in television production, affirming her leadership status in the industry, as well as her significant contribution to elevating the television station's brand value.

Bonnie WONG Tak Wei
Assistant General Manager
(Corporate Communications)

Competencies and experience Ms. Wong, aged 51, was appointed Assistant General Manager (Corporate Communications) on 1 January 2024. She now heads the Corporate Communications Division, managing areas including Publicity, Corporate & Community Relations, Digital & Social Media Management, and China Affairs, as well as overseeing the TVB, Staff & Artistes Fund for Charities Limited. With an MBA and over two decades of experience in Hong Kong's film and television industry, Ms. Wong has focused on reforming traditional program promotion strategies and Group's corporate communication project management since she joined TVB in 2021. Beginning her media career at Star TV in the early '90s as a producer for international music channels, Ms. Wong later transitioned to the film industry, as an executive producer. Her extensive tenure as a media and publicity consultant for the Hong Kong Film Awards Association spans over twenty years. The Hong Kong SAR Government has recognized her contributions with appointments to the Hong Kong Film Development Council and, in 2023, as vice-chairman of the Film & Media Arts section of the Hong Kong Arts Development Council. Her industry experience and professional knowledge are essential to advancing our corporate communications.

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

Competencies and experience Miss Lok, aged 67, is currently Assistant General Manager (Talent Management and Development) of the Company. She first joined TVB in November 2003 as Assistant Controller (Talent), and was promoted to Deputy Controller (Production Resources) in May 2004 and Controller (Production Resources) in January 2008, and to her current position in July 2016. In addition, Miss Lok holds directorships in a number of subsidiaries, joint venture entities and associates of the Company. Miss Lok is responsible for overseeing the management and development of the Group's talents, including the career development, managing, recruiting, retaining training and promotion of artistes, which would ensure the smooth operation and continuous development of the talent team. A number of our artiste supporting teams are also under Miss Lok's management, including dance, stunt, dubbing and contest coordination, so as to fully support on TV production and programming.

Miss Lok has over 40 years of experience in film and TV entertainment industry. From 1978 to 1982, Miss Lok started to work as assistant director (Drama) in Commercial Television and Rediffusion Television Limited ("RTV") and was promoted to director (Drama) in RTV. From 1983 to 1993, Miss Lok took up the positions of line producer and executive producer in sizable movie production companies, including Shaw Brothers (Hong Kong) Limited.

Miss Lok is currently executive director of Shaw Brothers Holdings Limited, which is listed on the main board of the Stock Exchange. She is also the executive committee member of Hong Kong Motion Picture Industry Association Limited and Movie Producers and Distributors Association of Hong Kong Limited.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activities of the Company are terrestrial TV broadcasting, together with programme production and distribution, and other TV-related activities. The principal activities of the principal subsidiaries are detailed in Note 44 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in Note 5 to the consolidated financial statements.

RESULTS, APPROPRIATIONS AND DISTRIBUTABLE RESERVES

The results of the Group for the year are set out in the consolidated income statement on page 128.

Distributable reserves of the Company amounted to HK$1,835,375,000 at 31 December 2023 (2022: HK$2,301,300,000).

DIVIDEND

The Board of Directors did not recommend the payment of a dividend for the year ended 31 December 2023.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 31 May 2024 to Friday, 28 June 2024, both dates inclusive, ("Book Close Period") for the purpose of determining shareholders' entitlement to attend and vote at the annual general meeting of the Company to be held on Friday, 28 June 2024 ("2024 AGM"). During the Book Close Period, no transfer of shares will be registered. The Register of Members of the Company will be re-opened on Saturday, 29 June 2024.

In order to be entitled to attend and vote at the 2024 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 30 May 2024.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$50,000.

SHARE ISSUED IN THE YEAR

On 6 June 2023 and 20 June 2023, 155,500 new ordinary shares and 62,500 new ordinary shares were issued for consideration of HK$723,075 and HK$290,625, respectively, as a result of the exercise of share options granted under the share option scheme of the Company. Details of the share capital information of the Company are set out in Note 19 to the consolidated financial statements.

FIVE-YEAR FINANCIAL REVIEW

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 120.

BUSINESS REVIEW

A detailed review on business performance of the Group for the year ended 31 December 2023 and future prospects of the Group are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis". Further discussion and analysis as required under Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group can be found in the section headed "Corporate Governance Report". The discussion on environmental policies and performance, compliance with relevant laws and regulations, and relationships with the stakeholders are provided in the "2023 Environmental, Social and Governance Report" which is available on the Company's website at https://corporate.tvb.com. These discussions form part of this Directors' Report.

DIVIDEND POLICY

The Board supports a policy to provide a steady dividend return to shareholders. The Company adopted a written dividend policy at the Board Meeting on 6 December 2018.

Dividend distribution to the Company's shareholders should be approved by its shareholders or Directors, where appropriate. Directors may declare and pay such interim dividend as appears to the Directors to be justified by the profits of the Company and special dividend of such amounts out of distributable funds of the Company as they think fit. No dividend shall be payable except out of the profits of the Company available for distribution.

DIRECTORS

The Directors of the Company during 2023 were, and at the date of this Annual Report are, as follows:

Executive Chairman

Thomas Hui To (re-designated from Chairman and Non-executive Director to Executive Chairman on 10 March 2023)

Non-executive Directors

Li Ruigang
Anthony Lee Hsien Pin
Kenneth Hsu Kin

Independent Non-executive Directors

William Lo Wing Yan
Allan Zeman
Felix Fong Wo
Belinda Wong Ching Ying (retired on 31 May 2023)

The Company issued letters of appointment for all Directors setting out the key terms and conditions of their appointments.

Pursuant to the Company's Articles of Association ("Articles"), any director appointed by the Company in general meeting shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Any director appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for election at the meeting. Subsequently, directors will be subject to retirement and re-election at every third annual general meeting of the Company following his/her last election or re-election.

Mr. Li Ruigang and Mr. Felix Fong Wo who retired at the Company's annual general meeting held on 31 May 2023 ("2023 AGM") were successfully re-elected as Director at the 2023 AGM, and Ms. Belinda Wong Ching Ying who did not offer herself for re-election at the 2023 AGM in order to allocate more time for her other business commitments retired on 31 May 2023. Ms. Wong has confirmed that she has no disagreement with the Board, and that she is not aware of any matter relating to her retirement that needs to be brought to the attention of the Shareholders.

Details of Directors who are subject to retirement for re-election at the 2024 AGM, are set out in a circular which will be sent to the shareholders of the Company together with the notice of the 2024 AGM.

DIRECTORS OF THE SUBSIDIARIES

A list of names of all the directors who have served on the boards of Company's subsidiaries during 2023 and up to the date of this report is available on the Company's website at https://corporate.tvb.com.

DIRECTORS' SERVICES CONTRACTS

None of the Directors of the Company has a service contract with the Company which is not determinable within one year, without payment of compensation, other than statutory compensation.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of Directors and members of Senior Management are set out on pages 66 to 73 of this Annual Report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Interests of Directors in companies which are considered to compete or likely to compete, either directly or indirectly with the principal business of the Group, are required to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). As at 31 December 2023, these competing businesses are set out below.

Mr. Li Ruigang, a Non-executive Director of the Company, is the founding chairman and CEO of CMC Inc. and founding partner of CMC Capital Partners (CMC Inc. and CMC Capital Partners, together with their affiliates, are collectively referred to as "CMC") and through CMC has certain deemed interests as a substantial shareholder and/or holds certain directorships in companies within CMC which are engaged in the businesses of television programme licensing and distribution and e-commerce in mainland China ("Interested Companies").

Besides the Interested Companies, Shaw Brothers Holdings Limited ("Shaw Brothers Holdings"), a company incorporated in the Cayman Islands whose shares are listed on the main board of the Stock Exchange, is principally engaged in the business of investment in films, drama and non-drama productions and artiste and event management. TVB together with CMC are interested in approximately 29.94% of the shares of Shaw Brothers Holdings. Currently, Mr. Li is the chairman and a non-executive director of Shaw Brothers Holdings.

Mr. Thomas Hui To, Executive Chairman of the Company, is also a director of CMC Inc. which has interests in the Interested Companies. At the same time, Mr. Hui is a non-executive director of Shaw Brothers Holdings, and is a member of its executive committee.

The Interested Companies and/or Shaw Brothers Holdings may be considered to be in businesses which compete or are likely to compete with the programme production, the programme licensing and distribution and e-commerce businesses of the Company. However, as the Interested Companies and Shaw Brothers Holdings operate independently of, and at arm's length from, the businesses of the Company, and taking into account that the programme production, the programme licensing and distribution and the e-commerce businesses of the Interested Companies, Shaw Brothers Holdings and the Company taken together only represent a small percentage of the total market for programme production, programme licensing and distribution and e-commerce in mainland China, the impact on competition is considered insignificant.

Nevertheless, the Company has adopted the following internal control measures with a view to enhancing its corporate governance and managing any potentially conflicted transaction or business decision should it arise:

1. The Company will maintain a sufficient number of independent directors in order to advise on any conflicted transaction or business decision should it arise, and to ensure that the interests of its general body of shareholders will be adequately represented.

2. Transactions, if any, between TVB and CMC and/or TVB and Shaw Brothers Holdings will be handled by the other directors of the Company. In the event that such transactions require approval of the Board, Mr. Li and Mr. Hui will abstain from voting on such transactions.

3. Before approving any transaction between TVB and CMC and/or TVB and Shaw Brothers Holdings, the Board should be satisfied that the terms (e.g. pricing) of such transaction are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders.

4. Where necessary, the Company will engage independent consultants and/or legal advisers to provide advice to the Board, the independent Directors (when applicable), and/or the relevant Directors.

In view of the above safeguards, the Board is of the view that the Group is and should remain to be capable of carrying on its business independently of, and at arm's length from, the business of the Interested Companies and/or Shaw Brothers Holdings.

Save as disclosed above, none of the Directors of the Company has any interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

DIRECTORS' INTERESTS IN SHARES

At 31 December 2023, the interests and short positions of the Directors and chief executive in the shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 of the Listing Rules are set out below:

Long Positions in the Shares of the Company

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

Notes :

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

(a) Percentage of issued shares was based on 438,218,000 ordinary shares of the Company in issue.

(b) Mr. Kenneth Hsu Kin ("Mr. Hsu") was deemed to be interested in these 96,817,527 shares held by Shaw Brothers Limited, an indirect wholly-owned subsidiary of Young Lion Holdings Limited, which was controlled by Mr. Hsu through Ever Port Limited (see below Note (c) under the sub-heading of "Substantial Shareholders' Interests in Shares" for details).

(c) Mr. Li Ruigang was deemed to be interested in these 96,817,527 shares held by Shaw Brothers Limited. Such interests were held indirectly through CMC M&E Acquisition Co. Ltd. (see below Note (d) under the sub-heading of "Substantial Shareholders' Interests in Shares" for details).

Long Positions in the Underlying Shares of the Company

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

Notes:

(a) Percentage of issued shares was based on 438,218,000 ordinary shares of the Company in issue.

(b) These interests in the underlying shares of the Company represented interests in share options granted to the Director under the share option scheme of the Company, details of which are set out below under the sub-heading "Share Option Scheme".

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

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

Notes:

(a) Percentage of issued shares of associated corporation was based on the total number of Class A shares of the associated corporation in issue.

(b) These 102 shares of Shine Investment Limited were held by Shine Holdings Cayman Limited through certain corporations which were controlled by Mr. Li Ruigang.

Save for the information disclosed above, at 31 December 2023, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 31 December 2023, the interests or short positions of the persons (other than the Directors and chief executive of the Company), being 5% or more of the Company's issued shares, in the shares and the underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO are set out below:

Long Positions in the Shares of the Company

Name	Number of shares held	Percentage of issued shares[a]
Shaw Brothers Limited[b]	96,817,527[#(c)(e)]	22.09%
Young Lion Acquisition Co. Limited	96,817,527[#(c)(e)]	22.09%
Young Lion Holdings Limited	96,817,527[#(c)(e)]	22.09%
Ever Port Limited	96,817,527[#(c)(e)]	22.09%
Brilliant Spark Holdings Limited	96,817,527[#(d)]	22.09%
CMC Group Corporation	96,817,527[#(d)]	22.09%
CMC M&E Holdings Limited	96,817,527[#(d)]	22.09%
CMC M&E Acquisition Co. Ltd.	96,817,527[#(d)(e)]	22.09%
Silchester International Investors LLP	53,577,200[(f)]	12.23%
Silchester International Investors International Value Equity Trust	25,827,100[(f)]	5.89%
Cardy Oval Limited	35,056,164[(g)]	8.00%
Gaw Goodwin	35,056,164[(g)]	8.00%

Notes:

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

(a) Percentage of issued shares was based on 438,218,000 ordinary shares of the Company in issue.

(b) Shaw Brothers Limited ("SBL") was the registered shareholder of 96,817,527 shares of the Company.

(c) SBL was a wholly-owned subsidiary of Young Lion Acquisition Co. Limited ("YLA"), which was in turn a wholly-owned subsidiary of Young Lion Holdings Limited ("YLH"). YLH was controlled by Ever Port Limited ("EPL"), which was in turn wholly-owned by Mr. Kenneth Hsu Kin, a Non-executive Director of the Company ("Mr. Hsu"). Therefore, YLA, YLH and EPL were deemed to be interested in the same 96,817,527 shares held by SBL.

(d) CMC M&E Acquisition Co. Ltd. ("CMC M&E Acquisition") was deemed to be interested in the same 96,817,527 shares held by SBL. Such interests were held through its interest in YLH. CMC M&E Acquisition was a wholly-owned subsidiary of CMC M&E Holdings Limited, which was in turn a wholly-owned subsidiary of CMC Group Corporation. CMC Group Corporation was wholly-owned by Brilliant Spark Holdings Limited, which was in turn wholly-owned and controlled by Mr. Li Ruigang.

(e) Mr. Hsu, EPL, CMC M&E Acquisition, YLH, YLA and SBL were the parties of an agreement ("Agreement") to hold the interest in these 96,817,527 shares of the Company. The Agreement was an agreement to which Section 317 of the SFO applied.

(f) Silchester International Investors LLP was deemed to be interested in the shares held by Silchester International Investors International Value Equity Trust and certain commingled funds, in the capacity of investment manager.

(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 due 2028 in principal amount of HK$156 million at an initial conversion price of HK$4.45 per conversion share issued by the Company to Cardy Oval Limited pursuant to a subscription agreement dated 16 August 2023. 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 31 December 2023, no other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme ("Option Scheme") at its annual general meeting on 29 June 2017 ("Adoption Date"). The Option Scheme is designed to provide the scheme participants with the opportunity to acquire proprietary interests in the Company, thereby encouraging the grantees of such options to work towards enhancing the value of the Company and for the benefit of the Company and its shareholders as a whole.

Basically, the Option Scheme shall be valid for ten years from the Adoption Date. The Board or its delegated Committee may at its discretion grant share options to eligible participants (including a director, an employee of the Company or its affiliate; a representative, manager, agent, contractor, advisor, consultant, distributor or suppliers providing service or goods to the Company or its affiliate; a customer or joint venture partner of the Company or its affiliate; a trustee of any trust established for the benefit of employees of the Company or its affiliate, any other class of participants which the Board 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).

The exercise price/subscription price in respect of any options must be at least the higher of (a) the closing price of the shares as shown in the daily quotations sheet of the Stock Exchange on the relevant date of grant (which must be a business day) in respect of such option; and (b) the average of the closing price of the shares as shown in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the relevant date of grant in respect of such option.

The offer of a grant of options may be accepted within 28 days from the date of grant upon payment of HK$1.00 by the grantee as consideration for the acceptance of the offer.

The maximum entitlement of each eligible participant (excluding any options lapsed) in any 12-month period shall not exceed 1% of the shares in issue at the relevant time. For options granted or to be granted to an independent non-executive director or a substantial shareholder of the Company or any of their respective associates, the said limit is 0.1% of the shares in issue. Any further grant of share options in excess of such limits shall be subject to shareholders' approval at general meeting.

The Board shall, in accordance with the provisions of the Option Scheme, be entitled to make an offer to such eligible participants as it may in its absolute discretion. The offer shall specify the terms on which the option is to be granted. Such terms may at the sole discretion of the Board, include, among other things, the minimum period for which an option must be held before it can be exercised, a performance target (if any) that must be achieved before an option can be exercised in whole or in part, and/or any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

An option may be exercised in accordance with the terms of the Option Scheme at any time during an option period to be notified by the Board to each grantee, within which the shares must be taken up. The option period will be determined by the Board in its absolute discretion, save that no option may be exercised later than 10 years from the date of grant. Any option not exercised within the option period shall lapse and determine.

At 1 January 2023, there were 17,450,000 options available for grant under the Option Scheme. During the year, 218,000 options were exercised, 9,500,000 options were lapsed and no option was granted. Accordingly, the number of shares that may be issued in respect of options granted during the year is nil. As at 31 December 2023, there were 26,950,000 options available for grant under the Option Scheme.

As at 31 December 2023, options exercisable into a total of 16,632,000 shares of the Company remained outstanding.

As of the Adoption Date and the date of this Annual Report, the number of shares of the Company issuable pursuant to the Option Scheme was 43,800,000 shares (equivalent to 10% of the total issued shares of the Company on the Adoption Date and the date of this Annual Report).

Details of movement in the options during 2023 are set out below:

Name of grantee	Date of grant	Number of options held: Outstanding at 1 January 2023	Granted during the year	Exercised during the year[d]	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2023	Exercise price per share	Closing price of the Company's shares immediately before the date of grant	Exercise period
Director										
Thomas Hui To[c]	22 March 2018	2,000,000	–	–	–	(2,000,000)	–	HK$25.84	HK$25.90	Note[a]
	25 May 2022	4,000,000	–	–	–	–	4,000,000	HK$4.65	HK$4.50	Note[b]
Employees (In aggregate)	22 March 2018	7,250,000	–	–	–	(7,250,000)	–	HK$25.84	HK$25.90	Note[a]
	25 May 2022	13,100,000	–	(218,000)	–	(250,000)	12,632,000	HK$4.65	HK$4.50	Note[b]
Total		**26,350,000**	–	**(218,000)**	–	**(9,500,000)**	**16,632,000**			

Notes:

(a) The validity period of the options granted on 22 March 2018 ("2018 Options") is 5 years, from 22 March 2018 to 22 March 2023 (both dates inclusive). The vesting periods of the 2018 Options are set out below:

(i) 20% of the 2018 Options shall be exercisable from 1 December 2018 to 22 March 2023 (both dates inclusive);

(ii) 20% of the 2018 Options shall be exercisable from 1 December 2019 to 22 March 2023 (both dates inclusive);

(iii) 20% of the 2018 Options shall be exercisable from 1 December 2020 to 22 March 2023 (both dates inclusive);

(iv) 20% of the 2018 Options shall be exercisable from 1 December 2021 to 22 March 2023 (both dates inclusive); and

(v) 20% of the 2018 Options shall be exercisable from 1 December 2022 to 22 March 2023 (both dates inclusive).

(b) The validity period of the options granted on 25 May 2022 ("2022 Options") is 10 years, from 25 May 2022 to 24 May 2032 (both dates inclusive). The vesting periods of the 2022 Options are set out below:

(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).

(c) The 2018 Options and the 2022 Options granted to Mr. Thomas Hui To, the Executive Chairman, had been approved by the Board of Directors (including all Independent Non-executive Directors) at its meeting on 22 March 2018 and 25 May 2022 respectively.

(d) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$5.82.

(e) There is no performance target which must be satisfied or achieved before an option can be exercised for the 2018 Options and 2022 Options.

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

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

The fair value of 2018 Options and 2022 Options at the grant date are HK$56.6 million and HK$13.6 million respectively, calculated using the binomial option pricing model. The significant assumptions used in the calculation of the values of the share options were as follows:

For the 2018 Options

Date of grant	:	22 March 2018
Contractual Option Life (years)	:	5
Exercise price (HK$)	:	25.84
Risk-free interest rate (%)	:	1.841
Expected dividend yield (%)	:	5.386
Expected volatility (%)	:	26.235

The risk-free rate is the yield of Hong Kong Exchange Fund Note with maturity matching the contractual option life of the share options. The expected dividend yield is derived from the dividend payment history of the Company. The expected volatility is the historical volatility of the Company over the most recent period commensurate with the contractual life of the share options and reflects the assumption that the historical volatility is indicative of future trends.

For the 2022 Options

Date of grant	:	25 May 2022
Contractual Option Life (years)	:	10
Exercise price (HK$)	:	4.65
Risk-free interest rate (%)	:	2.551
Expected dividend yield (%)	:	4.84
Expected volatility (%)	:	28.58

The risk-free rate is the rate of safety investment, which is based on the market yield rates of Hong Kong government bond as of the valuation date. The expected dividend yield is derived from the dividend payment history of the Company. The expected volatility is based on the historical share price movement of the Company prior to the valuation date for a period over the option life.

Save as disclosed above, no options were granted, exercised, cancelled or lapsed in accordance with the terms of the Option Scheme during 2023. Further details of the Option Scheme is set out in Note 31 to the consolidated financial statements.

Save as the information disclosed above in relation to the Option Scheme, at no time during 2023 or at the year-end date 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.

DIRECTORS'/SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

The following transactions constituted connected transactions and continuing connected transactions of the Company which are subject to the requirements under Chapter 14A of the Listing Rules:

Continuing Connected Transactions

1. Continuing connected transactions with 上海翡翠東方傳播有限公司 ("TVBC"), announced on 28 February 2020

   As announced on 28 February 2020, TVBI Company Limited ("TVBI"), a direct wholly-owned subsidiary of the Company, entered into a licence agreement ("2020 Licensing Agreement") in relation to the supply of the licensed programmes in Mainland China ("PRC") and a supply agreement ("2020 Supply Agreement") in relation to the supply of the TV broadcasting and marketing materials in the PRC with TVBC. As at the date of entering into the 2020 Licensing Agreement and the 2020 Supply Agreement, TVBC was owned as to 70% by the Company and hence a non wholly-owned subsidiary of the Company. Mr. Li Ruigang, a Non-executive Director of the Company, could control more than 10% of the voting shares in TVBC. Accordingly, TVBC was a connected subsidiary of the Company and the entering into of the 2020 Licensing Agreement and the 2020 Supply Agreement constituted continuing connected transactions for the Company which are subject to the annual review, and reporting and announcement requirements under the Listing Rules. The voting rights over TVBC controlled by Mr. Li Ruigang reduced to 9% on 19 January 2023. Accordingly, TVBC ceased to be a connected subsidiary of the Company on 19 January 2023. Details of the 2020 Licensing Agreement and the 2020 Supply Agreement are as follows:

   (a) On 28 February 2020, TVBI and TVBC entered into the 2020 Licensing Agreement, pursuant to which TVBI agreed to supply during the period from 1 April 2020 to 31 March 2023 TVBC with the licensed programmes as selected by TVBC and grant an exclusive licence to TVBC, among other things, (i) to broadcast and exhibit those selected licensed programmes on wireless TV, cable TV and satellite TV as well as all new media platforms, and (ii) to produce, distribute and sell the sound and video recordings of the licensed programmes (such as VCDs, DVDs and other storage media), within the Mainland. The fee received by TVBI for the period from 1 January 2023 to 18 January 2023 was HK$9,824,555.

   (b) On 28 February 2020, TVBI and TVBC entered into the 2020 Supply Agreement, pursuant to which TVBI agreed to supply during the period from 1 April 2020 to 31 March 2023 TVBC with the TV broadcasting and marketing materials relating to the licensed programmes as selected by TVBC under the 2020 Licensing Agreement. The fee received by TVBI for the period from 1 January 2023 to 18 January 2023 was HK$945,091.

2. Continuing connected transactions with 華人劇薈(上海)文化傳媒有限公司 ("CMC Studios"), announced on 26 April 2022

   (a) On 26 April 2022, the Company entered into an artistes' services framework agreement ("Artistes' Services Framework Agreement") with CMC Studios in relation to the provision of artistes' services by the Company to CMC Studios and its associated companies to perform in the TV dramas produced by CMC Studios and/or its associated company(ies) for a period of 12 months commencing on 26 April 2022 to 25 April 2023 (both days inclusive). The performance fee for each artiste payable shall be determined with reference to the experience of the artiste, the shooting period and location of the drama, and the performance fee that the artiste would receive in similar types of dramas subject to a maximum total artistes' performance fee of RMB3,000,000 (equivalent to approximately HK$3,630,000) from 1 January 2023 to 25 April 2023.

   The performance fee received by the Company from CMC Studios and/or its associated company(ies) pursuant to the Artistes' Services Framework Agreement during 2023 was nil.

(b) On 26 April 2022, the Company entered into a distribution rights framework agreement ("Distribution Rights Framework Agreement") with CMC Studios in relation to the purchase by the Group of the right(s) to distribute the TV drama(s) produced by CMC Studios and/or its associated companies in Hong Kong ("Distribution Right") for a period of 12 months commencing on 26 April 2022 to 25 April 2023 (both days inclusive). The purchase price for the Distribution Right of a TV drama payable shall be determined with reference to the number of episodes and the duration of each episode of the TV drama, the actors and performers in the TV drama, the quality of the TV drama as well as the prevailing market practices and other relevant factors subject to a maximum total purchase price of RMB6,000,000 (equivalent to approximately HK$7,260,000) from 1 January 2023 to 25 April 2023.

The purchase price paid by the Group to CMC Studios and/or its associated companies pursuant to the Distribution Rights Framework Agreement during 2023 was nil.

As at the date of entering of the Artistes' Services Framework Agreement and the Distribution Rights Framework Agreement, CMC Studios was indirectly wholly-owned by 華人文化有限責任公司 ("CMC") and Mr. Li Ruigang, a Non-executive Director, was the ultimate controlling shareholder of CMC Studios and CMC. Accordingly, CMC Studios is a connected person of the Company, and the entering into of the Artistes' Services Framework Agreement and the Distribution Rights Framework Agreement constituted continuing connected transactions for the Company which are subject to reporting, announcement and annual review requirements under the Listing Rules.

All of the Independent Non-executive Directors of the Company having reviewed the continuing connected transactions described in paragraphs 1 and 2 above confirmed the transactions were:

(i) in the ordinary and usual course of business of the Company and its subsidiaries;

(ii) either on normal commercial terms or on terms no less favourable to the Company and its subsidiaries than terms available to or from independent third parties; and

(iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 83 and 84 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

Connected Transactions

3. Connected transaction with TVBC, CMC and Gravity Media Holdings Limited ("Gravity Media"), announced on 19 January 2023

(a) On 19 January 2023, 上海港柿多多媒體廣告合夥企業(有限合夥) ("LLP"), a limited liability partnership beneficially owned by CMC as limited partner, and with 港視多媒體廣告(廣州)有限公司 ("TVB Multi Media", a wholly-owned subsidiary of the Company) as the general partner entered into an acquisition agreement ("Acquisition Agreement") with CMC and TVBC, pursuant to which LLP will purchase a 6% equity interest in TVBC from CMC for a consideration of RMB25.5 million (equivalent to approximately HK$28.6 million). The said consideration will be funded entirely by CMC in its capacity as limited partner of LLP, and the Group will not bear any portion thereof.

Pursuant to the Acquisition Agreement, LLP has also granted the call option to CMC to re-purchase the 6% equity interest in TVBC from LLP at the exercise price of RMB25.5

million, exercisable on 30 June 2024, 31 December 2025 and 30 June 2027 (if any such date is a statutory holiday in the PRC, the following working day), whereas CMC has granted the put option to LLP to sell the 6% equity interest in TVBC to CMC at the exercise price of RMB25.5 million, exercisable at any time during the six years from the date of the Acquisition Agreement ("TVBC Put Option Period"). If neither CMC nor LLP exercises the call option or the put option (as the case may be), LLP shall eventually sell, and CMC shall eventually purchase, the 6% equity interest in TVBC within 30 days from the expiry of the TVBC Put Option Period ("TVBC Option Arrangements").

As at 19 January 2023, Mr. Li Ruigang, a non-executive Director, was the ultimate controlling shareholder of CMC. Accordingly, CMC was an associate of Mr. Li Ruigang and a connected person of the Company, and the transactions contemplated under each of the Acquisition Agreement and the TVBC Option Arrangements constituted a connected transaction for the Company which is subject to reporting and announcement requirements under the Listing Rules.

(b) On 19 January 2023, the Company subscribed for, and Rainmaker Media and Advertising Limited ("Rainmaker"), a company wholly owned by Gravity Media which is ultimately owned by Mr. Li Ruigang and other independent third parties, issued to the Company, one new ordinary share in Rainmaker, representing all the voting rights of Rainmaker, at the nominal subscription price of HK$1.00 ("Subscription"). All of the other outstanding ordinary shares of Rainmaker not held by the Company have been converted into non-voting shares.

In connection with the Subscription, on 19 January 2023, the Company also entered into an agreement ("Rainmaker Option Agreement") with Gravity Media, pursuant to which the Company has granted call option to Gravity Media to purchase the one ordinary share in Rainmaker from the Company at the exercise price of HK$1.00 exercisable on 30 June 2024, 31 December 2025 and 30 June 2027 (if any such date is a statutory holiday in the PRC, the following working day), whereas Gravity Media has granted the put option to the Company to sell the one ordinary share in Rainmaker to Gravity Media at the exercise price of HK$1.00 exercisable during the six years from the date of the Rainmaker Option Agreement ("Rainmaker Put Option Period"). If neither Gravity Media nor the Company exercises the call option or the put option (as the case may be), the Company shall eventually sell, and Gravity Media shall eventually purchase, the one ordinary share in Rainmaker within 30 days from the expiry of the Rainmaker Put Option Period at the exercise price of HK$1.00 ("Rainmaker Option Arrangements").

As at 19 January 2023, Mr. Li Ruigang, a non-executive Director, was the ultimate controlling shareholder of Gravity Media. Accordingly, Gravity Media was an associate of Mr. Li Ruigang and a connected person of the Company, and the transactions contemplated under each of the Subscription and the Rainmaker Option Arrangements constituted a connected transaction for the Company which is subject to reporting and announcement requirements under the Listing Rules.

The voting rights over TVBC controlled by Mr. Li Ruigang reduced to 9% on 19 January 2023. Accordingly, TVBC ceased to be a connected subsidiary of the Company. Please refer to the Company's announcements dated 19 January 2023 and 31 January 2023 for details of the above connected transactions.

Save as the information disclosed above, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or a substantial shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the year-end or at any time during 2023.

PERMITTED INDEMNITY

Subject to the applicable laws, the Directors of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, liabilities, losses, damages and expenses which they or any of them shall or may incur or sustain in the execution of their duties or in relation thereto pursuant to the Articles. Such provisions were in force during the financial year ended 31 December 2023 and remained in force as of the date of this report. The Company has also arranged directors' liability insurance, to insure against any losses and liabilities incurred by Directors of the Company in their capacity as such.

EQUITY-LINKED AGREEMENTS

Save for the Option Scheme as set out in the section headed "SHARE OPTION SCHEME" and the Subscription Agreement as detailed in the section headed "CONVERTIBLE BONDS DUE 2028" in this report, no equity-linked agreements were entered into by the Company during or subsisted at the end of the financial year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under Note 40 to the consolidated financial statements. None constitutes a discloseable connected transaction as defined under the Listing Rules.

DIRECTORS' EMOLUMENTS

Details of the remuneration of Directors for the year are set out in Note 29 to the consolidated financial statements.

DISCLOSURES PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

SMI Holdings Group Limited

As at 31 December 2023, the Group had provided the following financial assistance to SMI Holdings Group Limited ("SMI"), a company previously listed on the Stock Exchange (stock code: 00198) and the listing of its shares was cancelled on 14 December 2020 and an independent third party of the Group, which in aggregate exceeded 8% under the assets ratio (as defined under Chapter 14 of the Listing Rules) and hence constituted an advance to an entity under Rule 13.13 of the Listing Rules:

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

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

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

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

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

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

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

For details and the latest development of the above advances to SMI, please refer to the Company's announcement dated 2 May 2018 and Notes 10(b) and 11(b) to the consolidated financial statements. As at 31 December 2023, the outstanding principal of the above advances remained as US$106,000,000.

Imagine Tiger Television LLC

As at 31 December 2023, the Group had provided other financial assistance to certain affiliated companies (as defined under the Listing Rules), which in aggregate exceeded 8% under the assets ratio. The financial assistance provided to Imagine Tiger Television LLC ("ITT") (a 50% owned joint venture of the Group) also constituted an advance to an entity under Rule 13.13 of the Listing Rules.

In July 2017, the Group subscribed for the promissory note issued by ITT in the aggregate principal amount of US$66,666,667 ("Promissory Note"). The Promissory Note is unsecured and bears an interest rate of 12% per annum payable annually and will mature in July 2032. ITT may repay the outstanding principal under the Promissory Note in whole or in part from time to time, provided that any repayment during the period of four years from 26 July 2017 shall be subject to the prior approval of the board of directors of ITT. For details of the Promissory Note, please refer to the Company's announcement dated 26 July 2017. With effect from 1 July 2019, a conversion of the Group's equity contribution of US$7,741,579 into a loan to ITT was executed, which accumulated the Promissory Note to ITT with an amount of US$74,408,246. In December 2022, ITT completed a repayment of promissory note to the Group in the amount of US$35,000,000 which had the effect of reducing the outstanding principal amount, and accrued and unpaid interest, thereon, of the ITT debt obligation owing to the Group. The principal amount of the promissory note was US$107,714,349 as at 31 December 2023.

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 31 December 2023 are presented as follows:

	Combined statement of financial position HK$'000	The Group's attributable interest HK$'000
Non-current assets	–	–
Current assets	254,862	251,697
Current liabilities	(99,626)	(79,823)
Net current assets	155,236	171,874
Total assets less current liabilities	155,236	171,874
Non-current liabilities	(841,438)	(841,438)
Less: unrecognised share of loss	–	646,303
Net liabilities	(686,202)	(23,261)

CONVERTIBLE BONDS DUE 2028

On 16 August 2023, the Company entered into a subscription agreement ("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 ("Conversion Price") of HK$4.45 per conversion share. Completion of the Subscription Agreement ("Completion") took place on 6 September 2023.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms and conditions of the Convertible Bonds are summarised as follows:

Issuer:	The Company
Principal amount:	HK$156 million
Maturity Date:	The fifth (5th) anniversary of the date of Completion
Interest rate:	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 Maturity Date.
Status and ranking:	The Convertible Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Company, and will at all times rank *pari passu* and without any preference or priority among the direct, unsubordinated, unconditional and unsecured obligations of the Company, with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Company (other than those preferred by applicable law).
Transferability:	The Convertible Bonds are not transferable and will not be listed.
Voting:	The Convertible Bonds do not confer its holders with the right to vote at any meetings of the Company.
Conversion:	Subject to the prior satisfaction of the conversion condition, the Investor shall have the right to convert any or all of the Convertible Bonds into fully paid ordinary shares of the Company which shall rank *pari passu* in all respects with other ordinary shares of the Company in issue and listed on the Stock Exchange at the prevailing Conversion Price (subject to adjustment) at any time before the Maturity Date.
Conversion price:	The initial Conversion Price is HK$4.45 per share, which represents: (a) a premium of approximately 13.23% over the closing price of HK$3.93 per share of the Company as quoted on the Stock Exchange on 15 August 2023, being the trading day immediately prior to the date of the Subscription Agreement; and (b) a premium of approximately 1.00% over the average closing price of HK$4.406 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement. The initial Conversion Price of HK$4.45 per conversion share was determined after arm's length negotiations between the Company and the Investor with reference to the prevailing market price of the shares of the Company prior to the date of the announcement and the business performance of the Group. The Directors considered that the Conversion Price is fair and reasonable and in the interests of the Company and the shareholders as a whole.

The initial Conversion Price is subject to adjustment option upon the occurrence of certain events, including (i) consolidation, subdivision or reclassification of shares; (ii) capitalisation of profits or reserves; (iii) capital distribution; (iv) dividends; (v) rights issues of shares or options over shares; (vi) rights issues of other securities; (vii) issues at less than current market price; (viii) other issues at less than current market price; (ix) modification of rights of conversion; and (x) other offers to shareholders, and other events as described in the terms and conditions of the Convertible Bonds.

Conversion shares: Based on the initial Conversion Price of HK$4.45, a total of 35,056,164 conversion shares will be allotted and issued upon exercise in full of the conversion right attached to the Convertible Bonds, representing:

(a) approximately 8.00% of the existing issued share capital of the Company as of the date of the announcement (i.e. 16 August 2023); and

(b) 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 conversion shares will be allotted and issued under the general mandate granted to the Directors pursuant to the ordinary resolution passed by the shareholders at the 2023 AGM to allot, issue and deal with up to 10% of the then issued share capital of the Company. The conversion shares, when issued will rank *pari passu* and carry the same rights and privileges in all respects with the other shares in issue and shall be entitled to all dividends and other distributions declared, paid or made thereon.

In view of the Investor being deemed to be an "unqualified voting controller" under the Broadcasting Ordinance upon being allotted and issued the conversion shares, the Company and the Investor shall, as soon as practicable after Completion, initiate the relevant approval application process with the Communications Authority for the Investor to hold over 5% of the shares of the Company upon conversion.

Redemption upon maturity: Unless previously redeemed or converted and cancelled, the Company will redeem the Convertible Bonds at 100% of the principal amount together with the accrued and unpaid interest thereon on the Maturity Date.

Redemption upon trigger event: Upon the occurrence of any trigger event (including (i) a change of control of the Company; (ii) a delisting of the Company; (iii) the shares being suspended from trading on the Stock Exchange for a period of 30 consecutive trading days; (iv) the occurrence of an event of default or (v) if there shall have been a breach of any covenant contained in the terms and conditions of the Convertible Bonds which has a material adverse effect on the Company), the Investor shall have the right to require the Company to redeem any or all of the outstanding Convertible Bonds at the aggregate principal amount together with (a) any accrued and unpaid interest as at the due date for redemption and (b) a simple interest of 10% per annum accrued from the date of Completion to the due date for redemption.

Early redemption rights:	Upon the occurrence of a takeover of the Company (i.e. an event of change in control including but not limited to a privatisation of the Company by way of a scheme or offer. For the purpose of this definition, "control" shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission from time to time), the Company may redeem all of the outstanding Convertible Bonds at an amount equal to 110% of the aggregate principal amount together with any accrued but unpaid interest as at the due date for redemption. The Investor shall have the right to require the Company to redeem all and not part of the outstanding Convertible Bonds at 110% of the aggregate principal amount together with any accrued but unpaid interest as at the due date for redemption by giving notice to the Company within five business days after the third (3rd) anniversary of the date of Completion.
Cancellation:	All Convertible Bonds which are redeemed or converted shall forthwith be cancelled.

The net proceeds from the issuance of the Convertible Bonds, being approximately HK$155 million, will be used for general corporate purposes. As at 31 December 2023, all the net proceeds has been utilized for general corporate purposes.

The Board believes that this subscription of the Convertible Bonds by Mr. Goodwin Gaw, a seasoned and highly reputable third-party investor, serves as an additional validation of the Company's promising future prospects. Furthermore, it brings a welcome diversification to the sources of capital.

The net subscription price is approximately HK$4.42 per share. The subscription shares have a market value of approximately HK$146.2 million based on the closing price of HK$4.17 of the shares on 16 August 2023, being the date of the Subscription Agreement.

As at 31 December 2023, 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. 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 8.00% of the total number of shares in issue as at 31 December 2023 and approximately 7.41% 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:

	As at 31 December 2023		Immediately upon conversion of the Convertible Bonds at the initial Conversion Price	
Major Shareholder	**Number of shares held**	**Approximately % of issued shares[a]**	**Number of shares held**	**Approximately % of issued shares[a]**
Shaw Brothers Limited[b]	96,817,527[c][e]	22.09%	96,817,527	20.46%
Young Lion Acquisition Co. Limited	96,817,527[c][e]	22.09%	96,817,527	20.46%
Young Lion Holdings Limited	96,817,527[c][e]	22.09%	96,817,527	20.46%
Ever Port Limited	96,817,527[c][e]	22.09%	96,817,527	20.46%
Brilliant Spark Holdings Limited	96,817,527[d]	22.09%	96,817,527	20.46%
CMC Group Corporation	96,817,527[d]	22.09%	96,817,527	20.46%
CMC M&E Holdings Limited	96,817,527[d]	22.09%	96,817,527	20.46%
CMC M&E Acquisition Co. Ltd.	96,817,527[d][e]	22.09%	96,817,527	20.46%
Silchester International Investors LLP	53,577,200[f]	12.23%	53,577,200	11.32%
Silchester International Investors International Value Equity Trust	25,827,100[f]	5.89%	25,827,100	5.46%
The Investor	–	–	35,056,164	7.41%

Notes:

(a) Based on 438,218,000 ordinary shares of the Company in issue as at the date of 31 December 2023.

(b) SBL is the registered shareholder of 96,817,527 shares of the Company.

(c) SBL is a wholly-owned subsidiary of YLA, which is in turn a wholly-owned subsidiary of YLH. YLH was controlled by EPL, which was in turn wholly-owned by Mr. Kenneth Hsu Kin, a Non-executive Director of the Company. Therefore YLA, YLH and EPL are deemed to be interested in the same 96,817,527 shares held by SBL.

(d) 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 is a wholly-owned subsidiary of CMC M&E Holdings Limited, which is in turn a wholly-owned subsidiary of CMC Group Corporation. CMC Group Corporation is wholly-owned by Brilliant Spark Holdings Limited, which is in turn wholly-owned and controlled by Mr. Li Ruigang.

(e) Mr. Hsu, EPL, CMC M&E Acquisition, YLH, YLA and SBL are the parties of the Agreement to hold the interest in these 96,817,517 shares of the Company. The Agreement is an agreement to which Section 317 of the SFO applies.

(f) 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 31 December 2023, the Group recorded total net assets of approximately HK$2,739 million and cash reserve of approximately HK$714 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 note 35 to the consolidated financial statements in this annual report for the dilutive impact on earnings per share and for further details of the Convertible Bonds respectively.

For details, please refer to the Company's announcements dated 16 August 2023 and 8 September 2023.

BOARD COMMITTEES

The responsibilities of the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee (before its dissolution), the Investment Committee and the Regulatory Committee of the Board and their work done during the year are set out in the Corporate Governance Report on pages 104 to 112.

CORPORATE GOVERNANCE

The Corporate Governance Report for the year are set out on pages 94 to 117 of this Annual Report.

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 year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, at least 25% of the Company's total number of issued shares is held by the public at all times. At 27 March 2024, there were 355 shareholders on the Company's register of members.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentages of the Group's purchases and sales attributable to its five largest suppliers and five largest customers were both less than 30%.

AUDITOR

The consolidated financial statements for the year ended 31 December 2023 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer itself for re-appointment at the 2024 AGM.

On behalf of the Board

Thomas Hui To
Executive Chairman

Hong Kong, 27 March 2024

CORPORATE GOVERNANCE REPORT

TVB's key corporate governance practices and activities during the year ended 31 December 2023 are set out in this Corporate Governance Report ("CG Report"), which has been prepared in accordance with the requirements of Appendix C1 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

CORPORATE GOVERNANCE PRACTICES

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

The Company was in compliance with the code provisions of the Corporate Governance Code under the Listing Rules ("CG Code") throughout 2023.

CULTURE AND VALUES

The Company's vision is to become a world-class media organisation with extensive digital and direct-to-customer capabilities, amplifying its long tradition to entertain, inform and enrich audiences. This vision guides the Group to pursue its mission to bring the best Chinese-language entertainment to our audiences in Hong Kong and around the world.

The Company is committed to developing a positive culture to achieve its vision and mission toward sustainable growth.

Strategic Planning

The Company has an ongoing strategic planning process to identify and assess opportunities and challenges that the Group may face and to develop a planned course of action for the Group to generate sustainable long-term value for the Company's shareholders ("Shareholders"). Details about the Company's strategic planning are provided in the "Chairman Statement" of this Annual Report.

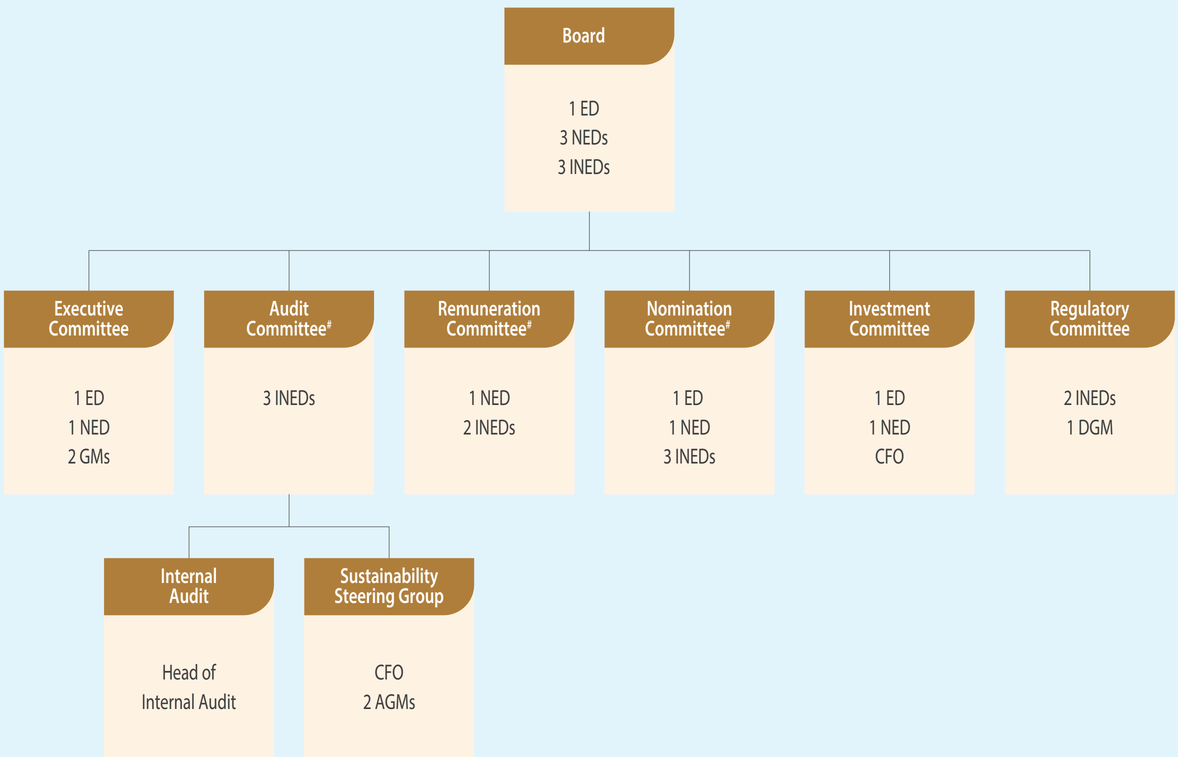
ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY AND REPORT

The Board has overall responsibility for the Company's environmental, social and governance ("ESG") strategy and reporting. In line with the CG Code, the Board is responsible for evaluating and determining the Company's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

The 2023 ESG Report will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (https://corporate.tvb.com) together with this Annual Report.

COMPOSITION OF THE BOARD AND ITS COMMITTEES

The corporate governance structure of the Company at the date of this CG Report is as follows:



#: mandatory committee under the Listing Rules

Director
ED : Executive Director
NED : Non-executive Director
INED : Independent Non-executive Director

Management
GM : General Manager
DGM : Deputy General Manager
AGM : Assistant General Manger
CFO : Acting Chief Financial Officer

BOARD OF DIRECTORS

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. All of the Board Committees report to the Board of Directors.

The Board is responsible for development and review of the Company's policies and practices on corporate governance, review and monitoring of training and continuous professional development of Directors and Senior Management; the Company's policies and practices on compliance with legal and regulatory requirements; the code of conduct and compliance manuals applicable to employees and Directors; and the Company's compliance with the CG Code and disclosure in the CG Report.

At the date of this CG Report, the composition of the Board comprises one Executive Chairman and six Non-executive Directors (including three Independent Non-executive Directors ("INEDs")) which together give the Board a balance of skills and experience necessary for the fulfilment of the Company's business objectives. The high representation of INEDs on the Board helps provide independent views and judgement when they are called for.

A list of the Directors of the Company is set out on page 75 and the biographical information of Directors are set out on pages 66 to 69 of this Annual Report.

COMPOSITION OF THE BOARD AND MEMBERSHIPS OF ITS COMMITTEES

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

C: Chairman of the committee
M: Member of the committee

BOARD CHANGES

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

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

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

DIVERSITY

Board Diversity

The Board has adopted a Board Diversity Policy, which follows the practice as laid down by the Stock Exchange. The Board Diversity Policy contains measurable objectives for implementation, and monitoring and reporting on achieving its objectives. The implementation and effectiveness of this policy is subject to annual review by the Board.

Pursuant to the Board Diversity Policy, the Board shall consider the benefits of diversity when it reviews the Board composition, in addition to examining whether it has a balance of skills, experience and independence.

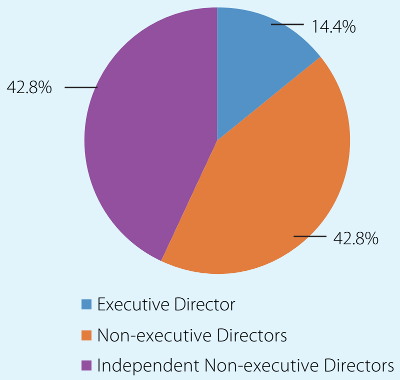
Board diversity will be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience and business experience. The diversity of the Board members was generally achieved throughout the year. Following the retirement of Ms. Belinda Wong Ching Ying in May 2023, there is no female Director in the Board. The Board is identifying a suitable female candidate and will appoint her as a Director not later than 31 December 2024.

CORPORATE GOVERNANCE REPORT

The Board has a total of 7 Directors

Executive Director	Non-executive Directors	Independent Non-executive Directors
1	3	3

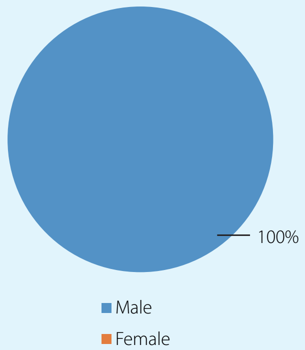
DESIGNATION



Gender

Male	Female
7	0

GENDER



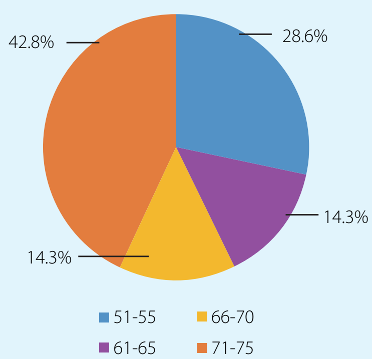
Age Group

The number of Directors falling within the following age groups are:

51-55	56-60	61-65	66-70	71-75
2	0	1	1	3

The average age of Directors is 65 years old.

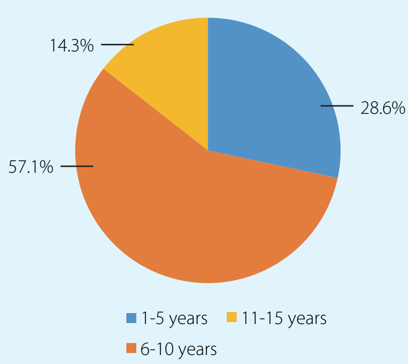
AGE GROUP



Years of directorship with TVB

1-5 years	6-10 years	11-15 years
2	4	1

YEARS OF DIRECTORSHIP



The background of each member of the Board is as follows:

Director	Title	Background Professional/Expertise
Thomas Hui To	Executive Chairman	Media and Entertainment, Investment
Li Ruigang	Non-executive Director	Media and Entertainment
Anthony Lee Hsien Pin	Non-executive Director	Finance and Investment
Kenneth Hsu Kin	Non-executive Director	Engineering and Management
William Lo Wing Yan	Independent Non-executive Director	Technology, Media and Telecommunications, Finance
Allan Zeman	Independent Non-executive Director	Investment
Felix Fong Wo	Independent Non-executive Director	Legal and Regulatory

Directors have very diversified background, ranging from management; finance and investment; legal and regulatory; media and entertainment; technology to engineering, which fits well with the Company's business objectives.

In consideration of the above aspects, the Board concluded that the Board Diversity Policy was effectively implemented throughout the year.

Diversity across Workforce

The Group provides equal opportunities to all employees and does not discriminate on the grounds of gender, race, age, nationality, religion, sexual orientation, disability and any other aspects of diversity. As at 31 December 2023, the Group had a total of 3,496 full time staff and artistes. The ratio of women to men in the workforce (excluding Directors of the Company) was 1,511:1,985. For details of gender distribution, please refer to "Valuing Our People & Operating Responsibly" in 2023 ESG Report.

DIRECTORS' RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS

Each Director has a duty to act in good faith and in the best interests of the Company. The Directors are collectively and individually responsible to all Shareholders for the manner in which the affairs of the Company are managed, controlled and operated.

To ensure that issues relating to conflict of interest are properly handled, Directors are requested to disclose information relating to any relationships which may give rise to areas of conflict of interest so that such matters can be dealt with in the proper manner by other independent directors. The Company Secretary keeps a register of disclosure of conflict for record purposes. Additionally, Directors are requested to provide a confirmation annually to the Company Secretary as to whether or not any such conflict of interest exists.

Board's Power

The Board is empowered to set the strategic direction of the Company and monitor the performance of the Group's business and management; and, inter alia, to ensure that a risk management framework is in place to enable the Company's risks be assessed and managed.

The Board exercises a number of reserved approval powers over matters which include:

- significant changes in accounting policies or capital structure;
- issuance of financial statements and public announcements;
- major acquisitions, disposals and capital projects;
- material borrowings and any issuing, or buying back, of equity securities;
- remuneration policy;
- annual group budget;
- dividend policy; and
- treasury policy.

Directors' Training

Each Director is kept abreast of his/her responsibilities as Director of the Company and of the conduct, business activities and development of the Company. Management provides monthly group management accounts, press releases and other information to Directors in a timely manner to keep them apprised of the Company's latest development, performance, position and prospects. In addition, Directors have independent access to members of Senior Management in respect of operational issues.

To keep Directors abreast of professional developments and to meet the requirements of the Listing Rules, the Company organises trainings from time-to-time on relevant professional topics and areas of interests.

During 2023, the Company facilitated training sessions to Directors on the legal and regulatory updates to a Hong Kong listed company and its directors. In addition, each Director was asked to provide to the Company a record of the training he received during the year from other sources for record and completeness purposes. A summary of the record of training received by the current Directors during the year is as follows:

	Training on directors' duties, environmental, social and governance, and regulatory update
Executive Chairman	
Thomas Hui To	✓
Non-executive Directors	
Li Ruigang	✓
Anthony Lee Hsien Pin	✓
Kenneth Hsu Kin	✓
Independent Non-executive Directors	
William Lo Wing Yan	✓
Allan Zeman	✓
Felix Fong Wo	✓

Proceedings of the Board and Board Committee Meetings

The Board holds meetings on pre-scheduled dates and the draft timetable for meetings for the following year is circulated for comment at the end of each calendar year. Notices of Board meetings are despatched well in advance of each meeting. The agendas of Board meetings are approved by the Chairman, and all Directors are given the opportunities to propose agenda items for consideration at meetings. The Board is provided with adequate and timely information about the Company's business and developments before each meeting to enable active participation and discussions. Before each meeting, draft minutes of the previous meeting are circulated and commented on by Directors, before they are approved by the Chairman.

Pursuant to the Articles of Association of the Company ("Articles"), a resolution-in-writing signed by all the Directors shall be regarded as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. However, if a Director has a conflict of interest in any matter to be considered by the Board which is determined to be material, such a matter will be dealt with by a physical meeting, rather than in a resolution-in-writing.

Proceedings of Board Committee meetings are governed by provisions in the Articles for regulating the proceedings of meetings of Directors.

ATTENDANCE RECORDS OF DIRECTORS

The attendance (Note 1) records of Directors at the Board and its Committees meetings and 2023 AGM are set out below (Note 2):

Directors	Board meetings	Executive Committee meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meeting	Risk Committee meetings#	Investment Committee meetings	Regulatory Committee meeting	2023 AGM
Thomas Hui To	6/6	15/15	–	–	1/1	–	1/1	–	1/1
Li Ruigang	6/6	8/15	–	2/2	–	–	–	–	1/1
Anthony Lee Hsien Pin	6/6	–	3/3	–	1/1	–	1/1	–	0/1
Kenneth Hsu Kin	6/6	–	–	–	–	1/1	–	–	1/1
William Lo Wing Yan	6/6	–	3/3	–	N/A	1/1	–	1/1	1/1
Allan Zeman	6/6	–	–	1/1	1/1	–	–	–	1/1
Felix Fong Wo	6/6	–	3/3	2/2	1/1	1/1	–	1/1	1/1
Belinda Wong Ching Ying	2/3	–	1/1	1/1	1/1	–	–	–	1/1

dissolved with effect from 29 March 2023

Notes:

1. Directors may attend meetings in person, by phone or through other means of electronic communication in accordance with the Articles.
2. Attendance ratio — Total number of meeting(s) attended/Total number of meeting(s) held during 2023.
3. Dr. William Lo Wing Yan was appointed as a member of the Nomination Committee on 29 March 2023.
4. Dr. Allan Zeman was appointed as a member and chairman of the Remuneration Committee on 29 March 2023.
5. Ms. Belinda Wong Ching Ying retired on 31 May 2023.

BOARD MEETINGS AND RESOLUTIONS

During 2023, the Board dealt with the following matters through meetings and resolutions-in-writing:

Financial and Operational Performance

- approved the annual results for the year ended 31 December 2022;
- received from Management financial and business performance of the Group periodically;
- approved the interim results for the six months ended 30 June 2023;
- discussed and approved the budget of the Group for the year ending 31 December 2024;
- approved a loan facility to the Company; and
- approved the proposed issue of convertible bonds to an independent third party.

Governance

- approved re-designation of Director;
- approved the reorganization of Board Committees;
- approved the adoption of the amended TVB Corporate Governance Code and the terms of reference of the Audit Committee and Remuneration Committee; and
- reviewed the Shareholders' Communication Policy, Board Diversity Policy and Mechanisms for Ensuring Independent Views.

In August 2023, the Executive Chairman of the Board, as required under the CG Code, held a meeting with the INEDs without the presence of other Directors to discuss issues relevant to the Board. No matters of significance arose from this meeting between the Chairman and the INEDs.

DELEGATION TO MANAGEMENT

The Board has formalised the functions delegated to Senior Management and reviews such arrangements on a periodic basis. Senior Management is charged with the following responsibilities:

- implementing and reporting to the Board on the Company's strategies;
- overseeing the realisation by the Company of the objectives set by the Board;
- providing all such information to the Board as is necessary to enable the Board to monitor the performance of Senior Management; and
- discharging duties and authorities as may be delegated by the Board.

OTHER MATTERS

All Directors have confirmed following enquiries that they had spent sufficient time on the affairs of the Company during the year ended 31 December 2023.

Based on the records of meetings, the Executive Chairman is of the view that the Board is working effectively, and is performing its duties efficiently.

The Company has, at its own cost and expense, taken out and maintained appropriate directors' liability insurance to insure against losses and liabilities, if any, incurred by the Directors of the Company in their capacity as such.

BOARD INDEPENDENCE

The Company has adopted stringent procedures for the appointment of INEDs and the continuous requirements to monitor their independence.

Before and On Appointment

- Nomination Committee will follow the Nomination of Directors Policy (including the nomination procedures and criteria for selection and recommendation of candidates for directorship) and the Board Diversity Policy, and perform an assessment of the independence of such candidates.

- The candidate for INED is required to confirm to the Company his/her independence, having regard to the criteria under Rule 3.13 of the Listing Rules upon appointment.

Ongoing Assessment

- Each of the INEDs is required to inform the Stock Exchange and the Company, as soon as practicable, if there is any change in his/her own personal particulars that may affect his/her independence.
- The INEDs are required to confirm with the Company whether he/she has any financial, business, family or other material/relevant relationship with each other on a bi-annual basis.
- All Directors (including the INEDs) have a continuous duty to update the Company with changes to their other appointments with the objective to ensure that they continue to be independent.

Annual Assessment

- Each of the INEDs is required to confirm with the Company his/her independence having regard to the criteria under Rule 3.13 of the Listing Rules.
- Nomination Committee will assess and review the independence of the INEDs annually.

As at the date of this Annual Report, there is a total of three INEDs on the Board, namely, Dr. William Lo Wing Yan, Dr. Allan Zeman and Mr. Felix Fong Wo. This number fulfills the requirement of a minimum of three INEDs as prescribed under Rule 3.10(1) of the Listing Rules and represents over one-third in number of the total composition of the Board of Directors as prescribed under Rule 3.10A of the Listing Rules. Dr. William Lo Wing Yan possesses strong financial background through his services over many years as chief financial officer, director and member of audit committee of listed companies.

Each of the INEDs has given the Company a confirmation of his independence. The Nomination Committee had reviewed the independence of each of the INEDs by reference to the guidelines set out in Rule 3.13 of the Listing Rules, and considered that all INEDs are independent.

Mechanism for Ensuring Independent Views

In order to ensure that independent views and input of the INEDs are made available to the Board, the Nomination Committee and the Board are committed to assessing the Directors' independence annually with regard to all relevant factors related to the INEDs, including the following:

- composition of the Board and Board Committees;
- appointment and re-election procedures of INEDs;
- remuneration of INEDs;
- commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as INEDs; and
- the Chairman of the Board meets with the INEDs annually without the presence of the other Directors.

During the year, the Board reviewed the implementation and effectiveness of the mechanism, and considered the mechanism effective.

RELATIONSHIPS BETWEEN DIRECTORS

The Directors have no relationships (including financial, business, family or other material/relevant relationships) among themselves, save for the fact that Mr. Li Ruigang and Mr. Kenneth Hsu Kin (both Non-executive Directors) are indirect shareholders of Shaw Brothers Limited which directly holds 22.09% of the shareholding interest of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

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 (including the Director who retired during the year) 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 2023.

DIRECTORS' TERM OF OFFICE, ELECTION AND RE-ELECTION

Pursuant to the Articles, all Directors shall be subject to retirement and re-election. Any Director (including Non-executive Directors) appointed by the Board either to fill a casual vacancy or as an additional Director shall hold office only until the next following general meeting of the Company, and shall then be eligible for election at such meeting. Thereafter, they shall be subject to retirement and re-election at every third annual general meeting of the Company in accordance with the Articles. None of the Directors of the Company has a service contract with the Company which is not determinable within one year, without payment of compensation, other than statutory compensation.

The Company had Issued a letter of appointment to document the key terms of appointment of each Director. A set of "TVB Directors' Manual" containing the Articles, the TVB CG Code, the Model Code and notification procedures, terms of reference of the respective Board Committees, certain internal policies and rules and guidelines issued by the regulatory and professional bodies in respect of their duties is provided to all Directors upon joining the Board. In addition, the Company offers formal induction training to Directors upon their appointment.

Details of the Directors, who are subject to retirement for re-election at the 2024 AGM, are set out in a circular which will be sent to Shareholders together with the notice of the 2024 AGM.

SEGREGATION OF DUTIES BETWEEN THE CHAIRMAN AND THE GROUP CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Group Chief Executive Officer of the Company are segregated and clearly defined, as set out in the TVB CG Code.

Group Chief Executive Officer is responsible for implementing and reporting to the Board on the implementation of the Company's strategies; overseeing the realization by the Company of the objectives set by the Board; and providing the necessary information for the Board to monitor the performance of Management. The role of the Group Chief Executive Officer is being performed by the Management Committee of the Company until the Group Chief Executive Officer is filled.

BOARD COMMITTEES

As at the date of this report, the Board is supported by six Board Committees, namely:

- Executive Committee;
- Audit Committee;
- Remuneration Committee;
- Nomination Committee;
- Investment Committee; and
- Regulatory Committee.

Each of them has defined terms of reference covering its authority, duties and functions. The terms of reference of these six Committees are available on the Stock Exchange's website and the Company's website. During the year, the terms of reference of the Audit Committee and the Remuneration Committee were updated to the Stock Exchange's website and the Company's website.

The Company fully supports the Board Committees to perform their respective duties. The Board Committees, through their respective chairmen, report to the Board on their work, decisions and recommendations.

During the year, the Risk Committee was dissolved with effect from 29 March 2023 and its functions have been taken up by the Audit Committee.

The attendance records of Directors at all Committee meetings in 2023 are set out in the table in this CG Report on page 101.

EXECUTIVE COMMITTEE

The Executive Committee has been delegated by the Board with the powers of oversight of the management of the business and affairs of the Company. The terms of reference including the major roles and functions of the Executive Committee are provided in the Company's website.

Composition and Work Done

The Executive Committee comprises four members.

Composition	Committee Members
Directors and Senior Management	Thomas Hui To, ED (chairman) Li Ruigang, NED Eric Tsang Chi Wai, General Manager (Content Operations) Siu Sai Wo, General Manager (Business Operations)

During 2023, the Executive Committee held fifteen meetings and passed five resolutions-in-writing which dealt with, inter alia, the following matters:

- reviewed the Group's management accounts and budgetary information, as well as the interim and annual financial reporting packages;
- reviewed the Group's cash position;
- reviewed the investment portfolio;
- made recommendations to the Board for dividends, if any;
- considered and approved financial commitments or undertakings whether capital or operating expenditure over the amount of HK$20 million; and
- considered and approved other Group's routine corporate and operational matters, such as enforcement actions and general banking matters.

AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its responsibilities over independent review and supervision of financial reporting and an assessment of the effectiveness of the financial controls of the Company and its subsidiaries; review of the objectivity and the effectiveness of the external audit process in accordance with applicable standards; review of the appointment of external auditor ensuring its independence; evaluate and determine the nature and extent of the risks the Company is willing to take in achieving its strategic objectives; and ensure that the Company establishes and maintains sound, appropriate and effective risk management and internal control systems.

The Risk Committee dissolved with effect from 29 March 2023 by a resolution of the Board, its functions have been taken up by the Audit Committee which will oversee the overall risk management framework of the Group and advise the Board on the Group's risk-related matters. The purpose of the change is to remove overlapping of work and increase efficiency of the Committees concerned. The terms of reference including the major roles and functions of the Audit Committee are provided in the Company's website.

Composition and Work Done

The Audit Committee has three members, all of whom are INEDs of the Company. Dr. William Lo Wing Yan possesses strong financial background through his services over many years as chief financial officer, director and member of audit committee of listed companies. Therefore, the Company complies with the requirement under Rule 3.21 of the Listing Rules. Membership of the Audit Committee is set out below.

Composition	Committee Members
INEDs	William Lo Wing Yan, INED (chairman) Allan Zeman, INED (Note 1) Felix Fong Wo, INED

Notes:

1. Appointed as a member with effect from 27 March 2024.
2. Mr. Anthony Lee Hsien Pin ceased to act as a member on 27 March 2024.
3. Ms. Belinda Wong Ching Ying ceased to act as a member on 29 March 2023.

During 2023, the Audit Committee held three meetings which dealt with, inter alia, the following matters:

- reviewed accounting principles and practices adopted by the Group;
- reviewed developments in the accounting standards and assessed their potential impacts on the financial statements of the Company;
- reviewed draft interim financial information and annual consolidated financial statements and results announcements;
- reviewed draft interim and annual reports;

- considered the proposed scope and approach of the annual audit;
- reviewed and discussed audit findings and significant issues;
- made recommendation to the Board regarding re-appointment and remuneration of the external auditor;
- reviewed the continuing connected transactions entered into by the Company;
- approved the terms of reference of Sustainability Steering Group;
- considered report on legal and regulatory compliance;
- discussed data protection and cyber security measures across the Group and adequacy of the current procedures; and
- reviewed the bi-annual reports from the Sustainability Steering Group of the Company on the progress on ESG matters.

The reporting responsibilities of PricewaterhouseCoopers, the external auditor of the Company, are set out in the Independent Auditor's Report on pages 121 to 125 of this Annual Report.

Whistleblowing Policy

The whistleblowing policy and procedures have been established by the Board since 2012 to allow employees of the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in financial reporting, internal control or other matters. These procedures are also available to external parties who deal with the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company. During 2023, no matters were raised by employees or external parties to the Audit Committee under the whistleblowing procedures.

Anti-Corruption Policy

The Group is committed to upholding the high standards of integrity and honesty in all its business dealings and has zero tolerance for corruption and related malpractice. The Anti-Corruption Policy, adopted by the Board on 25 May 2022, provides information and guidance on how to deal with bribery and corruption and related issues that may arise in the course of business. This Policy forms an integral part of the Group's corporate governance framework and should be read in conjunction with the Whistleblowing Policy and Code of Ethics of the Company.

Auditors' Remuneration

Management performs a review of the remuneration to the Group's auditors on an annual basis. The fees for audit and non-audit services have been reviewed and approved by the Audit Committee and endorsed by the Board. The fees for audit and non-audit services charged to the consolidated income statement of the Group are set out as follows:

Fees for Audit Services

	2023 **HK$'000**	2022 HK$'000
Company	**3,238**	3,049
Subsidiaries	**3,068**	3,316
Total	**6,306**	6,365
Fees payable to PricewaterhouseCoopers, the principal auditor	**5,368**	5,478

Fees for Non-audit Services

	2023 **HK$'000**	2022 HK$'000
Company	**640**	657
Subsidiaries	**2,176**	1,455
Total	**2,816**	2,112
Fees payable to PricewaterhouseCoopers, the principal auditor (Note 1)	**2,034**	1,636

Note 1: Non-audit services rendered by PricewaterhouseCoopers (PwC) to the Group in 2023 included principally professional fees in relation to tax compliance and advisory services. These servicing teams from PwC are separate from the team responsible for the Group's audit.

The Audit Committee had reviewed the non-audit services rendered by PricewaterhouseCoopers, the principal auditor, during 2023 and considered that such non-audit services rendered to the Group did not impair its independence and objectivity.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for formulating remuneration policy for Senior Management, making recommendations on annual remuneration review and determining remuneration of Executive Director and members of Senior Management. The terms of reference including the major roles and functions of the Remuneration Committee are provided in the Company's website.

Composition and Work Done

The Remuneration Committee comprises three members, the majority of whom are INEDs of the Company. Membership of the Remuneration Committee is set out below.

Composition	Committee Members
INEDs as the majority	Allan Zeman, INED (Chairman) (Note 1) Li Ruigang, NED Felix Fong Wo, INED

Notes:

1. Appointed as a member and the chairman with effect from 29 March 2023.
2. Ms. Belinda Wong Ching Ying ceased to be a member and the chairperson on 29 March 2023.

During 2023, the Remuneration Committee held two meetings and passed one resolution-in-writing which dealt with, inter alia, the following matters:

- reviewed and approved the KPI of Senior Management for determination of discretionary bonus;
- reviewed and made recommendation to the Board on the remuneration of Mr. Thomas Hui To after his re-designation effective on 10 March 2023;
- reviewed the direction of 2023 discretionary bonus for Senior Management and general staff;
- reviewed and approved the salary increment to Senior Management and general staff; and
- reviewed the fee levels for Chairman, Directors and the Board Committees, by benchmarking with other listed companies in Hong Kong.

The Remuneration Policies

The key elements of the Group's remuneration policies are:

- remuneration should be set at a level which is commensurate with pay levels in the market;
- remuneration should be able to attract and retain individuals with appropriate background, skills, knowledge and experience, relevant to the industry and the business; and
- no individual should determine his/her own remuneration.

Remuneration of Directors

The Chairman of the Board is remunerated by a fixed Chairman's fee. Any other Director is remunerated by way of a fixed Director's fee and the relevant Board Committee fees, if he/she also serves on those committees. The Chairman's fee, Director's fee and Board Committee fees are made with reference to the market. With effect from 1 December 2021, only the Non-executive Directors are entitled to Chairman's fee, Vice Chairman's fee, Director's fee and the relevant Board Committee's fee except that Mr. Thomas Hui To would continue to receive the aforesaid fees after he was re-designated as Executive Chairman on 10 March 2023. The exception is justified by Mr. Hui's voluntary waiver of his entitlement to executive salaries.

Any increases in Chairman's fee and/or Director's fee shall be recommended by the Remuneration Committee, proposed by the Board and approved by Shareholders at general meetings. Any increases in fees to the chairman or members of the Board Committees shall be approved by the Board.

The annual fee paid/payable to the Directors for serving on the Board and the additional annual fees paid to Directors for serving on the Board Committees for the year ended 31 December 2023 and the year ending 31 December 2024 are set out below. At the meeting of the Remuneration Committee, the Committee resolved that there would be no increase in fees of the Chairman, the Directors and the Board Committees for the year ending 31 December 2024, having taken into account of the financial performance of the Company. Therefore, the Director's fees and the Board Committee fees have been frozen for seven consecutive years i.e. from 2018 to 2024, both years inclusive.

Individual Director serving	2024 Annual fees HK$	2023 Annual fees HK$
Board of Directors		
Chairman	300,000	300,000
Vice Chairman (Note 1)	280,000	280,000
Directors	260,000	260,000
Executive Committee		
Chairman	195,000	195,000
Members	150,000	150,000
Audit Committee		
Chairman	190,000	190,000
Members	130,000	130,000
Remuneration Committee		
Chairman	70,000	70,000
Members	55,000	55,000
Nomination Committee		
Chairman	70,000	70,000
Members	55,000	55,000
Risk Committee (Note 2)		
Chairman	N/A	70,000
Members	N/A	55,000
Investment Committee		
Chairman	70,000	70,000
Members	55,000	55,000
Regulatory Committee		
Chairman	70,000	70,000
Members	55,000	55,000

Notes:

1. The position of Vice Chairman has been vacant.
2. The Risk Committee was dissolved with effect from 29 March 2023.

Remuneration of Senior Management

Members of Senior Management are remunerated by way of salaries and other incentives, such as discretionary bonuses and share options. The Remuneration Committee considers their performance and contribution to the Company as well as the market environment when assessing the annual bonus amounts for the members of Senior Management. In view of the financial performance of the Company, the Remuneration Committee has determined that no discretionary bonuses be paid to the members of Senior Management for the year ended 31 December 2023. Details of the remuneration paid to the Senior Management (excluding the Directors) by band for the year ended 31 December 2023 are set out in note 30 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee is responsible for making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, and for determining the policy for nomination of Directors, the nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship. The terms of reference including the major roles and the functions of the Nomination Committee are provided in the Company's website.

Composition and Work Done

The Nomination Committee comprises five members, the majority of whom are INEDs of the Company. Membership of the Nomination Committee is set out below.

Composition	Committee Members
INEDs as the majority	Felix Fong Wo, INED (chairman) (Note 1) Thomas Hui To, ED (Note 2) Anthony Lee Hsien Pin, NED William Lo Wing Yan, INED (Note 3) Allan Zeman, INED

Notes:

1. Appointed as the chairman with effect from 27 March 2024.
2. Ceased to act as the chairman on 27 March 2024.
3. Appointed as a member with effect from 29 March 2023.
4. Ms. Belinda Wong Ching Ying ceased to act as a member on 29 March 2023.

During 2023, the Nomination Committee held one meeting and passed one resolution-in-writing which dealt with, inter alia, the following matters:

- reviewed the Board's composition;
- reviewed the independence of the INEDs;
- reviewed and made recommendations to the Board on the re-election of Directors at the 2023 AGM;
- considered to identify an additional director; and
- considered and made recommendation to the Board on the re-designation of Mr. Thomas Hui To.

Nomination of Directors

For considering the appointment of directors, the Nomination Committee identifies individuals suitably qualified to become Board members and takes into account the Nomination of Directors Policy, including the nomination procedures and criteria for selection and the Board Diversity Policy, and makes recommendations to the Board on the selection of individuals nominated for directorship.

The Nomination Committee makes reference to criteria set out in the Nomination of Directors Policy, including, inter alia, reputation for integrity, accomplishment and experience in the industry, time commitment, relevant interest, diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and independence (for Independent Non-executive Director only) in assessing the suitability of a proposed candidate.

Review of the Board Composition

Pursuant to the terms of reference of the Nomination Committee, the Nomination Committee shall give adequate consideration to the following principles in carrying out its responsibilities in reviewing the Board composition:

- The Board should have a balance of skills, and experience and diversity of perspectives appropriate to the requirements of the Company's business. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of Executive and Non-executive Directors (including INEDs) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive Directors should be of sufficient calibre and number in order for their views to carry weight.
- There should be a formal, considered and transparent procedure for the appointment of new Directors. There should be plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals. The Company must explain the reasons for the resignation or removal of any Director.

The Nomination Committee has considered the said principles when reviewing the Board composition. It has also considered the diversity of the Board and considered that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

RISK COMMITTEE

The Risk Committee was dissolved with effect from 29 March 2023 and its functions have been taken up by the Audit Committee. Before its dissolution, the Risk Committee is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving its strategic objectives, and in ensuring that the Company establishes and maintains sound, appropriate and effective risk management and internal control systems.

Composition and Work Done

The Risk Committee comprised three members, the majority of whom were INEDs of the Company. Membership of the Risk Committee is set out below.

Composition	Committee Members
INEDs as the majority	Felix Fong Wo, INED (chairman) Kenneth Hsu Kin, NED William Lo Wing Yan, INED

During 2023, the Risk Committee held one meeting which dealt with, inter alia, the following matters:

- received a report from the Internal Audit Department of the Group on the key risks and the mitigation actions taken by Management, together with a presentation of the key risks in the form of a risk map. Through this report, the Risk Committee concurred with Management the principal risks identified and the mitigating actions taken;
- reviewed the effectiveness of the risk management and internal control systems of the Group;
- reviewed adequacy of resources;
- considered report on legal and regulatory compliance;
- discussed data protection and cyber security measures across the Group and adequacy of the current procedures; and
- reviewed the bi-annual reports from the Sustainability Steering Group of the Company on the progress on ESG matters and the 2022 ESG Report.

Principal Risks

The Group is facing a number of principal risks and uncertainties that, if not property managed, could create an exposure for the Group. Through discussions with Management, the following major risks have been identified and discussed at a Audit Committee meeting and a Risk Committee meeting (before its dissolution).

The Audit Committee and the Risk Committee (before its dissolution) have reviewed the principal risks along with Management and regards the following risks as the top risks affecting its operations.

Risk Category	Description	Control Measures Undertaken
1. Business/Market	Lack of creative contents for TVB programmes resulting in the loss of young viewers	• Appointed a new senior executive in 2021 to take charge of content creation • Kept enriching the programme variety by collaborating with external parties in the entertainment industry • Put in more efforts to produce new genres of non-drama programmes in 2022 and 2023 with satisfactory results • Nurture young talents with a positive image
2. Operations	The cost cutting measures in previous years have delayed the upgrade of the Group's production facilities and other equipment, thereby jeopardizing the competitiveness of the Group especially when compared to its counterparts in Mainland China	• Resumed acquisition of new equipment

Risk Category	Description	Control Measures Undertaken
3. Business (Brand Risk)	The perception that the "TVB" brand is being old and caters for the elderly audience only	• A proactive brand management approach was adopted to enhance TVB brand image via digital platforms • A new monitoring and alert system allowed prompt takedown of negative viral topics • Focusing on producing more quality programmes targeting audiences of different age groups, thereby improving the Company's brand image
4. Political	Threats and attacks by radical protestors against the Company during the 2019 social unrest. Certain business partners and artistes of the Group are still facing harassment and threats from cyberbullying	• Urged the government to take stringent actions against cyberbullying • Reported to police • Cyberbullying against the Group and its business partners had abated in 2023
5. Business/Market	Decline in viewership of traditional television as a result of viewers changing their viewing preference to new media platforms which offer a large amount of on-demand content	• Launched myTV SUPER OTT service in 2016 and rolled out myTV Gold subscription service in 2019. Planned to expand myTV Gold subscription base by offering more acquired content • Creation of TVB Plus as a platform to produce more interactive contents to our traditional viewers and also as a "funnel" to drive growth of our own digital platforms • Working with social media platforms in Mainland China to generate cross-border sales and revenues
6. Business/Market	Infringing websites, apps and piracy devices have been widely available in and outside of Hong Kong which eroded the revenues of the Group	• An in-house anti-piracy taskforce had tackled different forms of piracy • Working closely with the law enforcers to combat online piracy, including taking site-blocking actions in territories which have such legal recourse • Launched TVB Anywhere with competitive offerings in oversea markets • A new software was in place to detect and take down infringing websites more promptly
7. Operations (Human Resources)	Inability to recruit and retain qualified staff and lack of succession planning	• Making on-going efforts to tackle the issue on succession planning • A Succession Plan Committee was set up in 2022 to address the issue

INVESTMENT COMMITTEE

The Investment Committee reviews the Company's portfolio of marketable securities and monitors its performance on a regular basis. The terms of reference including the major roles and functions of the Investment Committee are provided in the Company's website.

Composition and Work Done

The Investment Committee comprises three members.

Composition	Committee Members
Directors and Senior Management	Anthony Lee Hsien Pin, NED (chairman) Thomas Hui To, ED Ian Lee Hock Lye, Head of Corporate Development and Acting Chief Financial Officer

During 2023, the Investment Committee held one meeting which dealt with, inter alia, the following matters:

- reviewed the bond portfolio of the Company; and
- reviewed the report from investment manager for the Company's investment portfolio and reported to the Board.

The Investment Committee had appointed UBS AG as its investment adviser to assist in its review of the Company's investment portfolio.

REGULATORY COMMITTEE

The Regulatory Committee assists the Board on regulatory and related matters in relation to the business of the Group. The terms of reference including the major roles and functions of the Regulatory Committee are provided in the Company's website.

Composition and Work Done

The Regulatory Committee comprises three members.

Composition	Committee Members
Non-executive Directors and Senior Management	Felix Fong Wo, INED (chairman) William Lo Wing Yan, INED Desmond Chan Shu Hung, Deputy General Manager (Legal and International Operations)

During 2023, the Regulatory Committee held one meeting which dealt with, inter alia, the following matters:

- received the status on the mid-term review of the Company's domestic free television programme service licence;
- discussed the lobbying plan for relaxing the Communications Authority's codes of practice; and
- discussed the lobbying for addressing cyberbullying to the relevant authorities.

COMPANY SECRETARY

Biographical details of Mr. Desmond Chan Shu Hung, who assumed the position of Acting Company Secretary of the Company on 4 July 2022, can be found on page 71 of this Annual Report under Senior Management.

All Directors have access to advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is tasked to ensure that Board procedures are followed, and that the Board is kept informed of developments of the Group.

In compliance with Rule 3.29 of the Listing Rules, Mr. Chan has confirmed that he had undertaken over 15 hours of training during the year ended 31 December 2023.

RISK MANAGEMENT AND INTERNAL CONTROLS

RESPONSIBILITY

The Board acknowledges that it has overall responsibility in establishing an appropriate risk management and internal control systems on an ongoing basis, and reviewing their effectiveness from time to time to enhance the Group's ability in achieving its strategic objectives, safeguarding assets, complying with applicable laws and regulations and contributing to the effectiveness and efficiency of its operations. The Group's risk management and internal control systems are designed to provide reasonable, rather than absolute, assurance against material misstatement or loss and manage rather than eliminate the risks of failure in operational systems and fulfillment of its business objectives.

RISK MANAGEMENT

The Audit Committee has taken up the functions of Risk Committee after its dissolution on 29 March 2023 to oversee and manage all identified major business and operational risks on an ongoing basis (including ESG-related risks). During 2023, the Audit Committee and the Risk Committee (before its dissolution) have discussed strategic and major operational risks faced by the Group and the related mitigation action plans. The major roles and functions of the Audit Committee are set out in "Audit Committee" section on pages 105 to 107 of this CG Report.

RISK MANAGEMENT PROCESS AND APPROACH

The risk management process of the Group involves risk identification, analysis, evaluation, estimation, mitigation, reporting and monitoring. The methodology adopted in risk identification and assessment process involves top-down and bottom-up approaches. The top-down approach involves identification of major strategic risks that will prevent the Group from achieving its strategic objectives. To identify major risks, a risk universe containing different types of strategic, operational, compliance and financial risks is created. Through a risk filtering process and risk assessment interviews with Senior Management and key business heads, major risks are identified for reporting and monitoring. At functional level, a bottom-up approach with involvement of all key business units is adopted to identify operational risks in daily operations.

ANNUAL REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

In respect of the year ended 31 December 2023, the Board, through the Audit Committee, had conducted a review of the effectiveness of the Group's risk management and internal control systems, covering all material financial, operational and compliance controls, and assessed the adequacy of resources, qualification and experience of staff of the Group's accounting, financial reporting and internal audit function, and their training programmes and budget ("Review").

This Review was performed by way of risk assessment interviews with Senior Management to evaluate major strategic risks faced by the Group and the related mitigation actions. In addition, detailed risk and control self-assessment were conducted by the heads of all key business units to assess whether the design and functioning of these control systems at operational level are sufficient to mitigate the operational risks identified.

Based on the outcome of the Review, the Board is satisfied that the Group has established and maintains appropriate and effective risk management and internal control systems.

INTERNAL AUDIT AND MONITORING CONTROLS

The Group advocates the principle of maintaining good corporate governance and the importance of creating the right tone in the organisation, influencing control consciousness of its employees, with emphasis on factors such as integrity, ethical values, competence, responsibility and authority.

To assist the Board in its monitoring control function, an internal audit department ("Internal Audit") was set up in 2008 to provide an independent appraisal and assurance of its internal governance process, effectiveness of the risk management framework, methodology, together with the control activities in the Group's business operations. To preserve the independence of the internal audit function, the Head of Internal Audit reports directly to the Audit Committee on audit matters. Other key principles, including the principles of accountability and objectivity, under which Internal Audit is refrained from involving in daily operations being audited, have been firmly established in the Group's Internal Audit Charter approved by the Audit Committee.

Internal Audit performed its independent reviews of different financial, business and functional operations and activities using a risk-based approach to focus on areas of major risks as identified by a comprehensive risk analysis. Division or department heads and the Management concerned will be notified of all control deficiencies for rectification within a set time frame.

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROLS

The other key elements and processes that have been established by the Group to provide effective risk management and internal control systems include:

- Clear organisation structure with well-defined lines of responsibilities from the Board to Board Committees, Management and the heads of operating subsidiaries/divisions is put in place.
- Policies and procedures are established for business operations of the Group to facilitate ongoing identification of emerging risk events, define appropriate risk responses and contain risks within the Group's risk appetite.
- Comprehensive monthly management reporting systems are in place to provide financial and operational performance data to Management. Variances from targets are analysed, explained and, if necessary, appropriate actions are taken to rectify deficiencies.
- All employees of the Group can file their complaints about material risk issues, transactions or improprieties directly to the Audit Committee pursuant to the whistleblowing procedure. This whistleblowing procedure is independent of the Management.
- All employees are bound by TVB Code of Ethics to keep inside information in strict confidence and are not permitted to disclose it without authorisation. All employees are not allowed to accept personal benefits through the power and authority derived from their positions.

ENGAGEMENT WITH SHAREHOLDERS

RELATIONSHIPS WITH SHAREHOLDERS

The Board is committed to maintaining a high degree of corporate transparency, as well as open communication with Shareholders. The Company ensures that information is appropriately disseminated to Shareholders on a timely basis in compliance with the Listing Rules.

Shareholders' Communication Policy

The Shareholders' Communication Policy ("Shareholders' Communication Policy") was first adopted by the Board in March 2011 and was updated in March 2015. The Shareholders' Communication Policy aims to (i) ensure the Shareholders and investing community are provided with ready, equal and timely access to balanced and understandable information about the Company and (ii) encourage Shareholders to engage actively with the Company. The Shareholders' Communication Policy is subject to annual review by the Board and is published on the Company's website.

Pursuant to the Shareholders' Communication Policy, the Company has established a number of channels for maintaining on-going dialogue with Shareholders and investing community, including dissemination of corporate communications and press releases, holding of general meetings and investor/analyst briefings, and assigning designated contacts, email addresses and hotlines for enquiries.

In consideration of the following measures, the Board concluded that the Shareholders' Communication Policy was effectively implemented throughout the year:

(i) annual report, interim report, ESG report, announcements and circulars were published in a timely manner on the websites of the Stock Exchange and the Company respectively;

(ii) a library of corporate information, including financial reports, results presentations and press releases, is maintained on the Company's website;

(iii) the annual general meeting was convened in May 2023 to provide a forum for Shareholders to communicate with Directors;

(iv) results presentations were organised after the semi-annual results announcements to enhance communications with the financial reporters, analysts and investors regarding the Company's performance and business strategies; and

(v) designated staff (Head of Investor Relations) and the Share Registrar of the Company (Computershare Hong Kong Investor Services Limited) are assigned to attend to the enquiries from Shareholders and investing community.

All Shareholders are encouraged to send their enquiries and views on various matters affecting the Company by email at ir@tvb.com.hk.

The Company maintains a Company's website to deliver up-to-date information. Latest information concerning the Group, including press releases, financial reports, policies on corporate governance, media reports and announcements, is accessible on the Company's website.

Changes in Constitutional Documents

There was no change to the Company's constitutional documents during 2023.

General Meetings

Proceedings of annual general meetings and other general meetings are reviewed periodically to ensure that the Company follows the Listing Rules and Articles.

Pursuant to the Articles, an annual general meeting shall be called by not less than twenty-one days' notice in writing, and a general meeting other than an annual general meeting shall be called by not less than fourteen days' notice in writing, and where applicable such other longer minimum notice period as may be specified under the Listing Rules.

Pursuant to the Listing Rules, voting by poll is mandatory at all general meetings except where the chairman of a general meeting, in good faith, decides to allow a resolution which purely relates to a procedural and administrative matter (as defined under the Listing Rules) to be voted on by a show of hand.

The chairman of a general meeting shall ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from Shareholders on voting by poll. Poll results are released on the Stock Exchange's website and the Company's website, in accordance with the requirements under the Listing Rules.

Separate resolutions are proposed for each substantially separate issue and are voted by poll at the general meetings. The Chairman of the Board shall attend the annual general meeting and shall invite the chairman of the Board Committees to attend and they should be available to answer questions at the meeting.

Directors should attend general meetings and develop a balanced understanding of the views of Shareholders. Management shall ensure the external auditor attends the annual general meeting to answer the questions about the audit.

2023 Annual General Meeting

The 2023 AGM was held at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong on Wednesday, 31 May 2023 at 4:00 p.m. The total number of shares entitling the holders to attend and vote on all of the resolutions at the annual general meeting of the Company was 242,547,277 shares, representing approximately 55% of the total number of shares of the Company.

The matters proposed and resolved at the 2023 AGM were as follows:

- received and adopted the Audited Financial Statements and the Directors' Report and the Independent Auditor's Report for the year ended 31 December 2022;
- re-elected the retiring Directors, Mr. Li Ruigang and Mr. Felix Fong Wo, as Director by separate resolutions;
- re-appointed PricewaterhouseCoopers as the auditor of the Company and authorise Directors to fix its remuneration;
- granted a general mandate to Directors to issue 10% additional shares, and the discount for any shares to be issued shall not exceed 10%;
- granted a general mandate to Directors to repurchase 5% issued shares; and
- extended the book close period from 30 days to 60 days.

2024 Annual General Meeting

The 2024 AGM has been scheduled to take place at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong on Friday, 28 June 2024.

SHAREHOLDERS' RIGTHS

Convening General Meeting and Putting Forward Proposals at Shareholders' Meetings

Pursuant to the Companies Ordinance (Chapter 622, the Laws of Hong Kong), the procedures for Shareholders to convene a general meeting other than an annual general meeting ("EGM") and to make proposals at such meetings are set out below.

(i) Shareholders holding at least 5% of the total voting rights of all the members having a right to vote at general meetings can send a written request to the Company Secretary to convene an EGM (5% Shareholder).

(ii) The written request must state the objects of the meeting, and must be signed by the 5% Shareholder, and may consist of several documents in like form, each signed by one or more of those 5% Shareholder.

(iii) The request will be verified with the Company's Share Registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board of Directors to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the request has been verified as not in order, the 5% Shareholder will be advised of this outcome and accordingly, no EGM will be convened as requested.

(iv) The notice period to be given to all the registered Shareholders for consideration of the proposal raised by the Shareholders concerned at an EGM varies according to the nature of the proposal, as follows:

- 14 days' notice in writing if the proposal constitutes an ordinary resolution or a special resolution of the Company; and
- 28 days' notice in writing if the proposal requires the serving of a special notice under the Companies Ordinance.

Proposals from 5% Shareholder for convening an EGM and to make proposals at Shareholders' meetings should be sent to the Company (for the attention of Company Secretary) at its registered address or email to companysecretary@tvb.com.hk.

Shareholders may send any comments or inquiries to the Board by email to companysecretary@tvb.com.hk or in writing to the Company Secretary at the Company's registered address.

On behalf of the Board

Thomas Hui To
Executive Chairman

Hong Kong, 27 March 2024

FINANCIALS

FINANCIAL INFORMATION

FIVE-YEAR FINANCIAL REVIEW

	2023 HK$'mil	2022 HK$'mil	2021 HK$'mil	2020 HK$'mil	2019 HK$'mil
Revenue	**3,323**	3,586	2,899	2,724	3,649
Loss before income tax	**(818)**	(962)	(759)	(345)	(297)
Income tax (expense)/credit	**(20)**	76	102	88	18
Loss attributable to equity holders of the Company	**(763)**	(807)	(647)	(281)	(295)
Loss per share	**HK$(1.74)**	HK$(1.84)	HK$(1.48)	HK$(0.64)	HK$(0.67)
Non-current					
Property, plant and equipment	**1,072**	1,278	1,397	1,611	1,854
Investment properties	**2**	2	6	8	29
Intangible assets	**211**	255	285	220	192
Goodwill	**85**	85	85	–	–
Interests in joint ventures	**479**	557	928	825	708
Interests in associates	**34**	164	178	172	162
Financial assets at fair value through other comprehensive income	**150**	162	17	12	40
Bond securities at amortised cost	**24**	30	205	441	1,250
Financial assets at fair value through profit or loss	–	17	17	–	–
Other non-current assets	**416**	428	333	175	59
Current assets	**3,776**	4,067	4,199	6,368	4,301
Current liabilities	**(1,739)**	(1,769)	(2,956)	(2,534)	(1,036)
	4,510	5,276	4,694	7,298	7,559
Share capital	**665**	664	664	664	664
Reserves	**2,086**	2,835	3,695	4,462	4,788
Shareholders' funds	**2,751**	3,499	4,359	5,126	5,452
Non-controlling interests	**(12)**	105	234	172	137
Non-current liabilities	**1,771**	1,672	101	2,000	1,970
	4,510	5,276	4,694	7,298	7,559

pwc

羅兵咸永道

To the Members of Television Broadcasts Limited

(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Television Broadcasts Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 126 to 214, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are related to the programme costs and film rights and expected credit loss allowance for receivables from a joint venture.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Programme costs and film rights</td></tr>
<tr><td>
Refer to notes 2, 4(d) and 28 to the consolidated financial statements
The programme costs and film rights recognised as an expense for the year ended 31 December 2023 was HK$1,464 million, representing the amortisation charges in respect of the programme costs and film rights, which constituted the largest single expense item charged to the consolidated income statement. In determining the allocation, timing and amount of the recognition of the programme costs and film rights, significant judgements and estimates were considered by the Group, in particular the following aspects:

Allocation of programme costs and film rights to each of the terrestrial broadcasting, digital new media and licensing and distribution market platforms with reference to their respective economic benefits brought to the Group.
Timing and amount of amortisation based on the expected consumption pattern, number of planned transmissions or duration of the license period, whichever is more relevant and prevailing.

</td><td>
Our audit procedures in relation to the programme costs and film rights included:

We assessed whether the accounting policy of the Group in respect of the amortisation of programme costs and film rights was reasonable. This assessment included benchmarking the policy against industry practice. We also tested whether the accounting policy was consistently applied year on year.
We gained an understanding of the rationale behind the basis of allocation and amortisation pattern and tested the design and implementation of controls over the recognition, allocation and amortisation of the programme costs and film rights.
We evaluated the Group's assessment as to whether the existing allocation and amortisation were in line with the economic benefit and consumption pattern in which the programme costs and film rights were consumed by reference to past experience and the consumption rate for similar types of programmes and assessing the reasonableness of the projected viewership of the programmes that would likely be achieved over the broadcasting period.
We obtained management's full list of programmes and film rights, checked the completeness of the list by agreeing the list to the records in the programmes system and tested the calculation of the allocation and amortisation for a sample of programmes and film rights.

We found the assumptions and judgements made by the Group in respect of the allocation and amortisation of the programme costs and film rights to be supportable based on the available evidence.
</td></tr>
</table>

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit loss allowance for receivables from a joint venture	
Refer to notes 2, 4(a) and 9 to the consolidated financial statements	Our audit procedures in relation to the expected credit loss allowance for the loan and interest receivables from a joint venture:
As at 31 December 2023, the Group had loan and interest receivables from a joint venture which amounted to HK$790 million. Such balances are measured at amortised cost using the effective interest method. After an allowance of expected credit loss of HK$312 million, the net carrying amount of the loan and interest receivables amounted to HK$478 million at the balance sheet date. The Group assesses whether the credit risk of loan and interest receivables from the joint venture has increased significantly since initial recognition, and applies a three-stage impairment model to calculate the expected credit loss allowance. The expected credit loss allowance is estimated using a risk parameter model that incorporates key parameters, including probability of default, loss given default and exposure at default. Because of the significant management assumptions and judgements involved, we have identified this as a key audit matter.	• We obtained an understanding of the applicable process and methodology relevant to management assessment of expected credit loss allowance. • We evaluated the appropriateness of the Group's identification of impairment triggers leading to the determination that there has been a significant increase in credit risk for the purpose of classification into stages, taking into account qualitative and quantitative criteria. • Together with our internal valuation expert, we evaluated the methodology adopted by management for estimating the expected credit loss allowance and reviewed the reasonableness of the significant assumptions and judgements made by management in determining the key parameters of the expected credit loss allowance considering relevant external supporting evidence and other factors. • We tested the mathematical accuracy of calculation of the expected credit loss allowance. We found the assumptions and judgements made by the Group in respect of the expected credit loss allowance for the loan and interest receivables from a joint venture to be supportable based on the available evidence.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cecilia, Yau Lai Ting.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,071,781**	1,277,936
Investment properties	7	**1,653**	1,896
Intangible assets	8	**211,448**	255,145
Goodwill	8	**85,131**	85,131
Interests in joint ventures	9	**479,289**	556,863
Interests in associates	10	**33,591**	164,159
Financial assets at fair value through other comprehensive income ("FVOCI")	11	**150,364**	161,634
Bond securities at amortised cost	12	**24,238**	30,425
Financial assets at fair value through profit or loss	13	**28**	17,259
Deferred income tax assets	26	**381,447**	391,102
Prepayments	16	**33,757**	36,660
Total non-current assets		**2,472,727**	2,978,210
Current assets			
Programmes and film rights		**1,579,245**	1,546,023
Stocks	14	**30,720**	96,216
Trade receivables	15	**867,598**	840,052
Other receivables, prepayments and deposits	16	**508,104**	474,453
Movie investments	17	**73,582**	73,582
Tax recoverable		**3,458**	16,253
Bank deposits maturing after three months	18	**54,863**	56,397
Cash and cash equivalents	18	**658,832**	963,862
Total current assets		**3,776,402**	4,066,838
Total assets		**6,249,129**	7,045,048
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	19	**665,227**	664,044
Other reserves	20	**(11,886)**	931
Retained earnings		**2,098,193**	2,834,042
		2,751,534	3,499,017
Non-controlling interests		**(12,354)**	105,218
Total equity		**2,739,180**	3,604,235

	Note	2023 HK$'000	2022 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	23	**1,583,134**	1,577,240
Convertible bonds	24	**92,893**	–
Financial liability at fair value through profit or loss	24	**30,706**	–
Lease liabilities	25	**8,585**	36,698
Deferred income tax liabilities	26	**55,714**	58,067
Total non-current liabilities		**1,771,032**	1,672,005
Current liabilities			
Trade and other payables and accruals	21	**947,145**	974,295
Written put option liabilities	22	**140,000**	140,000
Current income tax liabilities		**6,785**	8,543
Borrowings	23	**612,283**	599,115
Lease liabilities	25	**32,704**	46,855
Total current liabilities		**1,738,917**	1,768,808
Total liabilities		**3,509,949**	3,440,813
Total equity and liabilities		**6,249,129**	7,045,048

The consolidated financial statements on pages 126 to 214 were approved by the Board of Directors on 27 March 2024 and were signed on its behalf.

Thomas Hui To
Director

Li Ruigang
Director

The notes on pages 133 to 214 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	**2023 HK$'000**	2022 HK$'000
Revenue	5	**3,322,778**	3,585,750
Cost of sales		**(2,299,489)**	(2,578,029)
Gross profit		**1,023,289**	1,007,721
Other revenues	5	**21,366**	52,165
Interest income	5	**95,659**	124,560
Selling, distribution and transmission costs		**(710,431)**	(818,258)
General and administrative expenses		**(833,742)**	(959,341)
Other losses, net	32	**(34,591)**	(51,070)
Finance costs	33	**(146,687)**	(81,098)
Reversal of impairment loss on trade and other receivables	15	**1,713**	3,253
Impairment loss on receivables from a joint venture	9	**(86,300)**	(211,800)
Impairment loss on intangible assets	8	**(16,454)**	–
Impairment loss on other financial assets at amortised cost	12	**(6,221)**	(28,717)
Impairment loss on interest in an associate	10	**(126,000)**	–
Share of (losses)/profits of associates	10	**(105)**	24
Share of profits of joint ventures	9	**36**	198
Loss before income tax	28	**(818,468)**	(962,363)
Income tax (expense)/credit	34	**(19,701)**	76,428
Loss for the year		**(838,169)**	(885,935)
Loss attributable to:			
Equity holders of the Company		**(762,796)**	(807,132)
Non-controlling interests		**(75,373)**	(78,803)
		(838,169)	(885,935)
Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the year	35	**HK$(1.74)**	HK$(1.84)

The notes on pages 133 to 214 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
Loss for the year	**(838,169)**	(885,935)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations		
– Subsidiaries	**(14,941)**	(45,579)
– Joint ventures	**(60)**	(290)
Share of other comprehensive loss of an associate	**(4,463)**	(13,828)
Change in fair value of equity instruments at FVOCI	**(11,315)**	(11,590)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	**27**	31
Other comprehensive loss for the year, net of tax	**(30,752)**	(71,256)
Total comprehensive loss for the year	**(868,921)**	(957,191)
Total comprehensive loss attributable to:		
Equity holders of the Company	**(789,208)**	(865,165)
Non-controlling interests	**(79,713)**	(92,026)
Total comprehensive loss for the year	**(868,921)**	(957,191)

The notes on pages 133 to 214 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000 (Note 20)	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2022	664,044	47,872	3,647,038	4,358,954	234,206	4,593,160
Comprehensive loss:						
Loss for the year	–	–	(807,132)	(807,132)	(78,803)	(885,935)
Other comprehensive income/(loss):						
Exchange differences on translation of foreign operations						
– Subsidiaries	–	(32,356)	–	(32,356)	(13,223)	(45,579)
– Joint ventures	–	(290)	–	(290)	–	(290)
Share of other comprehensive loss of an associate	–	(13,828)	–	(13,828)	–	(13,828)
Change in fair value of equity instruments at FVOCI	–	(11,590)	–	(11,590)	–	(11,590)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	–	31	–	31	–	31
Total comprehensive loss, net of tax	–	(58,033)	(807,132)	(865,165)	(92,026)	(957,191)
Transactions with owners:						
Share-based payments	–	5,228	–	5,228	–	5,228
Transferred to legal reserve	–	5,882	(5,882)	–	–	–
Lapse of share option	–	(18)	18	–	–	–
Dividend to non-controlling interests	–	–	–	–	(36,962)	(36,962)
Total transactions with owners	–	11,092	(5,864)	5,228	(36,962)	(31,734)
Balance at 31 December 2022	664,044	931	2,834,042	3,499,017	105,218	3,604,235

	Attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000 (Note 20)	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2023	664,044	931	2,834,042	3,499,017	105,218	3,604,235
Comprehensive loss:						
Loss for the year	–	–	(762,796)	(762,796)	(75,373)	(838,169)
Other comprehensive income/(loss):						
Exchange differences on translation of foreign operations						
– Subsidiaries	–	(10,601)	–	(10,601)	(4,340)	(14,941)
– Joint ventures	–	(60)	–	(60)	–	(60)
Share of other comprehensive loss of an associate	–	(4,463)	–	(4,463)	–	(4,463)
Change in fair value of equity instruments at FVOCI	–	(11,315)	–	(11,315)	–	(11,315)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	–	27	–	27	–	27
Total comprehensive loss, net of tax	–	(26,412)	(762,796)	(789,208)	(79,713)	(868,921)
Transactions with owners:						
Exercise of share options	1,183	(169)	–	1,014	–	1,014
Share-based payments	–	4,835	–	4,835	–	4,835
Forfeiture of share option	–	(93)	93	–	–	–
Lapse of share option	–	(30,824)	30,824	–	–	–
Issuance of convertible bonds	–	35,876	–	35,876	–	35,876
Transferred to legal reserve	–	3,970	(3,970)	–	–	–
Non-controlling interests arising on acquisition of a subsidiary	–	–	–	–	(37,859)	(37,859)
Total transactions with owners	1,183	13,595	26,947	41,725	(37,859)	3,866
Balance at 31 December 2023	**665,227**	**(11,886)**	**2,098,193**	**2,751,534**	**(12,354)**	**2,739,180**

The notes on pages 133 to 214 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Cash used in operations	37(a)	**(153,387)**	(242,982)
Hong Kong tax paid		**(17,263)**	(13,199)
Hong Kong tax refunded		**30,320**	–
Overseas tax paid		**(14,172)**	(46,386)
Net cash used in operating activities		**(154,502)**	(302,567)
Cash flows from investing activities			
Purchases of property, plant and equipment and investment properties		**(86,466)**	(114,917)
Additions of intangible assets		**(52,597)**	(60,406)
Proceeds from disposal/redemption of bond securities at amortised cost		**–**	175,671
Repayment of promissory note from a joint venture		**–**	117,484
Fund in advance from partial disposal of interest in a joint venture		**–**	78,110
Decrease/(increase) in bank deposits maturing after three months		**1,534**	(53,861)
Acquisition of a subsidiary, net of cash and cash equivalent acquired		**323**	–
Proceeds from disposal of property, plant and equipment		**1,661**	889
Decrease in movie investments		**–**	6,059
Interest received		**8,809**	13,950
Net cash (used in)/generated from investing activities		**(126,736)**	162,979
Cash flows from financing activities			
Repayment of borrowings		**(558,707)**	(35,000)
Proceeds from borrowings		**761,559**	–
Issuance of convertible bonds, net of issuance costs		**154,997**	–
Interest paid		**(128,061)**	(81,992)
Principal elements of lease payments		**(49,286)**	(53,107)
Dividends paid to non-controlling interests of a subsidiary		**–**	(36,962)
Proceeds from exercise of share options		**1,014**	–
Net cash generated from/(used in) financing activities		**181,516**	(207,061)
Net decrease in cash and cash equivalents		**(99,722)**	(346,649)
Cash and cash equivalents at 1 January		**765,222**	1,174,718
Effect of foreign exchange rate changes		**(6,668)**	(62,847)
Cash and cash equivalents at 31 December		**658,832**	765,222
Analysis of cash and cash equivalents:			
Short-term bank deposits maturing within three months		**349,425**	269,398
Cash at bank and on hand		**309,407**	694,464
Bank overdrafts		**–**	(198,640)
		658,832	765,222

The notes on pages 133 to 214 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Television Broadcasts Limited (the "Company") and its subsidiaries are collectively referred to as the Group in the consolidated financial statements. The principal activities of the Company are terrestrial television broadcasting, together with programme production and other television-related activities. The principal activities of the principal subsidiaries are detailed in Note 44.

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.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2024.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

The basis and principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared under the historical cost convention, except that some financial assets are stated at their fair values as explained in Note 2.9.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

During the year ended 31 December 2023, the Group incurred a loss for the year of HK$838,169,000 (2022: HK$885,935,000) and a net cash used in operating activities of HK$154,502,000 (2022: HK$302,567,000).

For the year ended 31 December 2023, the Company has been 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 2025 (as further disclosed in note 23(a)). The Group has successfully 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. Based on cashflow projections for a period of not less than 12 months after 31 December 2023 and considering the undrawn banking and other facilities (including CMC, Inc. ("CMC") and Young Lion Holdings Limited) available to the Group as set out in note 23, 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 consolidated financial statements on a going concern basis.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group has assessed the impact of the adoption of these amended standards and interpretation that are effective for the first time for this year. Except for HKAS 12 Amendments described below, the adoption of these amended standards and interpretation did not result in any significant impact on the consolidated financial statements of the Group.

The Group has adopted the Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction" on 1 January 2023, which resulted in the recognition of separate deferred income tax assets and separate deferred income tax liabilities for temporary differences arising on leases, both at initial recognition and subsequently. In accordance with the transitional provisions, the Group adopted the amendments for the first time by recognising deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented.

As a result, with the beginning of the earliest period presented being 1 January 2022, an adjustment of HK$8,686,000 was recognised to the gross amounts of deferred income tax assets and deferred income tax liabilities simultaneously, and the resultant deferred income tax assets and deferred income tax liabilities met the set-off provisions and was presented on a net basis on the consolidated statement of financial position. Since the Group had considered the lease as a single transaction in which the assets and liabilities were integrally linked and recognised deferred tax on a net basis previously, there were nil impact on opening retained earnings upon the adoption of the amendments.

(b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by HKFRSs.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated income statement.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.7(a)). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

All inter-company transactions and balances within the Group are eliminated on consolidation. The financial statements of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment (Note 2.8). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group that do not result in loss of control. For purchases or disposals of interests from non-controlling interests, the difference between any consideration paid/received and the relevant share acquired/disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(c) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the consolidated income statement where appropriate.

The Group's share of post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

In the Company's statement of financial position, the interests in associates are stated at cost less provision for impairment losses (Note 2.8). The results of the associates are accounted for by the Company on the basis of dividends received and receivable.

(d) Disposal of subsidiaries, associates and joint ventures

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset, as appropriate. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

2.2 Consolidation (continued)

(e) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equal or exceed its interests in joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investments in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the interests in joint ventures are stated at cost less provision for impairment losses (Note 2.8). The results of the joint ventures are accounted for by the Company on the basis of dividends received and receivable.

Investment in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly).

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker for the purposes of allocating resources to each of the segments and assessing its performance.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to other comprehensive income. When a foreign operation is partially disposed of which results in loss of control or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to the consolidated income statement.

2.5 Property, plant and equipment

Property, plant and equipment, comprising freehold land and buildings, leasehold land and land use rights, leasehold improvements, studio, broadcasting and transmitting equipment, furniture, fixtures and equipment and motor vehicles, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

2.5 Property, plant and equipment (continued)

Freehold land is not depreciated. Depreciation on property, plant and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Buildings	2.27%–5%
Leasehold land/land use rights	2.22%–2.7%
Leasehold improvements	Shorter of remaining lease term or useful life
Studio, broadcasting and transmitting equipment	10%–20%
Furniture, fixtures and equipment	5%–50%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.6 Investment properties

Investment properties are defined as properties held to earn rentals or for capital appreciation or both. The Group has applied the cost model to its investment property. The investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.8). The cost of investment property comprises its purchase price and any directly attributable expenditure. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 20 to 25 years, or remaining lease term, whichever is shorter. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in the consolidated income statement when the changes arise.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition of a subsidiary, an associate or a joint venture over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised separately in the consolidated statement of financial position. Goodwill on acquisitions of associates and joint ventures is included in interests in associates and interests in joint ventures, respectively. Goodwill is tested annually, or more frequently if events or changes in circumstances indicate that it might be impaired, for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised immediately as expenses and are not subsequently reversed. The determination of gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to the operating segment.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

(b) Tradenames

Tradenames acquired in a business combination are recognised at fair value at the acquisition date. The fair value is based on the discounted estimated royalty payments that are expected to be avoided as a result of the tradenames being owned. They have an estimated useful lives of 5 years and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

(c) Software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives of 5–15 years.

2.8 Impairment of investments in subsidiaries, associates, joint ventures and other non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group determines at each reporting date whether there is any objective evidence that these investments and other non-financial assets are impaired. An impairment loss is recognised in the income statement for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at financial assets at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt investments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), net, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(c) Measurement (continued)

Debt investments (continued)

– FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses), net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), net and impairment expenses are presented as a separate line item in the income statement.

– FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

  The Group has certain investments in movie projects which entitles the Group to receive a variable income based on the Group's investment amount as specified in respective agreements. Based on both internal and external market information available on movie investments, management reviews and revises the projected revenues and related future cash flows of movie investments, as appropriate, to assess their fair value at least at the end of each reporting period.

  Movie investments are measured at their fair values with reference to the expected future net income arising from distribution and licensing of the movies.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other revenues when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.10 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets (continued)

ECL is the weighted average credit losses with the probability of default as the weight. The amount of ECL is reassessed at each reporting date to reflect changes in credit risk since initial recognition. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within twelve months after the reporting date. Assessments are performed based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The debt instruments carried at amortised cost classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime ECL to be recognised from initial recognition of the receivables. See Notes 3.1(b) and 15 for further details. Trade receivables have been grouped based on shared credit risk characteristics and the invoice date. The expected loss rates are based on the payment profiles of sales over a period of 12-24 months before the end of reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL under stage 1, unless when there has been a significant increase in credit risk since initial recognition or a financial asset is credit impaired, the Group recognises lifetime ECL under stage 2 or 3. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread for the bond securities;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtors.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purpose as historical experience indicates that the Company may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(a) Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(b) There is a breach of financial covenants by the counterparty.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets (continued)

(iv) Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

2.11 Programmes and film rights

Programmes and film rights are stated at cost less amounts expensed and any provision considered necessary by management.

(a) Programme cost

Programme cost comprises direct expenditure and an appropriate proportion of production overheads.

The cost of programmes is apportioned between the domestic terrestrial TV/over-the-top ("OTT") markets and the overseas licensing and distribution market. In the case of the former, the cost is expensed based on the number of planned transmission, and in the latter, the cost is expensed based on the expected distribution to licensees. The cost of programmes are generally expensed in both domestics and overseas markets based on the estimated consumption/viewership pattern of the programmes, which may be on an accelerated or straight-line basis, as appropriate.

For the co-produced programmes under co-production agreement, the related programme cost is apportioned according to the expected economic benefits generated from domestic terrestrial TV/OTT markets, and the co-production of drama with the sale of exclusive programme exploitation right in defined geographical areas to co-producers. The Group expenses co-production costs based on the percentage of completion of drama production.

(b) Film rights

Film rights are expensed in accordance with a formula computed to amortise the cost over the contracted number of transmissions or contracted licensing periods, which is more relevant and prevailing.

2.12 Stocks

Stocks, comprising e-Commerce inventories, decoders, tapes, computer hard discs, OTT set-top boxes and consumable supplies, are stated at the lower of cost and net realisable value. The cost of stocks is calculated on a first in first out basis. Net realisable value is determined on the basis of anticipated sale proceeds less estimated selling expenses.

2.13 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and on hand, deposits held at call with banks, cash investments with a maturity of three months or less from the date of investment, and bank overdrafts.

2.15 Share capital

Ordinary shares are classified as equity.

2.16 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings and borrowing costs

The Group's borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

All borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

2.18 Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the early redemption option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. The derivative component is recognised as the difference between the fair value of the liability component as a whole and the fair value of the debt component. The derivative component of the convertible bonds is measured initially and subsequently at fair value and presented as part of derivative financial instruments.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.19 Written put option liabilities

The potential cash payments related to put options issued by the Group over the equity of a subsidiary are accounted for as financial liabilities. The amount that may become payable under the option on exercise is initially recognised at present value of redemption amount as a written put option liability with a corresponding charge directly to equity.

A written put option liability is subsequently re-measured as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognised in the consolidated income statement. In the event that the option expires unexercised, the written put option liability is derecognised with a corresponding adjustment to equity.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine deferred income tax.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on interests in subsidiaries, associates and joint ventures, except for deferred income tax liabilities where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.21 Share-based payments

Share-based compensation benefits are provided to employees via share option schemes of the Company and TVB e-Commerce Group Limited ("TVBECGL").

Employee options

The fair value of options granted under the share option schemes is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Group transfers the appropriate amount of shares of the Company/TVBECGL to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

2.22 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group operates a number of defined contribution plans throughout the world, the assets of which are generally held in separate trustee — administered funds.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.22 Employee benefits (continued)

(b) Pension obligations (continued)

All permanent staff, temporary staff and full time artistes signed in individual names (excluding singers and serial artistes), whose employment period reaches 60 days or more (collectively referred to as "eligible members") and who are located in Hong Kong are entitled to participate in the Mandatory Provident Fund Scheme ("MPF Scheme"). The contributions to the MPF Scheme made by the Group for permanent staff who joined prior to 1 June 2003 comprise mandatory contributions and voluntary contributions. The mandatory contribution is calculated at 5% of the individual's "relevant income" with a maximum amount of HK$1,500 per month and the voluntary contribution is calculated at 10% of individual's basic salary less the mandatory contribution. The Group's contribution for permanent staff who joined after 1 June 2003, full time artistes and temporary staff is 5% of individual's "relevant income" with a maximum amount of HK$1,500 per month. "Relevant income" includes salaries, wages, paid leave, fees, commissions, bonuses, gratuities, and allowances (excluding housing allowance/benefits, any redeemed payment and long service payment).

The retirement schemes which cover employees located in overseas locations are defined contribution schemes at various funding rates that are in accordance with the local practice and regulations.

The contributions to defined contribution schemes are recognised as employee benefit expense when they are due.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

2.23 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.24 Financial guarantees contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of i) the amount determined in accordance with the expected credit loss model under HKFRS 9; and ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.25 Revenue recognition

Income from advertisers includes advertising income, sponsorship income and commercial production income. Advertising income net of agency deductions is recognised over time (i) when the advertisements are telecast on television, delivered through internet and mobile platforms or published in a media platform; or (ii) ratably over the contractual display period of the contract when the advertisements are placed on the Group's website and mobile platforms. Sponsorship income is recognised over time when the programmes are telecast. Commercial production income is recognised over time when the commercials are delivered to advertisers.

Co-production income includes programme production income received from co-producers. Its exclusive programme exploitation right in defined geographical areas is granted to co-producer. The co-production income would be recognised over time if the programme-in-progress created by the Group does not have an alternative use due to the contract restrictions and the Group has an enforceable right to payment for performance completed to date.

Income from licensing of programme rights is recognised evenly over the contract period when a customer is granted with a right to access the programme rights as it exists throughout the licence period. Alternatively, Income from licensing programme rights is recognised at a single point in time upon delivery of the programmes when a customer is provided with a right to use the programme rights as it exists at the point in time at which the licence is granted. Income from licensing of content to mobile devices and website portals is recognised over time when the services are rendered. Distribution income from video sell through is recognised at a point in time when the control is transferred to customers upon delivery of the video.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.25 Revenue recognition (continued)

Subscription income from the operation of pay television networks and OTT services are recognised on a straight-line basis over time which generally coincides with when the services are rendered over the contract period. The incremental set-top box costs for obtaining OTT service contracts are required to be capitalised as contract acquisition and fulfilment costs under trade and other receivables in the statement of financial position. Unearned subscription fees received from subscribers are recorded as contract liabilities under trade and other payables and accruals in the statement of financial position.

e-Commerce income primarily comprised of revenue from concessionaire sales and merchandise sales. Revenue from concessionaire sales are recognised for transactions where the Group is not the primary obligor, is not subject to inventory risk, and does not have latitude in establishing prices. Concessionaire sales are recognised on a net basis which is based on a fixed percentage of the sales amount. Revenue from merchandise sales and related costs are recognised on a gross basis when the Group acts as a principal. Revenue from concessionaire sales and merchandise sales are recognised at a point in time when the control of products are transferred to a customer.

Income from sales of decoders is recognised at a point in time upon delivery of products. Income from other services, which includes management fee income, facility rental income and other service fee income, is recognised over time when the customer simultaneously receives and consumes the benefits provided by the Group's performance.

2.26 Dividend and interest income

Dividend income received from financial assets at FVOCI is recognised as other revenues in the income statement when the right to receive payment is established.

Interest income on bond securities at amortised cost calculated using the effective interest method is recognised in the consolidated income statement except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the other revenue over the period necessary to match them with the costs that they are intended to compensate.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.28 Leases

Leases are recognised as a right-of-use asset. Right-of-use asset are included within the same line item as that within which the corresponding underlying assets would be presented if they were owned and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.28 Leases (continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option — in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	3 years
Warehouse	2 years

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise small items of equipment.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.29 Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependants of that person or that person's spouse or domestic partner.

2.30 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors, where appropriate.

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3 FINANCIAL RISK MANAGEMENT

3.1 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations, the net assets of which are exposed to foreign currency risk.

The Group manages this risk by seeking contracts effectively denominated in HK dollars and/ or US dollars where possible and economically favourable. The Group currently does not have a foreign currency hedging policy but manages its exposure through closely monitoring the movement of the foreign currency rates and will consider entering into foreign exchange forward contracts to reduce the exposure if required. The Group does not conduct any speculative foreign currency activities.

The following table summarises the change in the Group's loss after taxation in response to reasonably possible changes in foreign exchange rates on currencies to which the Group has exposure at the end of the reporting period and assuming all other variables remain constant. Such exposure relates to the portion of loan, trade receivables, bank deposits, cash and bank balances and trade payables.

	2023		2022	
Foreign currency against Hong Kong dollars	**Changes in foreign exchange rates %**	**Decrease/ (increase) in loss after taxation HK$'000**	Changes in foreign exchange rates %	Decrease/ (increase) in loss after taxation HK$'000
Renminbi	**3%**	**1,455**	3%	4,302
	(3%)	**(1,455)**	(3%)	(4,302)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group's principal floating interest bearing assets and liabilities are cash balances, bank deposits, bank overdrafts, bank borrowings and other borrowings. The tenor of the bank deposits is usually less than one year. The Group actively manages cash balances and deposits by comparing quotations from banks, with a view to selecting terms which are most favourable to the Group.

Sensitivity analysis in 2023 and 2022 has been conducted on bank deposits, bank overdrafts, floating rate bank borrowings and other borrowings. If interest rates had been 100 basis-points higher/lower with all other variables held constant, the Group's loss after taxation for the year would have increased/decreased by HK$16,601,000 (2022: increased/decreased by HK$18,425,000) in respect of bank deposits, bank overdrafts, floating rate bank borrowings and other borrowings.

(b) Credit risk

The Group's credit risk is primarily attributable to its financial assets at amortised cost (including trade and other receivables, bond securities at amortised cost and receivables from a joint venture), financial assets at FVPL, bank balances and financial guarantee contracts. The Group has implemented policies to assess the credit worthiness of the counterparties (including customers and investees), and to conduct credit reviews and monitoring procedures that include a formal collection process. The credit risk on bank balances is limited as the banks are of acceptable credit ratings. The credit risk on trade receivables is not considered significant given the majority of credit sales relate to reputable advertising agencies with no recent history of default. In addition, the Group reviews the recoverable amount of each individual trade debtor, associate and joint venture at the end of each reporting period to ensure that impairment has been adequately provided at the expected loss rates, which are adjusted from the historical loss rates to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The loss allowance of receivables from a joint venture and trade receivables were determined and disclosed in Notes 9 and 15 respectively. The Group also assessed the loss allowance on other receivables and deposits by individual assessment on 12 months' expected loss basis as there had been no significant increase in credit risk since initial recognition. Based on the assessment, no loss allowance was recognised on other receivables and deposits for the year.

In calculating the credit loss allowance for bond securities at amortised costs and for the exposure arising from financial guarantee contracts, the scenario analysis of discounted cash flow model and loss rates, which involve key estimates from the management, are estimated based on a function of comparable probability of default, recovery rate quoted from international credit-rating agencies after adjustments to specific conditions and exposure at default and adjusted for forward-looking information that is available without undue cost or effort.

For the financial assets at amortised cost considered as credit-impaired as a result of default events as at 31 December 2022 and 2023, a lifetime ECL loss allowance has been assessed. For other bond securities not credit-impaired, the Group would measure the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises a lifetime ECL.

No significant changes to estimation techniques or assumptions were made during the year.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The loss allowance for financial assets at amortised cost as at 31 December and it reconciles to the opening loss allowance as follows:

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
At 1 January 2022:	15,100	400	487,125	48,259	550,884
Increase in the allowance recognised in profit or loss during the year	–	211,800	28,717	–	240,517
Transferred to lifetime expected credit losses	(15,100)	13,100	2,000	–	–
Decrease in the allowance recognised in profit or loss during the year	–	–	–	(3,253)	(3,253)
Write-off	–	–	(51,000)	(2,024)	(53,024)
Exchange differences	–	–	–	(813)	(813)
At 31 December 2022 and 1 January 2023:	–	**225,300**	**466,842**	**42,169**	**734,311**
Increase in the allowance recognised in profit or loss during the year	–	**86,300**	**6,221**	–	**92,521**
Decrease in the allowance recognised in profit or loss during the year	–	–	–	**(1,713)**	**(1,713)**
Write-off	–	–	–	**(688)**	**(688)**
Exchange differences	–	–	–	**(267)**	**(267)**
At 31 December 2023	–	**311,600**	**473,063**	**39,501**	**824,164**

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3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

As at 31 December 2023, except for provision for loss allowance for receivables from a joint venture of HK$311,600,000 under Stage 2 (2022: HK$225,300,000) of ECL model and provision for impairment loss on receivables from trade debtors of HK$39,501,000 (2022: HK$42,169,000) under simplified approach of ECL model, the other loss allowance listed above was in relation to bond securities at amortised cost.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets at amortised costs as at 31 December 2023 and 2022.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 31 December 2023:					
Receivables from a joint venture	**–**	**789,796**	**–**	**–**	**789,796**
Bond securities at amortised cost	**–**	**–**	**497,301**	**–**	**497,301**
Trade receivables	**–**	**–**	**–**	**907,099**	**907,099**
Financial assets included in other receivables, prepayments and deposits	**541,861**	**–**	**–**	**–**	**541,861**
Bank and cash balances	**713,695**	**–**	**–**	**–**	**713,695**
	1,255,556	**789,796**	**497,301**	**907,099**	**3,449,752**
As at 31 December 2022:					
Receivables from a joint venture	–	781,106	–	–	781,106
Bond securities at amortised cost	–	–	497,267	–	497,267
Trade receivables	–	–	–	882,221	882,221
Financial assets included in other receivables, prepayments and deposits	511,113	–	–	–	511,113
Bank and cash balances	1,020,259	–	–	–	1,020,259
	1,531,372	781,106	497,267	882,221	3,691,966

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. Please refer the details to Note 13.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

The Group employs cash flow forecasting to manage liquidity risk by forecasting the amount of cash required (including working capital, loan repayments, dividend payments and potential new investments) and by maintaining sufficient cash and adequate undrawn banking/other loan facilities and capital raising as and when necessary to ensure the Group's funding requirements are met.

The Group's financial liabilities include trade payables, other payables, accruals, borrowings, convertible bonds and lease liabilities. The trade payables and other payables are generally on credit terms of one to three months after the invoice date. For accruals, there are generally no specified contractual maturities and amounts owing are paid upon the counterparty's formal notification, of which should be within 12 months from the end of the reporting period.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including future interest payments).

	2023					
	Borrowings HK$'000	Convertible bonds HK$'000	Written put options liabilities HK$'000	Trade and other payables and accruals HK$'000	Lease liabilities HK$'000	Total HK$'000
Within 1 year	757,901	5,516	140,000	664,615	33,921	1,601,953
Between 1 and 2 years	1,645,395	5,505	–	–	8,436	1,659,336
Between 2 and 5 years	–	170,712	–	–	597	171,309
	2,403,296	181,733	140,000	664,615	42,954	3,432,598

	2022				
	Borrowings HK$'000	Written put options liabilities HK$'000	Trade and other payables and accruals HK$'000	Lease liabilities HK$'000	Total HK$'000
Within 1 year	717,688	140,000	680,812	46,855	1,585,355
Between 1 and 2 years	104,459	–	–	34,764	139,223
Between 2 and 5 years	1,631,539	–	–	3,282	1,634,821
	2,453,686	140,000	680,812	84,901	3,359,399

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratios. This ratios are calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) plus lease liabilities less cash and cash equivalents and bank deposits maturing after three months. Total equity as shown in the consolidated statement of financial position is total capital.

The gearing ratio at 31 December 2023 and 2022 was as follows:

	2023 **HK$'000**	2022 HK$'000
Net debt (Note 37(c))	**1,615,904**	1,239,649
Total equity	**2,739,180**	3,604,235
Gearing ratio – Net debt to total equity ratio	**59.0%**	34.4%

3.3 Fair value estimation

Financial instruments that are measured in the 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 31 December 2023 and 2022, the fair value measurement of the Group's financial assets at FVOCI and FVPL is classified in level 3.

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

The major methods and assumptions used in estimating the fair values of financial assets at FVPL are detailed in Note 13.

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually re-evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Financial assets at amortised cost

The loss allowances for financial assets at amortised cost (including trade receivables, bond securities at amortised cost and receivables from a joint venture) are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used for receivables from a joint venture, bond securities at amortised cost and trade receivables are disclosed in Notes 3.1(b), 9, 12 and 15 respectively.

(b) Useful lives of property, plant and equipment and investment properties

In accordance with HKAS 16 and HKAS 40, the Group estimates the useful lives of property, plant and equipment and investment properties in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

(c) Deferred income tax assets

Deferred income tax assets are recognised for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the temporary differences, the carry forward of unused tax credits and unused tax losses could be utilised. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Where the actual or expected tax positions in future are different from the original estimate, such difference will impact the recognition of deferred income tax assets and income tax charge in the period in which such estimate has been changed.

(d) Programme costs and film rights

The Group allocates and amortises the programme costs and film rights to each of the terrestrial TV platform, digital new media platform and licensing and distribution market based on their potential benefits brought to the Group and the expected consumption pattern, number of planned transmissions or duration of the license period, whichever is more relevant and prevailing. Management regularly reviews the basis of the allocation and amortisation and will adjust the allocation and amortisation method when the expected changes in respective economic benefit, consumption pattern or consumption rate arise. Impairment loss is recognised when there is an indication that the estimated recoverable amount of individual programme is less than its carrying value.

(e) Goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of cash-generating units was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated in note 8. Details of key assumptions and impact of possible changes in key assumptions are disclosed in note 8.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(f) Interest in associates

The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to arise from dividends to be received from the associates and the proceeds from the ultimate disposal of the investment. This estimation takes into account factors, including discount rate and the terminal growth rate. In cases where the actual cash flows are less or more than expected, or change in facts and circumstances which result in revision of future cash flows estimation or discount rate, a material reversal or further recognition of impairment may arise, which would be recognised in the consolidated income statement for the period in which such a reversal or further recognition takes place. Details of key assumptions and impact of possible changes in key assumptions are disclosed in note 10.

5 REVENUE, INTEREST INCOME, OTHER REVENUES AND SEGMENT 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 amount of each significant category of revenue recognised during the year is as follows:

	2023 **HK$'000**	2022 HK$'000
Revenue		
Advertising income, net of agency deductions	**1,528,525**	1,372,691
e-Commerce income	**516,553**	866,170
Licensing income	**399,346**	527,230
Subscription income	**433,058**	437,018
Others	**445,296**	382,641
	3,322,778	3,585,750
Interest income	**95,659**	124,560
Other revenues		
Government subsidies from Employment Support Scheme (note)	**–**	37,306
Others	**21,366**	14,859
	21,366	52,165
	3,439,803	3,762,475

Note:

During the year ended 31 December 2022, the HKSAR Government launched the "Employment Support Scheme" to provide certain financial incentives to eligible employers to retain employees amidst the COVID-19 pandemic in Hong Kong. No financial support under the Employment Support Scheme was provided by the HKSAR Government for the year ended 31 December 2023.

5 REVENUE, INTEREST INCOME, OTHER REVENUES AND SEGMENT INFORMATION (continued)

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 two e-Commerce platforms, namely Ztore and Neigbuy
(d)	Mainland China Operations	–	co-produced dramas, distribution of television programmes and channels to telecast, video and new media operators in Mainland China
(e)	International Operations	–	distribution of television programmes and channels to telecast, video and new media operators and provision of pay television and OTT services to subscribers in Malaysia, Singapore and other countries of the world targeting Chinese and other Asian audiences

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE, INTEREST INCOME, OTHER REVENUES AND SEGMENT INFORMATION (continued)

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.

An analysis of the Group's revenue and EBITDA for the year by operating segments is as follows:

	Hong Kong TV Broadcasting		OTT Streaming		e-Commerce Business		Mainland China Operations		International Operations		Total	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Revenue												
Timing of revenue recognition:												
At a point in time	**19,154**	14,218	**1,872**	2,022	**486,095**	862,467	**148,760**	207,656	**3,786**	13,853	**659,667**	1,100,216
Over time	**1,377,909**	1,279,881	**354,103**	347,383	**–**	128	**580,006**	490,121	**351,093**	368,021	**2,663,111**	2,485,534
External customers	**1,397,063**	1,294,099	**355,975**	349,405	**486,095**	862,595	**728,766**	697,777	**354,879**	381,874	**3,322,778**	3,585,750
Reportable segment EBITDA	**(271,971)**	(513,750)	**84,033**	65,847	**(49,205)**	(100,153)	**63,112**	159,407	**33,753**	50,242	**(140,278)**	(338,407)
Additions to non-current assets*	**71,758**	130,528	**54,477**	69,043	**444**	64,705	**4,723**	1,620	**14,122**	3,211	**145,524**	269,107

* 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:

	2023 HK$'000	2022 HK$'000
Reportable segment EBITDA	**(140,278)**	(338,407)
Depreciation and amortisation	**(373,365)**	(427,252)
Finance costs	**(146,687)**	(81,098)
Interest income	**8,857**	11,916
Interest income from a joint venture	**86,802**	112,644
Gain on disposal of other financial assets at amortised cost	**–**	129
Changes in fair value of		
– a financial asset at fair value through profit or loss	**(17,231)**	–
– a financial liability at fair value through profit or loss	**(1,522)**	–
Impairment losses on		
– receivables from a joint venture	**(86,300)**	(211,800)
– intangible assets	**(16,454)**	–
– other financial assets at amortised cost	**(6,221)**	(28,717)
– interest in an associate	**(126,000)**	–
Share of (losses)/profits of associates	**(105)**	24
Share of profits of joint ventures	**36**	198
Loss before income tax	**(818,468)**	(962,363)

5 REVENUE, INTEREST INCOME, OTHER REVENUES AND SEGMENT INFORMATION (continued)

For the year ended 31 December 2023, no revenue generated from a single customer of the Group is over 10% of the total revenue.

For the year ended 31 December 2022, revenue generated from a single customer of the Group from the segment of Mainland China Operations amounting to approximately HK$382,197,000 in aggregate has accounted for over 10% of the total revenue.

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

	2023	2022
	HK$'000	HK$'000
Hong Kong	**2,243,881**	2,515,149
Mainland China	**734,720**	702,207
Malaysia and Singapore	**138,795**	155,938
USA and Canada	**116,662**	116,675
Vietnam	**29,037**	33,490
Australia	**14,975**	15,279
Europe	**4,001**	3,773
Other territories	**40,707**	43,239
	3,322,778	3,585,750

An analysis of the Group's non-current assets, other than financial instruments, goodwill and deferred income tax assets, by geographical location is as follows:

	2023	2022
	HK$'000	HK$'000
Hong Kong	**1,308,920**	1,674,077
USA and Canada	**488,327**	566,598
Mainland China	**32,267**	49,508
Taiwan	**1,804**	2,424
Other territories	**201**	52
	1,831,519	2,292,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Studio, broadcasting and transmitting equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 January 2022	1,344,344	66,635	2,733,155	1,775,878	49,968	5,969,980
Exchange differences	(5,551)	(208)	69	(1,287)	–	(6,977)
Additions	83,921	2,905	71,818	61,363	–	220,007
Lease modification	(755)	–	–	–	–	(755)
Transferred from investment properties	7,285	–	–	–	–	7,285
Transfer in/(out)	–	–	261	(261)	–	–
Disposals	(73,741)	(1,169)	(83,018)	(1,810)	(672)	(160,410)
At 31 December 2022	1,355,503	68,163	2,722,285	1,833,883	49,296	6,029,130
At 1 January 2023	1,355,503	68,163	2,722,285	1,833,883	49,296	6,029,130
Exchange differences	(1,984)	(80)	27	(306)	–	(2,343)
Additions	2,670	1,058	57,303	33,308	1,490	95,829
Lease modification	75	–	–	–	–	75
Transfer in/(out)	–	(2,936)	56	2,880	–	–
Early lease termination	(16,125)	–	–	–	–	(16,125)
Disposals	(9,255)	(4,026)	(57,180)	(17,422)	(2,607)	(90,490)
At 31 December 2023	**1,330,884**	**62,179**	**2,722,491**	**1,852,343**	**48,179**	**6,016,076**
Accumulated depreciation and impairment						
At 1 January 2022	833,897	63,131	2,325,431	1,303,785	46,983	4,573,227
Exchange differences	(3,098)	(176)	78	(780)	–	(3,976)
Charge for the year (Note 28)	66,671	1,149	124,613	143,179	1,146	336,758
Transferred from investment properties	4,371	–	–	–	–	4,371
Transfer in/(out)	–	–	107	(107)	–	–
Written back on disposals	(73,741)	(1,152)	(82,124)	(1,499)	(670)	(159,186)
At 31 December 2022	828,100	62,952	2,368,105	1,444,578	47,459	4,751,194
At 1 January 2023	828,100	62,952	2,368,105	1,444,578	47,459	4,751,194
Exchange differences	(1,701)	(64)	27	(95)	–	(1,833)
Charge for the year (Note 28)	64,648	1,608	113,263	112,709	1,104	293,332
Transfer in/(out)	–	–	56	(56)	–	–
Early lease termination	(8,102)	–	–	–	–	(8,102)
Written back on disposals	(9,255)	(4,015)	(57,052)	(17,367)	(2,607)	(90,296)
At 31 December 2023	**873,690**	**60,481**	**2,424,399**	**1,539,769**	**45,956**	**4,944,295**
Net book value						
At 31 December 2023	**457,194**	**1,698**	**298,092**	**312,574**	**2,223**	**1,071,781**
At 31 December 2022	527,403	5,211	354,180	389,305	1,837	1,277,936

6 PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

(a) Leases

The consolidated statement of financial position shows the following amounts relating to leases:

(i) Amounts recognised in the property, plant and equipment relating to leases

	2023 HK$'000	2022 HK$'000
Right-of-use assets		
Properties	**30,683**	79,725
Equipment	**9,700**	3,610
Leasehold land and land use right	**140,005**	148,086
	180,388	231,421

Additions to the right-of-use assets during the year were HK$13,730,000 (2022: HK$85,534,000).

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2023 HK$'000	2022 HK$'000
Depreciation charge of right-of-use assets		
Properties	**44,593**	46,489
Equipment	**4,970**	6,023
Leasehold land and land use right	**7,477**	7,601
	57,040	60,113
Interest expenses (included in finance cost)	**1,630**	2,124
Expense relating to short-term leases (included in general and administrative expenses)	**7,573**	11,879
Expense relating to low-value assets that are not shown above as short-term leases (included in general and administrative expenses)	**7**	9

The total cash outflow for leases during the year was HK$49,286,000 (2022: HK$53,107,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 to 5 years with no defined extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

7 INVESTMENT PROPERTIES

	HK$'000
Cost	
At 1 January 2022	12,070
Transferred to property, plant and equipment	(7,285)
Exchange differences	(746)
At 31 December 2022	4,039
At 1 January 2023	4,039
Exchange differences	(109)
At 31 December 2023	**3,930**
Accumulated depreciation	
At 1 January 2022	6,360
Charge for the year (Note 28)	547
Transferred to property, plant and equipment	(4,371)
Exchange differences	(393)
At 31 December 2022	2,143
At 1 January 2023	2,143
Charge for the year (Note 28)	193
Exchange differences	(59)
At 31 December 2023	**2,277**
Net book value	
At 31 December 2023	**1,653**
At 31 December 2022	1,896
Fair values (note)	
At 31 December 2023	**3,709**
At 31 December 2022	3,782

Note:

The Group's investment properties were valued at 31 December 2023 and 2022 by independent valuers who hold a recognised relevant professional qualification and have recent relevant experience of the investment properties valued. The valuations were determined using the direct comparison approach with reference to the comparable properties in close proximity and investment approach with reference to current market rental, where appropriate. The most significant inputs into these valuation approaches are unit price and unit rent per square foot or square metre. The current use of investment properties equates to the highest and best use. As at 31 December 2023 and 2022, the fair value measurement of the investment properties is included in level 3.

8 GOODWILL AND INTANGIBLE ASSETS

	Goodwill HK$'000	Tradenames HK$'000	Software development cost HK$'000	Total HK$'000
Year ended 31 December 2022				
Opening net book amount	85,131	40,743	244,131	370,005
Additions	–	–	60,406	60,406
Amortisation charge (Note 28)	–	(8,582)	(81,365)	(89,947)
Exchange differences	–	–	(188)	(188)
Closing net book amount	85,131	32,161	222,984	340,276
At 31 December 2022				
Cost	85,131	44,000	454,945	584,076
Accumulated amortisation	–	(11,839)	(231,961)	(243,800)
Net book amount	85,131	32,161	222,984	340,276
Year ended 31 December 2023				
Opening net book amount	**85,131**	**32,161**	**222,984**	**340,276**
Additions	**–**	**–**	**52,597**	**52,597**
Amortisation charge (Note 28)	**–**	**(8,800)**	**(71,040)**	**(79,840)**
Impairment loss	**–**	**(16,454)**	**–**	**(16,454)**
Closing net book amount	**85,131**	**6,907**	**204,541**	**296,579**
At 31 December 2023				
Cost	**85,131**	**44,000**	**507,542**	**636,673**
Accumulated amortisation and impairment	**–**	**(37,093)**	**(303,001)**	**(340,094)**
Net book amount	**85,131**	**6,907**	**204,541**	**296,579**

Goodwill and tradenames that arose on the acquisition of subsidiaries (the "e-Commerce CGU") are allocated to and monitored by management at the e-Commerce business segment, which comprises groups of CGUs that are expected to benefit from synergies of combination with the acquired businesses.

The recoverable amount of the e-Commerce CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flow beyond the five-year period is extrapolated using the estimated terminal growth rates of 2.0% (2022: 2.0%). The discount rate applied to the cash flow projection is 27.0% (2022: 27.7%).

8 GOODWILL AND INTANGIBLE ASSETS (continued)

The following describes key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted profit – The basis used to determine the value assigned to the budgeted profit is the average profit achieved in the markets, adjusted for expected efficiency improvement, and expected market development.

Discount rate – The discount rate used is before tax.

The recoverable amounts of e-Commerce CGU based on the estimated value in use calculations were higher than their carrying amounts (including goodwill and tradenames) at 31 December 2023 and 2022.

During the year, the Group restructured the e-Commerce business segment by merging Ztore online platform with Neigbuy. The Ztore website and mobile application ceased operations in December 2023. The tradename of Ztore is no longer actively used, and the probability of arising of economic benefits associated with Ztore's tradename was considered to be remote. Consequently, management considered it appropriate to fully write down the carrying amount of the "Ztore" tradename, which resulted in an impairment loss of HK$16,454,000 recognised in the consolidated income statement during the year.

The Directors and management have considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount of the e-Commerce CGU to exceed its recoverable amount.

9 INTERESTS IN JOINT VENTURES

	2023 HK$'000	2022 HK$'000
Non-current		
Investment costs (note)	**206,539**	206,479
Funds advanced to joint ventures	**17,731**	17,731
Less: accumulated share of losses	**(223,177)**	(223,153)
	1,093	1,057
Loan and interest receivable from a joint venture (note)	**789,796**	781,106
Less: impairment loss on receivables from a joint venture (note)	**(311,600)**	(225,300)
	478,196	555,806
	479,289	556,863

9 INTERESTS IN JOINT VENTURES (continued)

	2023 HK$'000	2022 HK$'000
At 1 January	**556,863**	928,154
Add: interest receivables from a joint venture	**86,802**	112,644
Less: impairment loss provided	**(86,300)**	(211,800)
Less: disposal of promissory note from a joint venture	**(78,317)**	–
Less: repayment of promissory note from a joint venture	**–**	(274,130)
Share of profits for the year	**36**	198
Exchange differences	**205**	1,797
At 31 December	**479,289**	556,863

Note:

In July 2017, the Group had 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. 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.

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.

9 INTERESTS IN JOINT VENTURES (continued)

Note: (continued)

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.

As at 31 December 2022 onwards, in determining the impairment assessment of the Promissory Note from ITT as at each balance sheet date, the Group has observed that the US market for premium TV content has been increasingly dominated by streaming platforms, resulting in a reduced number of opportunities for ITT which is based in the US to pursue independent non-deficit-financing productions, which was its primary focus. As such, the Company considered to measure the outstanding balance under a stage 2 ECL (expected credit loss) model and certain forward looking assumptions to estimate a probability of default.

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 31 December 2023, based on the aforementioned assessment, adopting the stage 2 ECL model which is consistent with that as at 31 December 2022, the total carrying value of our Promissory Note in ITT was HK$789,796,000 (31 December 2022: HK$781,106,000) inclusive of the interest income of HK$86,802,000 (2022: HK$112,644,000) recognised during the year. During the year, the industrial action by writers and actors in the filmed entertainment industry of the United States caused a slowdown in TV production activity. Although the action ended in late 2023, financial performance of the ITT was temporarily affected by the lack of production. Considering these factors, a higher Expected Credit Loss ("ECL") rate of 39.4% has been applied to the total carrying value of the Promissory Note (2022: 28.8%). This resulted in an additional provision of HK$86,300,000 for the year (2022: HK$211,800,000) and a corresponding increase in the accumulated lifetime ECL provision on the carrying value of the Promissory Note to HK$311,600,000 (2022: HK$225,300,000).

Details of the principal joint venture of the Group are listed below:

Name	Place of incorporation and operation	Principal activities	Particulars of issued shares held	Percentage of ownership interest
#Imagine Tiger Television, LLC	United States	Provision of finance for the development and production of television programmes	Class A units of US$25,591,000	§100%

\# Joint venture held indirectly by the Company

§ The Group does not hold class B units and has 50% equity interest in ITT

All joint ventures are private companies and there are no quoted market prices available for their shares. Their investment costs and funds advanced are accounted for using the equity method while the loan to and interest receivable from a joint venture are classified as financial assets at amortised cost.

9 INTERESTS IN JOINT VENTURES (continued)

There are no commitments or contingent liabilities relating to the Group's interest in the joint ventures.

The joint ventures are strategic for the Group's investments in the Hong Kong retail sales and movie market and the United States TV market.

Summarised statements of financial position of the joint ventures that are material to the Group and reconciliations to the carrying amount of the Group's share of net liabilities of the joint ventures:

	As at 31 December 2023			As at 31 December 2022		
	ITT[Δ] HK$'000	Others HK$'000	Total HK$'000	ITT HK$'000	Others HK$'000	Total HK$'000
Assets						
Cash and cash equivalents	91,885	5,823	97,708	90,031	5,743	95,774
Other current assets (excluding cash and cash equivalents)	156,646	508	157,154	194,577	516	195,093
Total current assets	248,531	6,331	254,862	284,608	6,259	290,867
Total non-current assets	–	–	–	–	–	–
	248,531	6,331	254,862	284,608	6,259	290,867
Liabilities						
Current financial liabilities (excluding trade payables)	–	(39,607)	(39,607)	–	(39,607)	(39,607)
Other current liabilities (including trade payables)	(60,019)	–	(60,019)	(57,172)	–	(57,172)
Total current liabilities	(60,019)	(39,607)	(99,626)	(57,172)	(39,607)	(96,779)
Total non-current financial liabilities	(841,438)	–	(841,438)	(778,541)	–	(778,541)
	(901,457)	(39,607)	(941,064)	(835,713)	(39,607)	(875,320)
Net liabilities	(652,926)	(33,276)	(686,202)	(551,105)	(33,348)	(584,453)
Share of net liabilities in joint ventures	(652,926)	(16,638)	(669,564)	(551,105)	(16,674)	(567,779)
Add: Capitalised professional fees	6,623	–	6,623	6,621	–	6,621
Add: Unrecognised loss in excess of investment costs	646,303	–	646,303	544,484	–	544,484
Add: Funds advanced	–	17,731	17,731	–	17,731	17,731
Carrying value*	–	1,093	1,093	–	1,057	1,057

* excluding loan and interest receivable

Δ The Group shares 100% of ITT's loss with reference to the agreement in relation to formation of ITT.

9 INTERESTS IN JOINT VENTURES (continued)

Summarised statements of comprehensive income:

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	ITT HK$'000	Others HK$'000	Total HK$'000	ITT HK$'000	Others HK$'000	Total HK$'000
Revenue	10,912	–	10,912	399	–	399
Loss from operations	(7,849)	–	(7,849)	(13,908)	–	(13,908)
Interest income	–	127	127	2,362	23	2,385
Depreciation	–	–	–	–	–	–
Interest expense	(96,755)	–	(96,755)	(112,644)	–	(112,644)
Income tax	–	–	–	–	–	–
Post-tax (loss)/profit for the year	(104,604)	71	(104,533)	(126,552)	400	(126,152)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive (loss)/profit	(104,604)	71	(104,533)	(126,552)	400	(126,152)
Dividends received from joint ventures	–	–	–	–	–	–

10 INTERESTS IN ASSOCIATES

	2023 HK$'000	2022 HK$'000
Investment costs	174,000	174,000
Less: accumulated share of losses	(1,218)	(1,113)
Less: accumulated share of other comprehensive income	(13,191)	(8,728)
Less: accumulated impairment loss	(126,000)	–
	33,591	164,159

	2023 HK$'000	2022 HK$'000
At 1 January	164,159	177,963
Share of (losses)/profits for the year	(105)	24
Share of other comprehensive income	(4,463)	(13,828)
Impairment loss	(126,000)	–
At 31 December	33,591	164,159

10 INTERESTS IN ASSOCIATES (continued)

Details of the material associate are as follows:

Name	Place of incorporation and operation	Principal activity	Particulars of issued shares held	Percentage of ownership interest
#Shine Investment Limited ("Shine")	Cayman Islands	Investment holding	Voting Class A Shares of US$1 each	§15%
			Non-voting Class B Shares of US$1 each	§100%

an associate held directly by the Company

§ The Group holds 40% economic interest in Shine Investment Limited

Shine is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associates.

The associate is strategic for the Group's investment in the movie industry.

Shine Investment Limited, in which the Group holds a 40% interest, is an investment holding company that in turn holds a 29.94% stake in Shaw Brothers Holdings Limited ("SBHL"), a company which produces and distributes TV and film content, and manages artistes. SBHL is listed on The Stock Exchange of Hong Kong Limited under the stock code 0953.

The Group regularly monitors the operational and financial performance of its associates. The Group has noted that SBHL's financial performance has declined in 2022, and it has incurred net losses attributable to shareholders since that financial year. The Group had anticipated a financial recovery for SBHL following the lifting of pandemic restrictions in early 2023. However, this has not materialised to the expected extent. Hence, while the Group notes that SBHL's board of directors and management team are working proactively to improve the company's performance, the Group has assessed that in view of the circumstances, and in consideration of the declined financial results, coupled with recent trading value of the shares of SBHL, there was a potential indicator of impairment. In determining whether impairment loss should be recognised, the Group has conducted impairment assessment for the position as at 31 December 2023.

The recoverable amount is derived from discount cash flow method under the income approach, by using key inputs and assumptions including the budget approved by management of SBHL. Management estimates the discount rate applied to the cash flow projection is 10.0% (2022: 9.0%) that reflects current market assessments of the time value of money. The inputs and assumptions made in the budget are based on historical performance of SHBL and economic data relevant to the industry. Cash flow beyond the five-year period is extrapolated using the estimated terminal growth rates of 2.5% (2022: 2.5%).

Based on the assessment conducted by the Group, the value in use is higher than the fair value less costs of disposal, the recoverable amount of the interest in Shine Investment Limited was determined to be HK$34 million, which is lower than the carrying value of HK$160 million. As a result, an impairment loss of HK$126 million was recognised in the consolidated income statement during the year.

10 INTERESTS IN ASSOCIATES (continued)

Summarised statement of financial position of Shine Investment Limited that is material to the Group and reconciliation to the carrying amount of the Group's share of net assets of the associate:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Assets		
Current financial assets	**1,138**	1,138
Interest in an associate	**398,449**	409,869
	399,587	411,007
Liabilities		
Current financial liabilities	**(350)**	(350)
Net assets	**399,237**	410,657
Interest in associates (40%) and carrying value	**159,695**	164,263

Summarised consolidated statement of comprehensive income:

	For the year ended 31 December 2023 HK$'000	For the year ended 31 December 2022 HK$'000
Revenue	**–**	–
Share of (loss)/profit of associate	**(263)**	59
Post-tax (loss)/profit for the year	**(263)**	59
Other comprehensive loss	**(11,156)**	(34,570)
Total comprehensive loss	**(11,419)**	(34,511)
Dividends received from associate	**–**	–

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK$'000	2022 HK$'000
At 1 January	**161,634**	17,052
Investment	**–**	156,646
Changes in fair value	**(11,315)**	(11,590)
Exchange difference	**45**	(474)
At 31 December	**150,364**	161,634

Details of material financial assets at fair value through other comprehensive income are as follows:

Name	Place of incorporation	Place of operation	Principal activities	Particular of issued shares held	Percentage of ownership interest
CMC Flagship Limited	Cayman Islands	Cayman Islands	Investment holding	Ordinary shares of US$1 each	10%
Fairchild Television Limited	Canada	Canada	Operation of specialty television channels	Ordinary shares of C$1 each	20%
HomePlus Holding Limited	Hong Kong	Hong Kong	e-Commerce business	Ordinary shares of HK$1 each	5%
Imagine Holding Company, LLC	United States	United States	Investment holding	Class C Units of US$20,000,000	<5%

As these equity instruments are not held for trading, the Group has irrecoverably elected to measure these financial assets at FVOCI. These financial assets at FVOCI are denominated in Hong Kong dollars, US dollars and Canadian dollars and their fair values are included in level 3 fair value hierarchy. The maximum exposure to credit risk is the carrying value of the financial assets at FVOCI.

In December 2022, TVB Venture Investment, LLC ("TVB Venture"), a company indirectly wholly owned by the Company has entered into a subscription agreement with Imagine, pursuant to which TVB Venture subscribed for and Imagine issued 2,621,140 non-voting Class C Units in Imagine for the consideration of US$20,000,000 (equivalent to approximately HK$156,646,000), representing approximately 99.2% of the total Class C Units in issue and less than 5% of the entire issued share capital in Imagine on a fully-diluted basis. The consideration of US$20,000,000 made directly by ITT to Imagine on TVB Venture's behalf, TVB Venture incurred no cash outlay.

As at 31 December 2023, the fair value of Imagine Holding Company, LLC was HK$144,920,000 (2022: HK$156,190,000), with reference to the valuation report conducted by an independent valuer using the market approach.

12 BOND SECURITIES AT AMORTISED COST

	2023 **HK$'000**	2022 HK$'000
Bond securities at amortised cost:		
Unlisted	**426,995**	426,982
Listed in other countries	**70,306**	70,285
Less: provision for impairment loss on bond securities (notes (b), (c) and (d))	**(473,063)**	(466,842)
	24,238	30,425

Notes:

(a) As at 31 December 2023, the Company's portfolio of fixed income securities, net of expected credit losses amounted to HK$24,238,000 (31 December 2022: HK$30,425,000), which were classified under "Bond securities at amortised cost". Issuers of these securities include listed or unlisted companies in Hong Kong and overseas. No bond securities were disposed of or redeemed during the year (2022: a gain of HK$129,000).

As at 31 December 2023, the investment portfolio consisted of fixed income securities of four (2022: four) separate issuers, of which the bonds issued by Master Glory Group Limited and SMI Holding Group Limited had been fully impaired in prior years. There was no interest income (2022: HK$4,289,000) recognised during the year from the bond securities at amortised cost.

In the process of winding down the bond portfolio, where certain legacy investment were fully written down or disposed of, a further non-cash impairment losses of HK$6,221,000 (2022: HK$28,717,000) were recognised for the remaining two legacy bonds during the year. These additional impairment losses were made after considering the credit risk of the bond portfolio and the latest development of certain credit-impaired bond securities.

(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 13, the management considered full impairment of the Fixed Coupon Bonds was adequate but not excessive at 31 December 2023 and 2022.

(c) CERC Bonds

The Group had purchased the CERC Bonds totalling US$12 million nominal amount (2018 Bond US$6 million and 2019 Bond US$6 million). 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.

12 BOND SECURITIES AT AMORTISED COST (continued)

Notes: (continued)

(c) CERC Bonds (continued)

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 million was made during the year ended 31 December 2018.

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 31 December 2023, the Group continued to closely monitor the situation and performed impairment assessment under the ECL model, after taking reference to the valuation performed by an independent valuer, an additional ECL provision of HK$4,400,000 (2022: HK$10,000,000) has been provided during the year, which concluded the accumulated lifetime ECL provision of HK$70,400,000 (2022: HK$66,000,000) as at year end.

(d) Other bonds

Other than SMI's Fixed Coupon Bonds and CERC Bonds, the net carrying amount of the bond securities at amortised cost as at 1 January 2023 was HK$2,711,000. During the year ended 31 December 2023, no bond securities were disposed of or redeemed. For the unlisted bond securities at amortised cost considered as credit-impaired as at 31 December 2023 and 31 December 2022, as a result of default events pursuant to the bond agreements, a lifetime ECL allowance has been assessed. For other bond securities considered not credit-impaired, the Group would measure the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises a lifetime ECL. The management performed an analysis of the recovery rate of bond securities by adopting its independently selected parameters which contain credit rating profile similar to each of bond securities and provided an additional ECL provision on such bond securities of HK$1,821,000 (2022: HK$18,717,000) during the year. As at 31 December 2023, the net carrying amount of other securities at amortised costs after provision for impairment loss and disposal and redemption was HK$890,000 (31 December 2022: HK$2,711,000).

The details of ECL provision under three-stage model is set out in Note 3.1(b).

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK$'000	2022 HK$'000
At 1 January	**17,259**	17,259
Changes in fair value	**(17,231)**	–
At 31 December	**28**	17,259

(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. An independent valuer was engaged to conduct an assessment on the fair value of the call option using binomial option pricing model with reference to the recent financial performance of Ztore Group and other market reference points. According to the assessment result, the fair value of the call option was determined at HK$28,000 as at 31 December 2023, or HK$17,231,000 (2022: Nil) less than its original carrying value. As a result, a decrease in the fair value of a financial asset at FVPL of HK$17,231,000 has been recognised as a charge in the consolidated income statement during the year.

(b) In addition to the Fixed Coupon Bonds described in Note 12, the Group subscribed a US$83,000,000 7.5% secured redeemable convertible bonds due 2020 (extendable to 2021 by mutual agreement) 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 31 December 2023.

Under the subscription agreement of the convertible bonds and a related share charge agreement with Campbell Hall Limited, a wholly-owned subsidiary of SMI, dated 7 May 2018, the convertible bonds are secured by way of a priority charge against 100% of the issued share capital of SMI International Cinemas Limited ("SMI International", an indirect wholly owned subsidiary of SMI). SMI International is an investment holding company that owns 41.34% of the registered capital of Chengdu Runyun Culture Broadcasting Limited ("Chengdu Runyun"). Chengdu Runyun and its subsidiaries operates 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 Hong Kong Limited 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 31 December 2023, after considering the latest development of SMI, management is of the same view that any recovery from SMI Bonds is not likely, resulting in the carrying amount of the SMI Bonds to remain at Nil (2022: Nil).

14 STOCKS

At 31 December 2023 and 2022, all stocks were stated at the lower of cost and net realisable value.

15 TRADE RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables from third parties (note)	**907,099**	882,221
Less: provision for impairment loss on receivables from third parties	**(39,501)**	(42,169)
	867,598	840,052

Note:

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

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

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

	2023 HK$'000	2022 HK$'000
Up to 1 month	**443,591**	470,781
1–2 months	**146,116**	152,093
2–3 months	**71,346**	40,575
3–4 months	**49,621**	25,234
4–5 months	**26,503**	67,151
5–12 months	**99,860**	49,424
Over 1 year	**30,561**	34,794
	867,598	840,052

The percentages of amounts of trade receivables (before impairment loss) are denominated in the following currencies:

	2023 %	2022 %
Hong Kong dollars	**59**	53
Renminbi	**35**	39
US dollars	**3**	3
Malaysian Ringgit	**1**	2
Other currencies	**2**	3
	100	100

15 TRADE RECEIVABLES (continued)

Movements on the provision for impairment of trade receivables are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	**42,169**	48,259
Provision for impairment loss – third parties	**1,816**	38
Reversal of provision for impairment loss – third parties	**(3,529)**	(3,291)
Receivables written off as uncollectible	**(688)**	(2,024)
Exchange differences	**(267)**	(813)
At 31 December	**39,501**	42,169

The Group applies the HKFRS 9 simplified approach to measured expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses using a provision matrix, trade receivables have been grouped based on shared credit risk characteristics and the invoice dates. As at 31 December 2023, the gross carrying amount of the trade receivables and the loss allowance provision analysed by ageing band are set out below.

	2023			2022		
	Gross carrying amount HK$'000	**Loss allowance provision HK$'000**	**Weighted average expected loss rate**	Gross carrying amount HK$'000	Loss allowance provision HK$'000	Weighted average expected loss rate
Up to 5 months	**749,874**	**12,697**	**2%**	772,017	16,183	2%
5–12 months	**113,124**	**13,264**	**12%**	57,808	8,384	15%
Over 1 year	**44,101**	**13,540**	**31%**	52,396	17,602	34%
	907,099	**39,501**		882,221	42,169	

The carrying amounts of trade receivables approximate their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivable mentioned above. The Group does not hold any collateral as security.

16 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2023 HK$'000	2022 HK$'000
Non-current		
Prepayments related to capital expenditure	**33,757**	36,660
Current		
Other receivables, prepayments and deposits	**495,163**	465,697
Contract acquisition and fulfilment costs	**12,941**	8,756
	508,104	474,453
	541,861	511,113

As at 31 December 2022 and 2023, the expected credit losses in relation to the other receivables and deposits are not considered material.

The carrying amounts of other receivables, prepayments and deposits approximate their fair values.

The other receivables mainly represent interest receivables, advance of programme production, prepayment of movie investment, license fee and insurance fee.

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.

17 MOVIE INVESTMENTS

	2023 HK$'000	2022 HK$'000
At 1 January	**73,582**	18,152
Addition	–	61,500
Losses on movie investments	–	(11)
Return of investments	–	(6,059)
At 31 December	**73,582**	73,582

Production of a movie with interest of HK$61,500,000 has been released and transferred from prepayment during the year ended 31 December 2022.

18 BANK DEPOSITS MATURING AFTER THREE MONTHS AND CASH AND CASH EQUIVALENTS

	2023 HK$'000	2022 HK$'000
Bank deposits maturing after three months	**54,863**	56,397
Cash and cash equivalents	**658,832**	963,862
	713,695	1,020,259
Analysis of cash and cash equivalents		
Short-term bank deposits	**349,425**	269,398
Cash at bank and on hand	**309,407**	694,464
	658,832	963,862

Note:

The maximum exposure to credit risk on bank balances is represented by the carrying amount in the consolidated statement of financial position. The carrying amounts of the bank deposits maturing after three months and cash and cash equivalents approximate their fair values.

Bank deposits maturing after three months and cash and cash equivalents are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
US dollars	**207,875**	399,363
Renminbi	**311,292**	302,839
Hong Kong dollars	**177,869**	299,293
New Taiwan dollars	**8,962**	10,564
Other currencies	**7,697**	8,200
	713,695	1,020,259

19 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2022, 31 December 2022 and 1 January 2023	**438,000**	**664,044**
Exercise of share options	**218**	**1,183**
At 31 December 2023	**438,218**	**665,227**

20 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 2022	70,000	(160,699)	127,308	29,636	–	(7,756)	(10,617)	47,872
Transferred from retained earnings	–	–	5,882	–	–	–	–	5,882
Exchange differences on translation of foreign operations:								
– Subsidiaries	–	–	–	–	–	–	(32,356)	(32,356)
– Joint ventures	–	–	–	–	–	–	(290)	(290)
Share of other comprehensive loss of an associate	–	–	–	–	–	–	(13,828)	(13,828)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	–	–	–	–	–	–	31	31
Change in fair value of equity instrument at FVOCI	–	–	–	–	–	(11,590)	–	(11,590)
Share-based payments	–	–	–	5,228	–	–	–	5,228
Lapse of share option	–	–	–	(18)	–	–	–	(18)
Balance at 31 December 2022	70,000	(160,699)	133,190	34,846	–	(19,346)	(57,060)	931
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	–	–	–	–	–	–	(10,601)	(10,601)
– Joint ventures	–	–	–	–	–	–	(60)	(60)
Share of other comprehensive loss of an associate	–	–	–	–	–	–	(4,463)	(4,463)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	–	–	–	–	–	–	27	27
Change in fair value of equity instrument at FVOCI	–	–	–	–	–	(11,315)	–	(11,315)
Exercise of share options	–	–	–	(169)	–	–	–	(169)
Share-based payments	–	–	–	4,835	–	–	–	4,835
Forfeiture of share option	–	–	–	(93)	–	–	–	(93)
Lapse of share option	–	–	–	(30,824)	–	–	–	(30,824)
Issuance of convertible bonds	–	–	–	–	35,876	–	–	35,876
Balance at 31 December 2023	**70,000**	**(160,699)**	**137,160**	**8,595**	**35,876**	**(30,661)**	**(72,157)**	**(11,886)**

20 OTHER RESERVES (continued)

General reserve – the reserve set aside out of the profits of the Company that the Directors think fit for, inter-alia, meeting claims on or liabilities of the Company or contingencies or for any other purpose to which the profits of the Company may be properly applied.

Capital reserve – the capital reserve comprises the excess of consideration paid to non-controlling interests for acquisition of additional interest in subsidiaries; the effects of all transactions with non-controlling interests are dealt with in accordance with the accounting policies set out in Note 2.2(b). It also includes the present value of redemption amount of the written put options, which is a reduction of the Group's equity, as detailed in Note 22.

Legal reserve – in accordance with the local laws in Taiwan, Taiwan subsidiaries are required to set aside 10% of annual net income less any accumulated deficit as legal reserve until such reserve reaches 100% of those subsidiaries' share capital; in accordance with the local laws in mainland China, the mainland China subsidiaries are required to set aside 10% of annual net income less any accumulated deficit as legal reserve until such reserve reaches 50% of those subsidiaries' registered capital. The application of the legal reserve is restricted to covering operating losses and conversion into share capital/registered capital.

Share-based payment reserve – the reserve is used to recognise the grant date fair value of options issued to grantees of share options but not yet exercised.

Convertible bonds equity reserve – the reserve represents the equity component (conversion rights) of convertible bonds issued by the Group. Items included in convertible bonds equity reserve will not be reclassified subsequently to profit or loss. This amount is net of the transaction costs.

Financial assets at FVOCI reserve – the Group has elected to recognise changes in the fair value of investments in equity securities through OCI, as explained in Note 11. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Translation reserve – the translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.4.

21 TRADE AND OTHER PAYABLES AND ACCRUALS

	2023 **HK$'000**	2022 HK$'000
Trade payables to:		
Associates (Note 40(c))	**6,926**	1,520
Third parties	**227,766**	275,361
	234,692	276,881
Contract liabilities (note (a))	**190,223**	184,286
Provision for employee benefits and other expenses	**59,550**	71,037
Accruals and other payables	**462,680**	442,091
	947,145	974,295

21 TRADE AND OTHER PAYABLES AND ACCRUALS

Notes:

(a) On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK$167,272,000 was recognised as revenue in 2023 (2022: HK$157,822,000) that was included in the contract liabilities balance as at the beginning of the year.

(b) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at 31 December 2023. The Group does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would make some or all of the consideration fixed, are not included in the following analysis as the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage.

	2023 HK$'000	2022 HK$'000
Within 1 year	**246,244**	324,496
More than 1 year	**234,669**	304,789
	480,913	629,285

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

	2023 HK$'000	2022 HK$'000
Up to 1 month	**91,059**	107,685
1–2 months	**47,305**	63,354
2–3 months	**29,045**	52,972
3–4 months	**28,752**	20,069
4–5 months	**15,268**	11,902
Over 5 months	**23,263**	20,899
	234,692	276,881

21 TRADE AND OTHER PAYABLES AND ACCRUALS (continued)

The percentages of amounts of trade payables are denominated in the following currencies:

	2023	2022
	%	%
Hong Kong dollars	**76**	79
US dollars	**11**	10
Renminbi	**12**	10
Other currencies	**1**	1
	100	100

The other payables mainly represent accruals for programme cost.

The carrying amounts of trade and other payables and accruals approximate their fair values.

22 WRITTEN PUT OPTION LIABILITIES

	2023	2022
	HK$'000	HK$'000
Written put option liabilities	**140,000**	140,000

Pursuant 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.

23 BORROWINGS

	2023 HK$'000	2022 HK$'000
Non-current		
Bank borrowings, unsecured (note (a))	**1,567,200**	1,561,306
Other borrowings, unsecured (note (d))	**15,934**	15,934
	1,583,134	1,577,240
Current		
Bank borrowings, unsecured (note (a) and (c))	**164,083**	390,475
Bank overdrafts, unsecured (note (e))	**–**	198,640
Other borrowings, unsecured (note (b) and (d))	**448,200**	10,000
	612,283	599,115
	2,195,417	2,176,355

At 31 December 2023 and 2022, borrowings were repayable as follows:

	2023 HK$'000	2022 HK$'000
Within 1 year	**612,283**	599,115
Later than 1 year but not later than 5 years	**1,583,134**	1,577,240
	2,195,417	2,176,355

Notes:

(a) On 30 June 2020, the Group entered into a US$250,000,000 term loan facility with Shanghai Commercial Bank Limited ("SCBL"), and the entire facility amount was drawn down on 6 July 2020. Originally, the loan was due for repayment in full on 6 July 2023. 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 our US$250,000,000 outstanding loan balance into HK$1,959,000,000. During the year, the Group has repaid an amount of HK$391,800,000 (being the equivalent of US$50,000,000) to SCBL. The remaining outstanding amount HK$1,567,200,000 is due for repayment on 6 July 2025.

Interest on the Group's term loan with SCBL bears a variable rate, which was approximately 7.7% as at 31 December 2023 (2022: 6.6%).

23 BORROWINGS (continued)

Notes: (continued)

(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. Pursuant to a supplemental letter dated 26 February 2024, the Facility's repayment date has been extended to the end of 31 March 2025. In addition, following the Company's successful issuance of HK$156,000,000 in convertible bonds to Cardy Oval Limited (as disclosed below in note 24), this term loan facility made available by CMC and Young Lion Holdings Limited has been correspondingly reduced to HK$544,000,000 as at 31 December 2023.

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. As at 31 December 2023, the Company drew down an amount of HK$448,200,000 from the Facility. The Company subsequently repaid HK$156,075,000 of this amount to CMC on 3 January 2024.

(c) In October 2023, the Group entered into a RMB149,540,000 (equivalent of HK$164,083,000) term loan facility with Shanghai Pudong Development Bank Company Limited ("SPDB"), and the entire facility amount was drawn down on 31 October 2023. The bank borrowing bears a fixed interest rate, which was approximately 3.6% and is due for repayment on 30 October 2024.

(d) As at 31 December 2023, the Group's other borrowings of HK$15,934,000 (2022: HK$15,934,000) from the third parties bears interest rate of 5% (2022: 5%) per annum with maturity date of 30 September 2025. As at 31 December 2022, other borrowings of HK$10,000,000 from a third party bears interest rate of 6% per annum and was repayable on demand.

(e) As at 31 December 2022, bank overdraft of HK$198,640,000 bears interest rate of 2% below prime per annum. There was no bank overdraft as at 31 December 2023.

The carrying amounts of borrowings approximate their fair values.

24 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.

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

	Debt component HK$'000	Derivative component HK$'000	Equity component HK$'000	Total HK$'000
Issuance on 6 September 2023	90,708	29,184	36,108	156,000
Transaction costs	(771)	–	(232)	(1,003)
Interest expense (Note 33)	4,761	–	–	4,761
Interest payable	(1,805)	–	–	(1,805)
Fair value change	–	1,522	–	1,522
As at 31 December 2023	**92,893**	**30,706**	**35,876**	**159,475**

25 LEASE LIABILITIES

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

	2023 HK$'000	2022 HK$'000
Within 1 year	32,704	46,855
Later than 1 year but not later than 5 years	8,585	36,698
	41,289	83,553

26 DEFERRED INCOME TAX

Deferred income tax assets and deferred income tax liabilities on the consolidated statement of financial position are analysed as follows:

	2023 HK$'000	2022 HK$'000
Net deferred income tax assets recognised on the consolidated statement of financial position	(381,447)	(391,102)
Net deferred income tax liabilities recognised on the consolidated statement of financial position	55,714	58,067
	(325,733)	(333,035)

The movements in the deferred income tax (assets)/liabilities account are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	(333,035)	(217,116)
Exchange differences	105	338
Recognised in the consolidated income statement (Note 34)	7,197	(116,257)
At 31 December	(325,733)	(333,035)

26 DEFERRED INCOME TAX (continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2023, the Group has unrecognised tax losses of HK$2,972,690,000 (2022: HK$2,870,913,000) to be carried forward against future taxable income. These tax losses will expire as follows:

	2023 HK$'000	2022 HK$'000
After the fifth year	**6,371**	6,550
No expiry date	**2,966,319**	2,864,363
At 31 December	**2,972,690**	2,870,913

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred income tax liabilities

	Right-of-use Assets HK$'000	**Accelerated tax depreciation HK$'000**	**Others HK$'000**	**Total HK$'000**
At 1 January 2022	–	171,263	67,017	238,280
Amendments to HKAS 12 adjustment (Note 2.1)	8,686	–	–	8,686
As at 1 January 2022, as restated	8,686	171,263	67,017	246,966
Recognised in the income statement, as restated	5,174	(3,217)	(2,349)	(392)
Exchange differences	–	(8)	–	(8)
At 31 December 2022	13,860	168,038	64,668	246,566
Recognised in the income statement	(7,070)	(2,875)	(15,512)	(25,457)
At 31 December 2023	**6,790**	**165,163**	**49,156**	**221,109**

26 DEFERRED INCOME TAX (continued)

Deferred income tax assets

	Lease liabilities HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2022	–	443,363	12,033	455,396
Amendments to HKAS 12 adjustment (Note 2.1)	8,686	–	–	8,686
As at 1 January 2022, as restated	8,686	443,363	12,033	464,082
Recognised in the income statement, as restated	5,174	111,751	(1,060)	115,865
Exchange differences	–	1	(347)	(346)
At 31 December 2022	13,860	555,115	10,626	579,601
Recognised in the income statement	(7,070)	(25,702)	118	(32,654)
Exchange differences	–	–	(105)	(105)
At 31 December 2023	**6,790**	**529,413**	**10,639**	**546,842**

Deferred income tax assets are recognised for tax losses carrying forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable.

27 RETIREMENT BENEFIT OBLIGATIONS

No forfeited contribution was utilised during the years 2023 and 2022.

Contributions totalling HK$5,715,000 (2022: HK$7,577,000) were payable to the fund at the year end and are included in other payables and accruals.

28 LOSS BEFORE INCOME TAX

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

	2023 HK$'000	2022 HK$'000
Net exchange losses	**15,838**	51,199
Gross rental income from investment properties	**(372)**	(1,441)
Direct operating expenses arising from investment properties	**41**	47
(Gain)/loss on disposals of property, plant and equipment	**(1,327)**	335
Auditors' remuneration		
– Audit services	**6,306**	6,101
– Non-audit services	**2,816**	2,376
Cost of programmes and film rights	**1,463,722**	1,457,399
Cost of other stocks	**383,391**	677,130
Depreciation (Notes 6 and 7)	**293,525**	337,305
Amortisation of intangible assets (Note 8)	**79,840**	89,947
Short-term leases		
– Equipment and transponders	**4,175**	4,184
– Land and buildings	**3,398**	7,704
Employee benefit expense (excluding directors' emoluments) (Note 30 (a))	**1,397,371**	1,524,231
Government subsidies from Employment Support Scheme (Note 5)	**–**	(37,306)

29 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remunerations of all Directors and the chief executive for the years ended 31 December 2023 and 2022 are set out below:

	2023					
Name of Director	**Fees HK$'000**	**Salaries, leave pay and other benefit (note (ii)) HK$'000**	**Discretionary bonuses (note (iii)) HK$'000**	**Pension contributions HK$'000**	**Share-based payment (note (iv)) HK$'000**	**Total HK$'000**
Thomas Hui To	880	–	–	–	1,106	**1,986**
Li Ruigang	465	–	–	–	–	**465**
Anthony Lee Hsien Pin	515	–	–	–	–	**515**
William Lo Wing Yan	560	–	–	–	–	**560**
Allan Zeman	368	–	–	–	–	**368**
Felix Fong Wo	587	–	–	–	–	**587**
Belinda Wong Ching Ying (note i)	168	–	–	–	–	**168**
Kenneth Hsu Kin	273	–	–	–	–	**273**
	3,816	–	–	–	1,106	**4,922**

29 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

	2022					
Name of Director	Fees HK$'000	Salaries, leave pay and other benefit (note (ii)) HK$'000	Discretionary bonuses (note (iii)) HK$'000	Pension contributions HK$'000	Share-based payment (note (iv)) HK$'000	Total HK$'000
Thomas Hui To	880	–	–	–	1,166	2,046
Li Ruigang	465	–	–	–	–	465
Anthony Lee Hsien Pin	515	–	–	–	–	515
William Lo Wing Yan	560	–	–	–	–	560
Allan Zeman	315	–	–	–	–	315
Felix Fong Wo	640	–	–	–	–	640
Belinda Wong Ching Ying	515	–	–	–	–	515
Kenneth Hsu Kin	315	–	–	–	–	315
	4,205	–	–	–	1,166	5,371

Notes:

(i) Ms. Belinda Wong Ching Ying retired on 31 May 2023.

(ii) Salary paid to a Director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(iii) Discretionary bonuses are determined and approved in recognition of the Executive Director's performance and contributions to the Company.

(iv) As announced on 22 March 2018 and 25 May 2022, the exercise price of share option for 2018 options and 2022 options are HK$25.84 and HK$4.65 per share. Share-based payment refers to the non-cash benefits recognised as an expense during the year in accordance with HKFRS 2.

(b) Save for contracts amongst group companies, no other significant transactions, arrangements and contracts to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

30 EMPLOYEE BENEFIT EXPENSE

(a) Employee benefit expense

	2023 HK$'000	2022 HK$'000
Wages and salaries	**1,315,343**	1,438,310
Share-based payments	**3,729**	4,060
Pension costs – defined contribution plans	**78,299**	81,861
	1,397,371	1,524,231

(b) Five highest paid individuals

No directors (2022: Nil) whose emoluments are reflected in the analysis presented in Note 30(a) above were included in the five individuals whose emoluments were the highest in the Group for the year. The emoluments payable to the remaining five (2022: five) individuals during the year are as follows:

	2023 HK$'000	2022 HK$'000
Salaries and leave pay	**25,582**	20,627
Pension contributions	**508**	490
Share-based payment	**1,366**	1,513
	27,456	22,630

The aggregate emoluments paid to the five (2022: five) individuals are further analysed into the following bands:

Emolument bands	**Number of individuals in each band**	
	2023	2022
HK$3,000,001 – HK$3,500,000	**1**	2
HK$5,000,001 – HK$5,500,000	**2**	3
HK$5,500,001 – HK$6,000,000	**1**	–
HK$8,000,001 – HK$8,500,000	**1**	–
	5	5

30 EMPLOYEE BENEFIT EXPENSE (continued)

(c) Key management's emoluments

	2023 HK$'000	2022 HK$'000
Wages and salaries	**31,463**	17,637
Share-based payments	**3,694**	1,440
Pension costs – defined contribution plans	**1,018**	74
	36,175	19,151

31 EMPLOYEE SHARE-BASED PAYMENTS

The establishment of the share option scheme of the Company and Subsidiary share option scheme of its subsidiary, 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.

31 EMPLOYEE SHARE-BASED PAYMENTS (continued)

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

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).

31 EMPLOYEE SHARE-BASED PAYMENTS (continued)

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

	2023		2022	
	Average exercise price per share options	**Number of options**	Average exercise price per share options	Number of options
As at 1 January	**HK$12.09**	**26,350,000**	HK$25.84	9,250,000
Granted during the year	**N/A**	**–**	HK$4.65	17,700,000
Exercised during the year	**HK$4.65**	**(218,000)**	N/A	–
Forfeited during the year	**HK$4.65**	**(250,000)**	N/A	–
Lapsed during the year	**HK$25.84**	**(9,250,000)**	HK$4.65	(600,000)
As at 31 December	**HK$4.65**	**16,632,000**	HK$12.09	26,350,000
Vested and exercisable at 31 December	**HK$4.65**	**3,994,500**	HK$25.84	9,250,000

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

Grant date	**Expiry date**	**Exercise price**	**31 December 2023**	31 December 2022
22 March 2018	22 March 2023	HK$25.84	**–**	9,250,000
25 May 2022	24 May 2032	HK$4.65	**16,632,000**	17,100,000
Weighted average remaining contractual life of options outstanding at end of year			**8.41 years**	6.18 years

During the year, the equity-settled share-based payments relating to the share option scheme of HK$4,835,000 was charged to the consolidated income statement (2022: HK$5,228,000).

32 OTHER LOSSES, NET

	2023 HK$'000	2022 HK$'000
Net exchange losses	**(15,838)**	(51,199)
Gain on disposal of other financial assets at amortised cost (Note 12)	**–**	129
Change in fair value of a financial asset at fair value through profit or loss (Note 13)	**(17,231)**	–
Change in fair value of a financial liability at fair value through profit or loss (Note 24)	**(1,522)**	–
	(34,591)	(51,070)

33 FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on bank loans, overdrafts and other borrowings	**140,296**	78,974
Interest expense on convertible bonds (Note 24)	**4,761**	–
Interest expense on lease liabilities	**1,630**	2,124
	146,687	81,098

34 INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2023 HK$'000	2022 HK$'000
Current income tax:		
– Hong Kong	1,845	1,410
– Overseas	12,099	34,840
– (Over)/under provisions in prior years	(1,440)	3,579
Total current income tax expense	12,504	39,829
Deferred income tax:		
– Origination and reversal of temporary differences	7,197	(117,612)
– Under provisions in prior years	–	1,355
Total deferred income tax expense/(credit) (Note 26)	7,197	(116,257)
	19,701	(76,428)

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the taxation rate of the place where the Company operates as follows:

	2023 HK$'000	2022 HK$'000
Loss before income tax	(818,468)	(962,363)
Calculated at a taxation rate of 16.5% (2022: 16.5%)	(135,047)	(158,790)
Effect of different taxation rates in other countries	15,360	12,930
Income not subject to taxation	(33,527)	(35,186)
Expenses not deductible for taxation purposes	84,659	44,234
Tax losses not recognised	79,860	46,508
Utilisation of previously unrecognised tax losses	(5,414)	(8,953)
Tax credit allowance	(1,567)	(2,128)
Withholding tax on overseas dividend	3,676	19,356
Write-off of deferred tax assets	9,651	–
Others	3,490	667
(Over)/under provisions in prior years	(1,440)	4,934
	19,701	(76,428)

35 LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK$762,796,000 (2022: HK$807,132,000). The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share throughout the year ended 31 December 2023 was 438,122,000 (2022: 438,000,000).

During the year ended 31 December 2023 and 2022, 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.

36 DIVIDENDS

The Directors did not recommend a dividend for the years ended 31 December 2023 and 2022.

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash used in operations

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

	2023 HK$'000	2022 HK$'000
Loss before income tax	**(818,468)**	(962,363)
Adjustments for:		
Depreciation and amortisation	**373,365**	427,252
Interest income from a joint venture	**(86,802)**	(112,644)
Interest income	**(8,857)**	(11,916)
Finance costs	**146,687**	81,098
Provision for impairment loss on trade receivables	**1,816**	38
Reversal of impairment loss on trade receivables	**(3,529)**	(3,291)
Gain on disposal of other financial assets at amortised cost	**–**	(129)
Changes in fair value of		
– a financial asset at fair value through profit or loss	**17,231**	–
– a financial liability at fair value through profit or loss	**1,522**	–
Impairment losses on		
– receivables from a joint venture (Note 9)	**86,300**	211,800
– intangible assets	**16,454**	–
– other financial assets at amortised cost	**6,221**	28,717
– interest in an associate	**126,000**	–
Share of losses/(profits) of associates	**105**	(24)
Share of profits of joint ventures	**(36)**	(198)
Losses on movie investments	**–**	11
Non-cash share-based payments	**4,835**	5,228
Write-off of prepayments	**–**	1,985
(Gain)/loss on disposal of property, plant and equipment	**(1,327)**	335
Exchange differences	**5,707**	23,498
	(132,776)	(310,603)
Decrease/(increase) in programmes, film rights and stocks	**32,274**	(232,631)
(Increase)/decrease in trade receivables	**(25,565)**	165,716
(Increase)/decrease in other receivables, prepayments and deposits	**(16,591)**	11,548
(Decrease)/increase in trade and other payables and accruals	**(10,729)**	122,988
Cash used in operations	**(153,387)**	(242,982)

37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Non-cash investing activities

There was no significant non-cash transaction during the year ended 31 December 2023.

As disclosed in Note 11, investment in FVOCI of HK$156,646,000 was a non-cash transaction during the year ended 31 December 2022.

(c) Net debt reconciliation

	2023 HK$'000	2022 HK$'000
Cash and cash equivalents	**658,832**	963,862
Bank deposits maturing after three months	**54,863**	56,397
Short-term bank borrowings and overdrafts (Note 23)	**(164,083)**	(589,115)
Long-term bank borrowings (Note 23)	**(1,567,200)**	(1,561,306)
Other borrowings (Note 23)	**(464,134)**	(25,934)
Convertible bonds (Note 24)	**(92,893)**	–
Lease liabilities (Note 25)	**(41,289)**	(83,553)
Net debt	**(1,615,904)**	(1,239,649)

			Liabilities from financing activities			
	Cash and cash equivalents HK$'000	Bank deposits maturing after three months HK$'000	Borrowings HK$'000	Convertible bonds HK$'000	Lease liabilities HK$'000	Total HK$'000
Net debt as at 1 January 2022	1,174,718	2,536	(2,008,621)	–	(50,083)	(881,450)
Addition in lease liabilities	–	–	–	–	(85,534)	(85,534)
Lease modification	–	–	–	–	755	755
Cash flows	(148,009)	53,861	(163,640)	–	53,107	(204,681)
Foreign exchange adjustments	(62,847)	–	(4,094)	–	326	(66,615)
Other non-cash movement	–	–	–	–	(2,124)	(2,124)
Net debt as at 1 January 2023	**963,862**	**56,397**	**(2,176,355)**	**–**	**(83,553)**	**(1,239,649)**
Addition in lease liabilities	**–**	**–**	**–**	**–**	**(13,730)**	**(13,730)**
Issuance of convertible bonds	**–**	**–**	**–**	**(156,000)**	**–**	**(156,000)**
Lease modification	**–**	**–**	**–**	**–**	**(75)**	**(75)**
Cash flows	**(298,362)**	**(1,534)**	**(4,212)**	**1,003**	**49,286**	**(253,819)**
Foreign exchange adjustments	**(6,668)**	**–**	**(14,850)**	**–**	**21**	**(21,497)**
Other non-cash movement	**–**	**–**	**–**	**62,104**	**6,762**	**68,866**
Net debt as at 31 December 2023	**658,832**	**54,863**	**(2,195,417)**	**(92,893)**	**(41,289)**	**(1,615,904)**

38 COMMITMENTS

(a) Capital commitments

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

	2023 HK$'000	2022 HK$'000
Contracted for but not provided for	**30,277**	78,358

(b) Contractual programme rights and programme contents commitments

The amounts of commitments for programme rights and programme contents are as follows:

	2023 HK$'000	2022 HK$'000
Programme rights and programme contents commitments	**75,209**	113,709

39 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.

40 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

The following is a summary of significant related party transactions during the year carried out between the Group and its related parties:

	2023 **HK$'000**	2022 HK$'000
Sales of services/goods:		
Associates (note (a))		
Talent fees	**1,935**	1,570
Computer graphic service fee	**1,605**	–
Other related party		
Performance fees (note (b))	**–**	3,630
	3,540	5,200
Purchases of services:		
Associates (note (a))		
Programme licensing fees	**(12,318)**	(19,641)
Talent fees	**(9,537)**	(14,022)
	(21,855)	(33,663)

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:

(a) This represented the affiliated companies of an associate of Shine Investment Limited, which is an associate of the Group.

(b) The performance fee received from the related party also constitutes a continuing connected transaction as defined under the Listing Rules.

(b) Key management compensation

	2023 **HK$'000**	2022 HK$'000
Salaries and other short-term employee benefits	**31,463**	17,711
Share-based payments	**3,694**	1,440
	36,175	19,151

40 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

	2023 HK$'000	2022 HK$'000
Arising from sales/purchases of services:		
Receivables from an associate	**62**	–
Payables to an associate	**(6,926)**	(1,520)
Arising from programme production:		
Fund advanced from an associate (note (a))	**(50,000)**	–
Arising from non-trade activities:		
Fund receivable from a related party (note (b))	**17,012**	–
Fund payable to a related party (note (b))	**(55,384)**	–

Notes:

(a) During the year, 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.

(d) Fund advanced/loan to joint ventures

	2023 HK$'000	2022 HK$'000
Fund advanced to a joint venture	**17,731**	17,731
Loan to a joint venture (including interest receivables, gross of ECL provisions)		
Beginning of the year	**781,106**	940,795
Disposal of promissory note from a joint venture	**(78,317)**	–
Repayment of promissory note from a joint venture	**–**	(274,130)
Interest accrued	**86,802**	112,644
Exchange differences	**205**	1,797
End of the year	**789,796**	781,106

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

41 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation. These reclassifications have no impact on the Group's total equity as at 31 December 2023 and 31 December 2022, or on the Group's results for the year ended 31 December 2023 and 2022.

42 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2023 HK$'000	2022 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**898,450**	1,001,642
Intangible assets	**54,257**	56,604
Interests in subsidiaries	**1,288,898**	1,426,669
Interests in joint ventures	**4,781**	4,781
Interests in associates	**48,000**	174,000
Bond securities at amortised cost	**24,238**	30,425
Deferred income tax assets	**374,450**	374,450
Prepayments	**33,757**	36,542
Total non-current assets	**2,726,831**	3,105,113
Current assets		
Programmes and film rights	**1,295,278**	1,236,209
Stocks	**9,207**	10,663
Trade receivables	**395,430**	353,660
Other receivables, prepayments and deposits	**1,305,323**	949,278
Movie investments	**73,582**	73,582
Cash and cash equivalents	**301,532**	261,084
Total current assets	**3,380,352**	2,884,476
Total assets	**6,107,183**	5,989,589

42 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) Statement of financial position of the Company (continued)

	2023 HK$'000	2022 HK$'000
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**665,227**	664,044
Other reserves (Note 42(b))	**114,471**	104,846
Retained earnings (Note 42(b))	**1,765,375**	2,231,300
Total equity	**2,545,073**	3,000,190
LIABILITIES		
Non-current liabilities		
Lease liabilities	**2,238**	7,662
Borrowings	**1,567,200**	1,561,306
Convertible bonds	**92,893**	–
Financial liabilities at fair value through profit or loss	**30,706**	–
Total non-current liabilities	**1,693,037**	1,568,968
Current liabilities		
Trade and other payables and accruals	**1,413,497**	819,311
Borrowings	**448,200**	589,115
Lease liabilities	**7,376**	12,005
Total current liabilities	**1,869,073**	1,420,431
Total liabilities	**3,562,110**	2,989,399
Total equity and liabilities	**6,107,183**	5,989,589

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2024 and was signed on its behalf.

Thomas Hui To
Director

Li Ruigang
Director

42 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(b) Reserve movement of the Company

	Retained earnings HK$'000	General reserve HK$'000	Share-based payment reserve HK$'000	Convertible bonds equity reserve HK$'000	Total HK$'000
At 1 January 2022	2,608,557	70,000	29,636	–	2,708,193
Loss for the year	(377,257)	–	–	–	(377,257)
Share-based payments	–	–	5,228	–	5,228
Lapse of share options	–	–	(18)	–	(18)
At 31 December 2022	2,231,300	70,000	34,846	–	2,336,146
At 1 January 2023	**2,231,300**	**70,000**	**34,846**	–	**2,336,146**
Loss for the year	**(465,925)**	–	–	–	**(465,925)**
Exercise of share options	–	–	**(169)**	–	**(169)**
Share-based payments	–	–	**4,835**	–	**4,835**
Forfeiture of share options	–	–	**(93)**	–	**(93)**
Lapse of share option	–	–	**(30,824)**	–	**(30,824)**
Issuance of convertible bonds	–	–	–	**35,876**	**35,876**
At 31 December 2023	**1,765,375**	**70,000**	**8,595**	**35,876**	**1,879,846**

43 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 27 March 2024.

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Incorporated in Hong Kong

Name	Number of shares	Issued and fully paid up share capital note (d)	Attributable interest (%) to the Group	Attributable interest (%) to the Company	Principal activities
Shaw Brothers Pictures Limited	20	HK$20	100	100	Production of motion pictures for theatrical release and distribution and artiste management
TVBI Company Limited	200,000	HK$2,000,000	100	100	Investment holding and programme licensing
77 Atelier Limited	100	HK$100	100	100	Provision of programmes and provision of marketing materials
Art Limited	10,000	HK$10,000	100	–	Film licensing and distribution
TVB e-Commerce Group Limited	1,085,867,759	HK$2,474,893,304	100	–	Investment holding
Big Big Channel Limited	2	HK$1,389,025,547	100	–	Big Big e-Commerce business
MyTV Super Limited	2	HK$2	100	–	Hong Kong digital new media business
TVB Music Group	1	HK$1	100	–	Production, licensing and sales of sound recordings
TVB Music Publishing Limited	1	HK$1	100	–	Publishing and licensing of musical works
TVB Anywhere Limited	10,000	HK$10,000	100	–	Provision of subscription television programmes in overseas markets
TVB Publications Limited	20,000,000	HK$20,000,000	100	–	Event and digital marketing
TVB Publishing Holding Limited	90,000,000	HK$199,710,000 (note (c))	100	–	Investment holding
TVB Anywhere SEA Limited	2	HK$2	100	–	Investment holding
Ztore HK Limited	100	HK$100	61.875	–	Sales of groceries through online platform
Neigbuy Limited	100	HK$100	61.875	–	Sales of groceries through online platform

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Incorporated in other territories

Name	Place of incorporation/ establishment	Number of shares	Issued and fully paid up share capital/ registered capital note (d)	Attributable interest (%) to the Group	Attributable interest (%) to the Company	Principal activities
Television Broadcasts Airtime Sales (Guangzhou) Limited (note (a))	The People's Republic of China	Not applicable	HK$500,000	100	100	Provision of agency services on design, production and exhibition of advertisements
TVB Finance Limited (note (b))	Cayman Islands	1	HK$1	100	100	Corporate finance services
TVB Investment Limited (note (b))	Bermuda	20,000	US$20,000	100	100	Investment holding
TVB Satellite TV Holdings Limited (note (b))	Bermuda	12,000	US$12,000	100	100	Investment holding
廣東采星坊演藝諮詢服務有限公司(note (a))	The People's Republic of China	Not applicable	RMB10,000,000	100	100	Provision of consultancy, management and agency services to artistes
上海翡翠東方傳播有限公司 (note (a))	The People's Republic of China	Not applicable	RMB200,000,000	70	70	Provision of agency services on advertisements, television programmes, film rights and management services
Countless Entertainment (Taiwan) Company Ltd.	Taiwan	1,000,000	NT$10,000,000	100	–	Investment holding
Big Big Channel Media Limited	Taiwan	10,000,000	NT$100,000,000	100	–	Investment holding and provision of subscription television programmes
Voice Entertainment Limited	Taiwan	3,000,000	NT$30,000,000	100	–	Property investment and production, licensing and sales of sound recordings and musical works
Sunrise Investments Global Limited	British Virgin Islands	10,000	US$10,000	82.5	–	Investment holding

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Incorporated in other territories (continued)

Name	Place of incorporation/ establishment	Number of shares	Issued and fully paid up share capital/ registered capital note (d)	Attributable interest (%) to the Group	Attributable interest (%) to the Company	Principal activities
TVB Holdings (USA) Inc. (note (a))	USA	10,000	US$6,010,000	100	–	Investment holding and programme licensing and distribution
TVB Satellite Platform, Inc. (note (a))	USA	300,000	US$3,000,000	100	–	Inactive
TVB (USA) Inc. (note (a))	USA	1,000	US$10,000	100	–	Provision of satellite and subscription television programmes
TVB Video (UK) Limited (note (a))	United Kingdom	1,000	GBP1,000	100	–	Programme licensing and provision of dealership services
TVB (Singapore) Pte. Ltd.	Singapore	1	S$1	100	–	Provision of agency services for advertisements and consultancy services
TVB Malaysia Sdn. Bhd. (note (a))	Malaysia	10,000	MYR10,000	100	–	Programme licensing and provision of services for programme production
廣州埋堆堆科技有限公司 (notes (a) and (f))	The People's Republic of China	Not applicable	RMB10,000,000	70	–	Provision of software and IT services
上海華嬰網絡科技有限公司 (notes (a) and (f))	The People's Republic of China	Not applicable	—	70	–	Provision of trading and e-commerce business
上海真識貨貿易有限公司 (notes (a) and (f))	The People's Republic of China	Not applicable	RMB1,000,000	70	–	Provision of trading and e-commerce business
廣州齊齊整整傳媒有限公司 (notes (a) and (f))	The People's Republic of China	Not applicable	RMB5,000,000	70	–	Provision of cultural and art development service

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Incorporated in other territories (continued)

Notes:

None of the subsidiaries have issued any loan capital. All subsidiaries operate principally in their place of incorporation.

There is no significant contractual arrangement with the non-controlling interests.

(a) The accounts of these subsidiaries, which do not materially affect the results of the Group, have been audited by firms other than PricewaterhouseCoopers.

(b) The accounts of these subsidiaries are not audited.

(c) 4,500,000 ordinary shares amounting to HK$38,700,000 remained unpaid as at 31 December 2023.

(d) Represented ordinary share capital, unless otherwise stated.

(e) All principal subsidiaries are limited liability companies.

(f) The Company does not have legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain contractual agreements entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are presented as controlled structured entities of the Company.

BUSINESS STRUCTURE

TVB
(Stock Code: 00511)

Segment	Business Model	Product / Brand	Market
Hong Kong TV Broadcasting	Free-to-air broadcasting, programme production, distribution of video content and music entertainment to streaming platforms and social media	Terrestrial channels (Jade, J2, TVB News, Pearl, TVB Finance, Sports & Information) TVB Music Group	Hong Kong
OTT Streaming	Video streaming business operates on a combination of subscription and advertising	myTV SUPER	Hong Kong
e-Commerce Business	Operation of e-commerce platform	Neigbuy	Hong Kong
Mainland China Operations	Programme co-production and licensing, video streaming service, MCN business and content distribution on third-party digital platforms	Mai Dui Dui	Mainland China
International Operations	Programme licensing, video streaming business and content distribution on third-party digital platforms	TVB Anywhere	Global

Television Broadcasts Limited
電視廣播有限公司

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