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Television Broadcasts Limited

電視廣播有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

ANNOUNCEMENT OF 2021 ANNUAL RESULTS

RESULTS HIGHLIGHTS

For the year ended 31 December 2021 (the “Year”)

- 6% growth in Group revenue, from HK\$2,724 million to HK\$2,899 million in 2021, driven by the ongoing recovery of our flagship Hong Kong TV Broadcasting business, and the new e-Commerce revenue contribution from Ztore Group, which we acquired in late August 2021.
- 14% increase in total operating cost from HK\$3,253 million to HK\$3,707 million in 2021, mainly due to our continued investment in content production talent and resources, and our consolidation of Ztore Group’s operating costs from late August 2021.
- Negative EBITDA of HK\$314 million (2020: positive HK\$74 million) due to the increase in our operating costs for the Year, and the absence of any COVID-related wage subsidy income from the Hong Kong government (2020: HK\$202 million).
- Hence, loss attributable to equity holders of the Company was HK\$647 million (2020: Loss of HK\$281 million).
- Loss per share was HK\$1.48 (2020: Loss per share of HK\$0.64).
- The Board did not recommend the payment of a dividend for the Year (2020: nil).

BUSINESS HIGHLIGHTS

- Strong viewership, driven by high quality content: Through our flagship Hong Kong TV Broadcasting business, we operate the territory’s most watched TV channels by a large margin. In 2021, we recorded an aggregate prime time rating of 24 TVRs corresponding to a 77% share of viewership. This was achieved through a rich combination of drama, variety and news programmes that appealed to a broad audience.
- Ongoing recovery in our Hong Kong TV Broadcasting revenue, which grew 13% from HK\$1,081 million to HK\$1,225 million driven mainly by growth in advertising income.
- Over seven-fold increase in e-Commerce business: Our strategic acquisition of Ztore Group in late August 2021 boosted our e-Commerce revenue for the year from HK\$29 million to HK\$238 million. This acquisition brings substantial opportunities for us to market and cross-sell products to our large audience base, creating new monetizable touch points for us with Hong Kong viewers and consumers in the process. Since becoming part of the TVB Group, Ztore’s GMV has soared 46% sequentially in the second half of 2021.
- myTV SUPER OTT streaming business revenue recorded HK\$367 million (2020: HK\$412 million) due to lower advertising revenue arising from a weaker advertising market together with rotation by some customers into our broadcast TV slots to take advantage of special offers. Subscription revenue was largely flat for the year, as growth in subscribers of our myTV Gold

top-tier service helped offset a decline in subscription revenue due to expiry of certain bundled sports packages.

- Mainland China operations generated revenue of HK\$666 million (2020: HK\$742 million) mainly due to lower co-production revenue with pandemic affecting production schedules. However, our Mai Dui Dui direct-to-audience content app grew rapidly, with MAU in December 2021 reaching 5.6 million, and contributing HK\$49 million in 2021. Furthermore, as at 31 December 2021 we had over 76 million followers on TVB related official accounts on Sina Weibo, Douyin, Kuaishou and Xiaohongshu.
- International operations revenue decreased by 12% from HK\$459 million to HK\$403 million mainly due to lower fees from traditional pay-TV operators in Malaysia and Singapore to whom we license content; this was partially offset by growth in revenue from digital channels such as our TVB Anywhere streaming service, and YouTube. TVB Anywhere has an aggregate user base of 9.0 million in our overseas markets, an increase of 39% from 6.5 million in 2020.

OUTLOOK

- In 2022, the onset of the pandemic fifth wave in Hong Kong has again clouded the near-term outlook in our home market, but we continue to execute our long-term strategy in three key areas: (1) distributing high quality content across multiple channels, both traditional TV and also new digital media; (2) increasing our direct touch points with viewers and consumers, both through content and e-Commerce; and (3) further leveraging our brand, content and artistes in Mainland China.
- In our TV Broadcasting business, advertising sales began well in 2022, but slowed down significantly in February and March as advertisers turned cautious as a result of the pandemic fifth wave. We expect a gradual recovery in the second quarter, once pandemic restrictions are progressively eased. Meanwhile, we continue to broaden our advertising income through digital media, as we further enrich our content offerings through non-traditional channels.
- Our e-Commerce business has started strongly in 2022, with monthly GMV reaching HK\$94 million (by in-take order) in February 2022. As the fifth pandemic wave drives shoppers to our online platforms, we are not only achieving new records in monthly GMV, but are also entrenching shopping habits and building loyalty. This year, we have launched a number of own-brand products on our Ztore and Neigbuy platforms, which we then market directly to audiences through different TV shows and programs. This integrated value chain approach to e-Commerce has been highly effective in driving our GMV growth, and will continue to be our strategy in 2022.
- In Mainland China, MAU growth remains strong at our Mai Dui Dui content app, especially on smart TV where MAU grew 28% in the first two months of 2022. And in terms of our fan base on Douyin, Kuaishou, Weibo and Xiaohongshu, which was over 76 million as at year-end 2021 on all TVB-related accounts, we continue to grow it through engagement, and innovative use of TVB content in different formats. With this critical mass, we will also introduce monetization strategies including advertising and live-streaming e-Commerce this year.
- International traditional pay-TV operations in Malaysia and Singapore will remain under pressure. However, digital platforms carrying our content such as TVB Anywhere and YouTube are gaining popularity around the world and this positive trend is expected to continue.
- In 2022, as Hong Kong celebrates the 25th anniversary of our return to China, there is strong interest among our partners and customers in Hong Kong and the mainland to sponsor or co-produce programs with TVB. In January 2022, for example, we co-produced a lunar new year online interactive concert with WeChat featuring 25 Hong Kong artistes. This concert was broadcast live to 36 million Chinese viewers on WeChat's video channel. In the rest of 2022, we will produce and broadcast a rich slate of programs for our audiences at home, in the mainland and abroad to mark this historic year.

KEY FINANCIALS

	2021	2020
	HK\$'000	HK\$'000
Revenue	2,898,622	2,724,200
- Hong Kong TV Broadcasting	1,224,522	1,081,118
- OTT Streaming	367,286	412,407
- e-Commerce business	238,067	29,258
- Mainland China operations	665,509	742,214
- International operations	403,238	459,203
Total operating costs	3,707,223	3,252,856
- Cost of sales	2,176,788	1,876,968
- Selling, distribution and transmission costs	640,456	591,017
- General and administrative expenses	889,979	784,871
Other revenues	14,183	223,399
Other gains, net	73,471	23,785
EBITDA	(313,621)	74,228
- Hong Kong TV Broadcasting	(570,447)	(548,476)
- OTT Streaming	36,801	107,847
- e-Commerce business	(92,884)	(4,157)
- Mainland China operations	189,425	263,477
- International operations	123,484	255,537
<u>Reconciliation from EBITDA to loss before income tax:</u>		
EBITDA	(313,621)	74,228
Depreciation and amortisation	(413,407)	(395,777)
Finance cost	(106,372)	(100,849)
Interest income	153,204	160,585
Gain on disposal of properties	-	26,931
Impairment loss on receivables from a joint venture	-	(13,500)
Impairment loss net of gain/loss on disposal of other financial assets at amortised cost	(80,450)	(95,903)
Share of profits of joint ventures	290	779
Share of profits/(losses) of associates	1,621	(1,180)
Loss before income tax	(758,735)	(344,686)
Income tax credit	101,639	87,578
Loss for the year	(657,096)	(257,108)
Loss attributable to equity holders of the Company	(646,735)	(280,881)
Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the year	HK\$(1.48)	HK\$(0.64)
	31 Dec 2021	31 Dec 2020
	HK\$'000	HK\$'000
Total assets	7,649,790	9,831,795
Total liabilities	3,056,630	4,533,780
Total equity	4,593,160	5,298,015
Bond securities at amortised cost	233,704	510,556
Cash and bank deposits	1,177,254	3,335,398
Borrowings	2,008,621	3,752,647

FINANCIAL REVIEW

Revenue of the Group increased from HK\$2,724 million to HK\$2,899 million, an increase of HK\$175 million or 6%, which was driven by:

- (a) improvement in advertising revenue from the Hong Kong TV Broadcasting segment from HK\$881 million to HK\$1,024 million (+HK\$143 million or 16%);
- (b) expansion of e-Commerce revenue from HK\$29 million to HK\$238 million with the consolidation of the post-acquisition results of Ztore (+HK\$209 million or 721%); which was offset by
- (c) decline in co-production revenue from Mainland China Operations from HK\$321 million to HK\$195 million (-HK\$126 million or -39%); and
- (d) reduction in overseas licensing income, leading to a fall in revenue from International Operations from HK\$459 million to HK\$403 million (-HK\$56 million or -12%).

Cost of sales increased from HK\$1,877 million to HK\$2,177 million, an increase of 16%. Included in cost of sales were the cost of programmes and film rights (both self-produced and acquired) which amounted to HK\$1,498 million (2020: HK\$1,371 million). In addition to the aforementioned content costs, our cost of sales in 2021 also has a new cost of goods sold component of HK\$143 million (2020: nil) arising from the consolidation of newly acquired Ztore Group, whose sales currently consists of nearly 100% self-owned inventory.

Selling, distribution and transmission costs increased from HK\$591 million to HK\$640 million, an increase of 8%. This increase was mainly related to higher overheads for the growing e-Commerce business and higher sales commission on the back of increased advertising revenue.

General and administrative expenses increased from HK\$785 million to HK\$890 million, an increase of 13%. The increase was mainly driven by our continuing effort strengthen and refresh our creative talent pool and management resources, albeit in a disciplined manner, as we position ourselves for long-term growth.

Overall, total costs (comprising cost of sales, selling and distribution costs and general and administrative expenses) increased from HK\$3,253 million to HK\$3,707 million, an increase of 14%, after acquisition of Ztore Group and continuous investments in our content offerings and talent pool.

Other revenues dropped from HK\$223 million to HK\$14 million, mainly reflected the one-off Government's wage subsidies in 2020 of HK\$202 million not being repeated in 2021.

Other net gains increased by HK\$49 million from HK\$24 million to HK\$73 million, which was mainly due to a one-off refund of HK\$70 million for capital gain tax from the disposal of prior years' Taiwan properties (2020: a one-off gain on disposal of Taiwan properties of HK\$27 million not repeated in 2021).

Due to the above factors, adjusted EBITDA for the year deteriorated to a loss of HK\$314 million, down from a positive HK\$74 million in 2020. This setback notwithstanding, we continue to transform our business in key aspects, as we position ourselves for long-term growth. Our investment in creative and management talents this past year, and our strategic bulking up of the e-Commerce business, creates new opportunities for us to leverage the TVB brand further in the years to come.

OUTLOOK

- In 2022, the onset of the pandemic fifth wave in Hong Kong has again clouded the near-term outlook in our home market, but we continue to execute our long-term strategy in three key areas: (1) distributing high quality content across multiple channels, both traditional TV and also new digital media; (2) increasing our direct touch points with viewers and consumers, both through content and e-Commerce; and (3) further leveraging our brand, content and artistes in Mainland China.
- In our TV Broadcasting business, advertising sales began well in 2022, but slowed down significantly in February and March as advertisers turned cautious as a results of the pandemic fifth wave. We expect a gradual recovery in the second quarter, once pandemic restrictions are progressively eased. Meanwhile, we continue to broaden our advertising income through digital media, as we further enrich our content offerings through non-traditional channels.
- Our e-Commerce business has started strongly in 2022, with monthly GMV reaching HK\$94 million (by in-take order) in February 2022. As the fifth pandemic wave drives shoppers to our online platforms, we are not only achieving new records in monthly GMV, but are also entrenching shopping habits and building loyalty. This year, we have launched a number of own-brand products on our Ztore and Neigbuy platforms, which we market directly to audiences through our TV shows and programs. This integrated value chain approach to e-Commerce has been highly effective in driving our GMV growth, and will continue to be our strategy in 2022.
- In Mainland China, MAU growth remains strong at our Mai Dui Dui content app, especially on smart TV where MAU grew 28% in the first two months of 2022. And in terms of our fan base on Douyin, Kuaishou, Weibo and Xiaohongshu, which was over 76 million as at year-end 2021 on all TVB-related accounts, we continue to grow it through engagement, and innovative use of TVB content in different formats. With this critical mass, we will also introduce monetization strategies including advertising and live-streaming e-Commerce this year.
- International traditional pay-TV operations in Malaysia and Singapore will remain under pressure. However, digital platforms carrying our content such as TVB Anywhere and YouTube are gaining popularity around the world and this positive trend is expected to continue.
- In 2022, as Hong Kong celebrates the 25th anniversary of our return to China, there is strong interest among our partners and customers in Hong Kong and the mainland to sponsor or co-produce programs with TVB. In January 2022, for example, we co-produced a lunar new year online interactive concert with WeChat featuring 25 Hong Kong artistes. This concert was broadcast live to 36 million Chinese viewers on WeChat's video channel. In the rest of 2022, we will produce and broadcast a rich slate of programs for our audiences at home, in the mainland and abroad to mark this historic year.

SEGMENT RESULTS

Hong Kong TV Broadcasting

For the year ended 31 December	2021 HK\$ million	2020 HK\$ million	Year-on- year change
Segment revenue	1,225	1,082	13%
Segment EBITDA	(570)	(548)	-4%

Segment revenue from Hong Kong TV Broadcasting increased from HK\$1,082 million to HK\$1,225 million, a growth of 13%, attributed to an increase in income from advertisers of HK\$143 million or 16% from HK\$881 million to HK\$1,024 million. With the improvement of advertising revenue in Hong Kong, the Group continued to invest into contents to enrich our programme offerings resulting in a higher content cost. Hence, this segment reported a mild decrease of EBITDA by 4% from a negative HK\$548 million in 2020 to a negative HK\$570 million in 2021.

OTT Streaming

For the year ended 31 December	2021 HK\$ million	2020 HK\$ million	Year-on- year change
Segment revenue	367	412	-11%
Segment EBITDA	37	108	-66%

Segment revenue from OTT Streaming, i.e. myTV SUPER, decreased from HK\$412 million to HK\$367 million, a drop of 11%. Despite the adverse impact caused by the pandemic, the subscription revenue maintained at a similar level of approximately HK\$300 million as last year, as growth in subscribers of our myTV Gold top-tier service helped offset decline in subscription income due to expiry of certain bundled sports packages. With the weaker demand of advertising arising partly from rotation by some advertisers into our broadcast TV slots to take advantage of special offers, advertising revenue dropped by HK\$41 million from HK\$105 million to HK\$64 million. In the absence of wage subsidies and mild increase of content spends, this segment reported an EBITDA of HK\$37 million during the year (2020: HK\$108 million).

e-Commerce business

For the year ended 31 December	2021 HK\$ million	2020 HK\$ million	Year-on- year change
Segment revenue	238	29	721%
Segment EBITDA	(93)	(4)	N/A

Segment revenue from e-Commerce increased from HK\$29 million to HK\$238 million after acquisition of Ztore Group in late August 2021. Despite the post-acquisition results of Ztore increased the loss of e-Commerce business segment, Ztore has already been generating synergies with rest of the Group's businesses. During the year, this segment reported a negative EBITDA of HK\$93 million (2020: a negative EBITDA of HK\$4 million).

Mainland China operations

For the year ended 31 December	2021 HK\$ million	2020 HK\$ million	Year-on- year change
Segment revenue	666	742	-10%
Segment EBITDA	189	263	-28%

Segment revenue from Mainland China operations decreased from HK\$742 million to HK\$666 million. The drop of 10% was due to a lower revenue from drama co-production projects with a decline in co-production revenue of HK\$126 million. However, digital income from mainland China increased 11% from HK\$403 million to HK\$450 million, as the Mai Dui Dui (埋堆堆) app service has gained popularity in 2021 as a result of the increased efforts in online promotion and content enhancements. This segment recorded an EBITDA of HK\$189 million during the year (2020: HK\$263 million).

International operations

For the year ended 31 December	2021 HK\$ million	2020 HK\$ million	Year-on- year change
Segment revenue	403	459	-12%
Segment EBITDA	123	255	-52%

Segment revenue from International operations decreased from HK\$459 million to HK\$403 million, mainly attributable to the decreased licence fees from pay TV customers in Malaysia and Singapore, which was partially offset by the mild increase of subscription of TVB Anywhere. As COVID-19 pandemic still weakened overseas market, this segment recorded a drop of EBITDA of HK\$132 million from HK\$255 million in 2020 to HK\$123 million in 2021.

LOSS ATTRIBUTABLE TO EQUITY HOLDERS

The Group's loss attributable to equity holders for the year totalled HK\$647 million (2020: loss of HK\$281 million), which was attributed by increased costs and the absence of the government wage subsidy of HK\$202 million received in 2020.

LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$647 million (2020: HK\$281 million) and 438,000,000 shares in issue throughout the years ended 31 December 2021 and 2020, giving a basic and diluted loss per share of HK\$1.48 respectively (2020: loss per share of HK\$0.64).

DIVIDENDS PER SHARE

The Board of Directors did not recommend the payment of a dividend for the year ended 31 December 2021.

INTEREST INCOME

Interest income totalled HK\$153 million for the year (2020: HK\$161 million), which comprised interest income from the Company's investment portfolio and fixed bank deposits as well as interest income from the promissory note to Imagine Tiger Television ("ITT").

FINANCE COSTS

Finance costs totalled HK\$106 million for the year (2020: HK\$101 million), which mainly comprised of 9-month interest costs of the US\$500 million 3.625% notes issued by TVB Finance Limited matured in October 2021 ("TVB Notes") and the full-year effect of finance costs incurred for the US\$250 million term loan from a bank drawn down in July 2020.

INCOME TAX

The Group recorded an income tax credit of HK\$102 million (2020: HK\$88 million), arising mainly from deferred income tax assets arising from the tax losses of the Hong Kong TV Broadcasting segment during the year. Whilst TVB's main business in Hong Kong is subject to a profits tax rate at 16.5%, the Group's major overseas subsidiaries whose effective tax rates vary from 0% to 30%. The Group's overall effective tax rate for the year was 13.3% (2020: 25.4%).

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a strong financial position as at 31 December 2021 despite a loss recorded during the year. Total equity stood at HK\$4,593 million (31 December 2020: HK\$5,298 million). There had been no change in the share capital of the Company, with 438,000,000 ordinary shares in issue.

The Group had unrestricted bank and cash balances of HK\$1,177 million (31 December 2020: HK\$3,335 million). About 63% of the unrestricted bank and cash balances (approximately HK\$746 million) were maintained in overseas subsidiaries for their daily operations. Unrestricted bank deposits and cash balances held by the Group were denominated mainly in Hong Kong dollars, Renminbi, US dollars and New Taiwan dollars.

At 31 December 2021, the Group's net current assets amounted to HK\$1,243 million (2020: HK\$3,834 million), mainly due to the re-classification of a 3-year bank loan to current liabilities as at year-end. The current ratio, expressed as the ratio of current assets to current liabilities, was 1.4 at 31 December 2021 (2020: 2.5).

Borrowings at 31 December 2021 totalled HK\$2,009 million (31 December 2020: HK\$3,753 million) which composed a bank loan of HK\$1,948 million and other borrowings of HK\$61 million. The reduction was mainly due to the redemption of the TVB Notes with outstanding balance of US\$235 million in October 2021. At 31 December 2021, the Group's gearing ratio, expressed as a ratio of net debt to total equity, was 19.2% (2020: 8.6%)

BOND PORTFOLIO

As at 31 December 2021, the Company's portfolio of fixed income securities amounted to HK\$234 million (31 December 2020: HK\$511 million), which were classified under "Bond securities at amortised cost". They were issued by issuers which are listed or unlisted in Hong Kong or overseas, and in aggregate, carry a weighted average yield to maturity of 3.8% per annum (31 December 2020: 3.9%) and have ranges of maturity dates with the last maturity date of 23 January 2027. As at 31 December 2021, the investment portfolio is made up of a total of 8 (31 December 2020: 15) issuers of fixed income securities. The largest investment in fixed income securities within the portfolio represented approximately 0.7% (31 December 2020: 0.8%) of the total assets of the Group. The interest income recognised during the year from the bond securities at amortised cost amounted to HK\$14 million (2020: HK\$40 million). Around 39% of bond securities were disposed of during the year which incurred a loss of HK\$3 million (2020: a gain of HK\$22 million).

In the process of winding down the bond portfolio, a non-cash impairment losses of HK\$77 million (2020: HK\$118 million) were made for the legacy bond portfolio due to a slowdown in the Mainland China property market. These impairment losses were made after considering the gradual increase in credit risk of the bond portfolio under the COVID-19 environment and the latest development of certain credit-impaired bond securities.

CAPITAL COMMITMENTS

At 31 December 2021, the Group had capital commitments totalling HK\$101 million (2020: HK\$56 million), mainly for the enhancement or replacement of transmission and production related equipments.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	2	2,898,622	2,724,200
Cost of sales		(2,176,788)	(1,876,968)
Gross profit		721,834	847,232
Other revenues	2	14,183	223,399
Interest income	2	153,204	160,585
Selling, distribution and transmission costs		(640,456)	(591,017)
General and administrative expenses		(889,979)	(784,871)
Other gains, net		73,471	23,785
(Loss)/gain on disposal of other financial assets at amortised cost	10	(3,450)	22,097
Impairment loss on other financial assets at amortised cost		(77,000)	(118,000)
Impairment loss on trade and other receivables		(6,081)	(13,146)
Finance costs	4	(106,372)	(100,849)
Share of profits of joint ventures		290	779
Impairment loss on receivables from a joint venture		-	(13,500)
Share of profits/(losses) of associates		1,621	(1,180)
Loss before income tax	5	(758,735)	(344,686)
Income tax credit	6	101,639	87,578
Loss for the year		(657,096)	(257,108)
(Loss)/profit attributable to:			
Equity holders of the Company		(646,735)	(280,881)
Non-controlling interests		(10,361)	23,773
		(657,096)	(257,108)
Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the year	7	HK\$(1.48)	HK\$(0.64)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 HK\$'000	2020 HK\$'000
Loss for the year	(657,096)	(257,108)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations		
- Subsidiaries	25,293	33,027
- Joint ventures	(1,210)	958
Share of other comprehensive income of an associate	4,474	11,039
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	(1,347)	-
Other comprehensive income for the year, net of tax	27,210	45,024
Total comprehensive loss for the year	(629,886)	(212,084)
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(624,641)	(246,942)
Non-controlling interests	(5,245)	34,858
Total comprehensive loss for the year	(629,886)	(212,084)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,396,753	1,610,955
Investment properties		5,710	8,447
Intangible assets		284,874	219,608
Goodwill		85,131	-
Interests in joint ventures	9	928,154	824,706
Interests in associates		177,963	171,868
Financial assets at fair value through other comprehensive income		17,052	12,052
Bond securities at amortised cost	10	205,270	440,895
Financial assets at fair value through profit or loss		17,259	-
Deferred income tax assets		283,917	144,169
Prepayments		48,798	31,360
		<hr/>	<hr/>
Total non-current assets		3,450,881	3,464,060
		<hr/>	<hr/>
Current assets			
Programmes and film rights		1,326,003	1,267,064
Stocks		83,605	27,187
Trade receivables	11	1,001,696	1,095,596
Other receivables, prepayments and deposits		556,013	551,161
Movie investments		18,152	19,454
Tax recoverable		7,752	2,214
Bond securities at amortised cost	10	28,434	69,661
Bank deposits maturing after three months		2,536	1,997,763
Cash and cash equivalents		1,174,718	1,337,635
		<hr/>	<hr/>
Total current assets		4,198,909	6,367,735
		<hr/>	<hr/>
Total assets		7,649,790	9,831,795
		<hr/>	<hr/>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		664,044	664,044
Other reserves		47,872	175,644
Retained earnings		3,647,038	4,286,413
		<hr/>	<hr/>
Non-controlling interests		4,358,954	5,126,101
		234,206	171,914
		<hr/>	<hr/>
Total equity		4,593,160	5,298,015
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2021

	Note	2021 HK\$'000	2020 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	12	15,934	1,934,958
Lease liabilities		18,038	9,505
Deferred income tax liabilities		66,801	55,436
		<u> </u>	<u> </u>
Total non-current liabilities		100,773	1,999,899
		<u> </u>	<u> </u>
Current liabilities			
Trade and other payables and accruals	13	768,198	624,392
Written put option liabilities		140,000	-
Current income tax liabilities		22,927	61,524
Borrowings	12	1,992,687	1,817,689
Lease liabilities		32,045	30,276
		<u> </u>	<u> </u>
Total current liabilities		2,955,857	2,533,881
		<u> </u>	<u> </u>
Total liabilities		3,056,630	4,533,780
		<u> </u>	<u> </u>
Total equity and liabilities		7,649,790	9,831,795
		<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

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.

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results 2021 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company will deliver the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

The Company's auditor has reported on the financial statements of the Group for both years. For the year ended 31 December 2021, the auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

During the year ended 31 December 2021, the Group incurred a loss for the year of HK\$657 million (2020: HK\$257 million) and a net cash used in operating activities of HK\$302 million (2020: net cash generated from operating activities of HK\$31 million).

As at 31 December 2021, there was non-compliance with a bank covenant under a loan agreement with a bank in relation to the ratio of consolidated net debt to consolidated EBITDA (“EBITDA covenant”) in the financial year 2021. Subsequent to 31 December 2021, the Group has successfully obtained written waiver from the bank to waive the EBITDA covenant for the year ended 31 December 2021 and the year ending 31 December 2022 and not to exercise their rights to demand immediate repayment of the loan during the aforesaid period (further detailed in note 12). Based on cashflow projections for a period of not less than 12 months after 31 December 2021, the Directors consider that the Group will have adequate funds available to enable it to operate its business for the foreseeable future and consider it appropriate to prepare the consolidated financial statements on a going concern basis.

(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 did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards, other than the early adoption of the amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”.

(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 2021 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. Revenue, interest income and other revenues

Revenue comprises income from advertisers net of agency deductions, licensing income, subscription income, co-production income, as well as other income from e-Commerce income, digital marketing and event 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:

	2021 HK\$'000	2020 HK\$'000
Revenue		
Income from advertisers, net of agency deductions	1,200,886	1,076,158
Licensing income	560,193	699,491
Subscription income	416,058	384,233
e-Commerce income	239,835	32,171
Co-production income	194,709	320,925
Others	286,941	211,222
	<u>2,898,622</u>	<u>2,724,200</u>
Interest income	<u>153,204</u>	<u>160,585</u>
Other revenues		
Government subsidies from Employment Support Scheme (note)	-	202,385
Others	14,183	21,014
	<u>14,183</u>	<u>223,399</u>
	<u>3,066,009</u>	<u>3,108,184</u>

Note:

During the year ended 31 December 2020, the HKSAR Government has launched the “Employment Support Scheme” to provide time limited financial support to eligible employers to retain their employees due to the adverse situation of COVID-19 in Hong Kong.

3. Segment information

The Group is principally engaged in terrestrial television broadcasting with programme production, OTT streaming, e-Commerce business, Mainland China operations and international operations, and other activities.

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, gain on disposal of properties, impairment loss on receivables from a joint venture, impairment loss net of gain/loss on disposal of other financial assets at amortised cost, 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.

3. 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 results for the year by operating segments is as follows:

	Hong Kong TV broadcasting		OTT Streaming		e-Commerce business		Mainland China operations		International operations		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue												
Timing of revenue recognition:												
At a point in time	12,466	10,065	4,223	4,502	237,916	28,761	161,346	287,958	13,348	9,763	429,299	341,049
Over time	1,212,056	1,071,053	363,063	407,905	151	497	504,163	454,256	389,890	449,440	2,469,323	2,383,151
External customers	1,224,522	1,081,118	367,286	412,407	238,067	29,258	665,509	742,214	403,238	459,203	2,898,622	2,724,200
Reportable segment EBITDA	(570,447)	(548,476)	36,801	107,847	(92,884)	(4,157)	189,425	263,477	123,484	255,537	(313,621)	74,228
Additions to non-current assets*	135,696	66,043	37,183	24,143	149,626	-	5,879	2,360	1,414	5,819	329,798	98,365

* 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 loss to loss before income tax is provided as follows:

	2021 HK\$'000	2020 HK\$'000
Reportable segment EBITDA	(313,621)	74,228
Depreciation and amortisation	(413,407)	(395,777)
Finance cost	(106,372)	(100,849)
Interest income	52,712	71,333
Interest income from joint ventures	100,492	89,252
Gain on disposal of properties	-	26,931
Impairment loss on receivables from a joint venture	-	(13,500)
Impairment loss net of gain/loss on disposal of other financial assets at amortised cost	(80,450)	(95,903)
Share of profits of joint ventures	290	779
Share of profits/(losses) of associates	1,621	(1,180)
Loss before income tax	(758,735)	(344,686)

For the year ended 31 December 2021, revenue generated from a single customer of the Group from the segment of Mainland China operations amounting to approximately HK\$314,332,000 (2020: HK\$463,265,000) in aggregate has accounted for over 10% of the total revenue.

3. Segment information (continued)

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

	2021 HK\$'000	2020 HK\$'000
Hong Kong	1,821,850	1,513,231
Mainland China	672,352	802,636
Malaysia and Singapore	170,971	191,200
USA and Canada	118,289	112,891
Vietnam	30,795	30,707
Australia	15,678	9,303
Europe	4,672	4,051
Other territories	64,015	60,181
	<u>2,898,622</u>	<u>2,724,200</u>

4. Finance costs

	2021 HK\$'000	2020 HK\$'000
Interest on bank loans and overdraft	46,327	25,300
Interest on TVB Notes	51,645	66,451
Amortised amount of transaction costs on TVB Notes	5,603	7,226
Interest on other borrowings	1,196	-
Interest expense on lease liabilities	1,601	1,872
	<u>106,372</u>	<u>100,849</u>

5. Loss before income tax

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

	2021 HK\$'000	2020 HK\$'000
Net exchange gains	(3,829)	(28,822)
Cost of programmes and film rights	1,498,176	1,370,505
Depreciation	346,794	351,517
Amortisation of intangible assets	66,613	44,260
Short-term leases		
- Equipment and transponders	8,389	6,299
- Land and buildings	7,285	9,985
Employee benefit expense (excluding directors' emoluments)	1,449,140	1,372,704
Gain on disposal of properties	-	(26,931)
Government subsidies from Employment Support Scheme	-	(202,385)
	<u></u>	<u></u>

6. Income tax (credit)/expense

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 (credited)/charged to the consolidated income statement represents:

	2021	2020
	HK\$'000	HK\$'000
Current income tax:		
- Hong Kong	(760)	35,053
- Overseas	31,667	24,189
- Under provisions in prior years	1,083	2,958
Total current income tax expense	31,990	62,200
Deferred income tax:		
- Origination and reversal of temporary differences	(132,970)	(149,524)
- Over provisions in prior years	(659)	(254)
Total deferred income tax credit	(133,629)	(149,778)
	(101,639)	(87,578)

7. Loss per share

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$646,735,000 (2020: HK\$280,881,000) and 438,000,000 shares in issue throughout the years ended 31 December 2021 and 2020.

During the years ended 31 December 2021 and 2020, no fully diluted loss per share was presented as the basic and diluted loss per share are of the same amount. This is because the assumed exercise of the share options would result in a decrease in loss per share.

8. Dividends

The Directors did not recommend a dividend for the years ended 31 December 2021 and 2020.

9. Interests in joint ventures

	2021 HK\$'000	2020 HK\$'000
Non-current		
Investment costs (note)	206,189	205,178
Funds advanced to joint ventures	17,731	20,231
Less: accumulated share of losses	(223,061)	(222,271)
	<u>859</u>	<u>3,138</u>
	-----	-----
Loan to a joint venture (note)	580,273	576,869
Interest receivable from a joint venture (note)	360,522	258,199
Less: impairment loss on receivables from a joint venture	(13,500)	(13,500)
	<u>927,295</u>	<u>821,568</u>
	-----	-----
	<u><u>928,154</u></u>	<u><u>824,706</u></u>

Note:

In July 2017, the Group entered into the agreement with Imagine Holding Company LLC (“Imagine”) in relation to the formation of a joint venture company, namely Imagine Tiger Television, LLC (“ITT”), on a 50:50 basis between both parties. The purpose of ITT is to finance the development and production of a slate of television projects whether developed and/or produced by Imagine alone or with third-party co-financiers/co-production partners. The Group has contributed to the capital of ITT in an amount of US\$33,333,000 as to 50% of the equity interests in ITT and has provided a loan to ITT in an amount of US\$66,667,000 in the form of the Promissory Note. 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.

As at 31 December 2021 and 2020, the carrying amounts of the loan and receivables from ITT approximated their fair values. The receivables are not yet due from ITT and management do not expect deterioration in the operating results of ITT based on its cash flow forecast, the Group considered the credit risk of default for ITT was low. The maximum exposure to credit risk is the carrying values of the loan and receivables above. In addition, management is closely monitoring the development of the COVID-19 outbreak and evaluate its possible impact on ITT’s operating results. Therefore, a provision equal to 12-month ECL of HK\$13,500,000 was recognised during the year ended 31 December 2020, which was principally based on the probability of default (with reference to the credit rating of comparable companies) and forward looking information on macroeconomic factors incorporated in the ECL model. Since the credit risk of ITT remains, no further provision was recognised during the year ended 31 December 2021.

10. Bond securities at amortised cost

	2021 HK\$'000	2020 HK\$'000
Non-current		
Bond securities at amortised cost:		
Unlisted	504,901	509,197
Listed in Hong Kong	39,147	131,238
Listed in other countries	150,347	212,585
Less: provision for impairment loss on bond securities	(489,125)	(412,125)
	<u>205,270</u>	<u>440,895</u>
	-----	-----
Current		
Bond securities at amortised cost:		
Unlisted	5,001	-
Listed in Hong Kong	-	54,181
Listed in other countries	23,433	15,480
	<u>28,434</u>	<u>69,661</u>
	-----	-----
	<u>233,704</u>	<u>510,556</u>
	=====	=====

Note:

The bond securities portfolio carry a weighted average yield to maturity of 3.8% (2020: 3.9%) per annum and have ranges of maturity dates with the last maturity date up to 23 January 2027. The largest fixed income securities from a single issuer within the portfolio, which is made up of a total of 8 (2020: 15) issuers of fixed income securities, represented approximately 0.7% (2020: 0.8%) of the total assets of the Group as at 31 December 2021. The underlying securities are denominated in Hong Kong dollars and US dollars. The interest received and receivable during the year from the bond securities at amortised cost amounted to HK\$14,463,000 (2020: HK\$40,430,000).

During the year, the Group disposed/redeemed bond securities at amortised cost with the aggregate carrying amount of HK\$201,719,000 (2020: HK\$739,733,000) with loss on disposal amounted to HK\$3,450,000 (2020: gain of HK\$22,097,000).

11. Trade receivables

At 31 December 2021, the ageing of trade receivables, net of provision for impairment based on invoice dates was as follows:

	2021 HK\$'000	2020 HK\$'000
Up to 1 month	567,264	594,594
1-2 months	180,884	154,637
2-3 months	50,796	69,060
3-4 months	48,961	41,256
4-5 months	29,423	31,446
Over 5 months	124,368	204,603
	<u>1,001,696</u>	<u>1,095,596</u>
	=====	=====

12. Borrowings

	2021 HK\$'000	2020 HK\$'000
Non-current		
Bank borrowings, unsecured (note)	-	1,934,958
Other borrowings, unsecured	15,934	-
	<u>15,934</u>	<u>1,934,958</u>
	-----	-----
Current		
Bank borrowings, unsecured (note)	1,947,687	-
TVB Notes, unsecured	-	1,817,689
Other borrowings, unsecured	45,000	-
	<u>1,992,687</u>	<u>1,817,689</u>
	-----	-----
	<u>2,008,621</u>	<u>3,752,647</u>
	=====	=====

Note:

On 30 June 2020, the Group entered into a new 3-year term loan facility with the amount of USD250 million. The entire amount under the facility was drawn down on 6 July 2020, which will mature on 6 July 2023 and bears a variable interest rate of approximately 2.4% (2020: 2.4%) per annum as at 31 December 2021.

As at 31 December 2021, there was non-compliance with a bank covenant under loan agreement with a bank in relation to the ratio of consolidated net debt to consolidated EBITDA (“EBITDA covenant”) in the financial year 2021. Accordingly, as at 31 December 2021, for the purpose of the above presentation, the Group’s bank loan with the amount of USD250 million was classified as bank loans repayable within one year or on demand at 31 December 2021.

Subsequent to 31 December 2021, the Group has successfully obtained written consents from the bank to waive the EBITDA covenant for the year ended 31 December 2021 and the year ending 31 December 2022 and not to exercise their rights to demand immediate repayment of the loan during the aforesaid period.

Based on the maturity terms of the bank loans, as at 31 December 2021, the amounts repayable in respect of the bank loans of the Group were USD250 million payable in the second year.

13. Trade and other payables and accruals

	2021 HK\$'000	2020 HK\$'000
Trade payables to:		
Associates	523	158
A joint venture	609	-
Third parties	178,868	146,578
	<u>180,000</u>	<u>146,736</u>
Contract liabilities	171,381	147,666
Provision for employee benefits and other expenses	90,121	56,293
Accruals and other payables	326,696	273,697
	<u>768,198</u>	<u>624,392</u>

At 31 December 2021, the ageing of trade payables based on invoice dates was as follows:

	2021 HK\$'000	2020 HK\$'000
Up to 1 month	124,404	110,363
1-2 months	27,086	13,333
2-3 months	12,551	11,208
3-4 months	2,472	5,182
4-5 months	1,558	4,354
Over 5 months	11,929	2,296
	<u>180,000</u>	<u>146,736</u>

14. Business combination

On 19 August 2021, Big Big e-Commerce Group Limited (“BBECGL”), a wholly-owned subsidiary of the Group and Shaw Brothers Pictures Limited (“SBPL”), an associate of the Group entered into a subscription agreement in relation to the formation of a special purpose vehicle, namely Sunrise Investments Global Limited (“Sunrise Investments”), in which BBECGL will hold 90.1% of the voting rights and 82.5% of the total issued shares, and SBPL will hold 9.9% of the voting rights and 17.5% of the total issued shares. The aggregate consideration in respect of the shares to be subscribed by BBECGL is HK\$165 million comprising of (i) the sum of HK\$35 million to be satisfied in cash and (ii) the sum of HK\$130 million to be satisfied by BBECGL procuring the provision of resources in relation to artistes, television commercial spots and other advertising products on the Company’s free-to-air and digital platforms, product placement and content production of the Company and/or its affiliates (“TVB Resource Packages”) to Ztore Investment Limited (“Ztore”) or to such other person as Ztore may nominate with a value of HK\$130 million. On the other hand, the aggregate consideration in respect of the shares to be subscribed by SBPL is HK\$35 million, to be satisfied in cash.

On the same day, Sunrise Investments further entered into a share purchase agreement with Ztore, pursuant to which Sunrise Investments will acquire and subscribe, and Ztore will issue 116,716,110 Series D Preferred Shares of Ztore, representing 75% of the issued share capital of Ztore on a fully-diluted basis for a total consideration of HK\$200 million through capital injection into Ztore to be satisfied by a sum of HK\$70 million in cash and a sum of HK\$130 million in provision of TVB Resource Packages. The board of directors of Ztore will consist of five directors and three of which will be appointed by Sunrise Investments. In addition, Sunrise Investments and the existing shareholders of Ztore are respectively granted call and put options which entitle Sunrise Investments to purchase from the existing shareholders of Ztore, or the existing shareholders to sell to Sunrise Investments, the remaining 25% issued share capital in Ztore.

After closing on 27 August 2021, Sunrise Investments and Ztore have become subsidiaries of the Company and the post-acquisition results would be consolidated into the Company’s consolidated financial statements.

15. 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 2021 and 2020, or on the Group’s loss for the years ended 31 December 2021 and 2020.

ADDITIONAL INFORMATION

SHARE OPTION SCHEME

The Company and BBECGL adopted the Share Option Scheme and the Subsidiary Share Option Scheme (collectively “Share Option Schemes”) respectively on 29 June 2017. These Share Option Schemes are valid and effective for a period of ten years from the date of adoption. 17,000,000 share options were granted by the Company under the Share Option Scheme in 2018. During the year, no share options had been granted by the Company under the Share Option Scheme or by BBECGL under the Subsidiary Share Option Scheme respectively. As a result of the retirement/resignation of several grantees, 6,750,000 share options under the Share Option Scheme was lapsed during the year, with 9,250,000 outstanding at 31 December 2021.

HUMAN RESOURCES

At the year end, the Group employed a total of 3,870 full-time employees (31 December 2020: 3,644), including contract artistes and staff in overseas subsidiaries. This figure excluded directors and freelance workers.

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

Under the Share Option Schemes of the Group, options may be granted to directors and employees of the Group to subscribe for shares in the Company and in BBECGL.

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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 27 April 2022 to Wednesday, 25 May 2022, 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 Wednesday, 25 May 2022 (“2022 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 Thursday, 26 May 2022.

In order to be entitled to attend and vote at the 2022 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 Tuesday, 26 April 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Company was in compliance with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout 2021.

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

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

All Directors (including the Directors retired and resigned during the year) and members of Senior Management were 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 2021.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has four members, namely Dr. William Lo Wing Yan (chairman), Mr. Anthony Lee Hsien Pin, Mr. Felix Fong Wo and Ms. Belinda Wong Ching Ying, the majority of whom are Independent Non-executive Directors of the Company, and is chaired by an Independent Non-executive Director. Most of the members are experienced in reviewing and analysing financial information and possess appropriate accounting and related financial management expertise.

The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the consolidated financial statements for the year ended 31 December 2021, before such statements were presented to the Board for approval.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently, no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

TVB Notes, issued by TVB Finance Limited and previously purchased by the Company, with the nominal amount of US\$264,820,000 in aggregate, were cancelled on 4 October 2021. The remaining outstanding TVB Notes of US\$235,180,000 were also fully redeemed on 11 October 2021.

Except for the above, 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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the designated issuer website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (<https://corporate.tvb.com>). The Company's 2021 Annual Report containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available on the above websites in April 2022.

ANNUAL GENERAL MEETING

The 2022 AGM of the Company will be held at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong on Wednesday, 25 May 2022.

By Order of the Board
Kitty FUNG Kit Yi
Company Secretary

Hong Kong, 23 March 2022

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

Chairman and Non-executive Director

Thomas HUI To

Non-executive Directors

LI Ruigang

Anthony LEE Hsien Pin

Kenneth HSU Kin

Independent Non-executive Directors

Dr. William LO Wing Yan JP

Dr. Allan ZEMAN GBM, GBS, JP

Felix FONG Wo BBS, JP

Belinda WONG Ching Ying