TVB 2020

ANNUAL REPORT

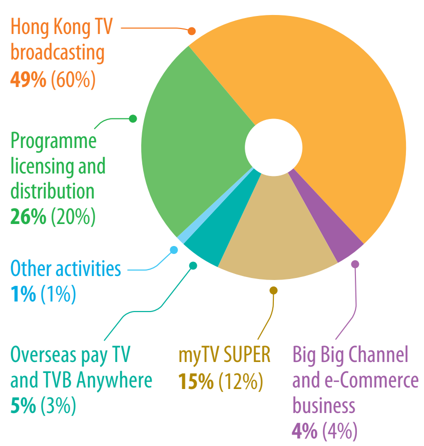
Television Broadcasts Limited
電視廣播有限公司

Stock Code : 00511

FINANCIAL HIGHLIGHTS

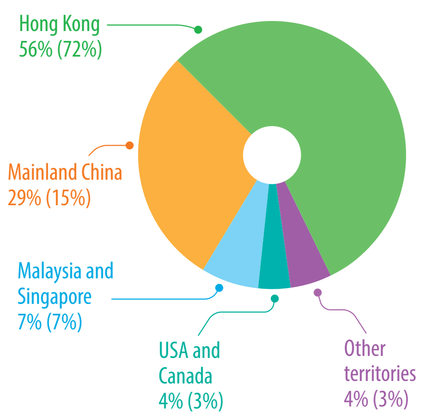
2020 Revenue from External Customers by Operating Segment

% relating to 2019 are shown in brackets

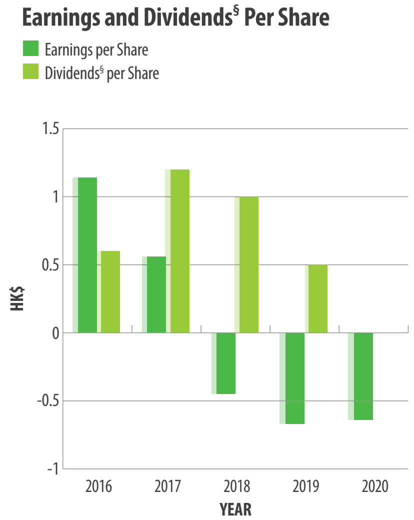


2020 Revenue by Geographical Locations

% relating to 2019 are shown in brackets



Earnings and Dividends§ Per Share



§ excluding special dividend

	2020	2019	Change
Performance			
Loss per share	**HK$(0.64)**	HK$(0.67)	-5%
Dividends per share			
- Interim	**-**	HK$0.30	
- Final	**-**	HK$0.20	
	-	HK$0.50	
	HK$'mil	HK$'mil	
Revenue from external customers			
- Hong Kong TV broadcasting	**1,323**	2,190	-40%
- myTV SUPER	**412**	442	-7%
- Big Big Channel and e-Commerce business	**107**	129	-16%
- Programme licensing and distribution	**718**	740	-3%
- Overseas pay TV and TVB Anywhere	**159**	144	11%
- Other activities	**5**	4	NM
	2,724	3,649	-25%
Segment profit/(loss)*			
- Hong Kong TV broadcasting	**(593)**	(304)	95%
- myTV SUPER	**11**	40	-71%
- Big Big Channel and e-Commerce business	**53**	44	20%
- Programme licensing and distribution	**346**	412	-16%
- Overseas pay TV and TVB Anywhere	**8**	(10)	N/A
- Other activities	**(3)**	(4)	NM
- Corporate support§	**(173)**	(152)	14%
	(351)	26	N/A
Total expenses∆	**3,253**	3,698	-12%
Loss attributable to equity holders	**(281)**	(295)	-5%
	31 December 2020 HK$'mil	31 December 2019 HK$'mil	
Total assets	**9,832**	8,595	14%
Total liabilities	**4,534**	3,006	51%
Total equity	**5,298**	5,589	-5%
Number of issued shares	**438,000,000**	438,000,000	
Ratios			
Current ratio	**2.5**	4.2	
Gearing	**8.6%**	19.6%	

* excluding non-recurring items
§ comprised mainly of interest costs of TVB Notes
∆ represented the total of cost of sales, selling, distribution and transmission costs and general and administrative expenses

BROADCASTING AND PRODUCTION

21,712 hours
Total production output
(2019: 22,160 hours)

26.5 TVRs
All TVB channels' prime time rating
(2019: 23.5 TVRs)

3.9m
In-home-viewers in Hong Kong of TVB News Channel every week
(2019: 3.9m)

5.4m
In-home-viewers in Hong Kong of all TVB channels every week
(2019: 5.5m)

86%
audience share in young audience group (below age of 35)

88%
audience share among high income group viewership

DIGITAL STREAMING

9.16m
myTV SUPER's registered users
(2019: 8.16m)

20.79m hours
Average weekly time spent
(2019: 20.23m hours)

18.8 hours
Average weekly time spent per unique stream viewer
(2019: 16.4 hours)

1.3m
myTV SUPER's paying subscribers
(2019: 1.19m)

3.39 TVRs
Prime time ratings of myTV SUPER
(2019: 3.26 TVRs)

1.89 TVRs
All-day-all-time ratings
(2019: 1.84 TVRs)

SOCIAL MEDIA AND E-COMMERCE

12.8m
TVB followers from social media platforms
(2019: 11.3m)

27.6m
Average weekly stream view from social media platforms
(2019: 15.3m)

HK$142m
Big Big Shop's Gross merchandise value
(2019: HK$32m)

ENVIRONMENTAL

6.39% ↓
Total greenhouse gas emissions

2.85% ↓
Energy intensity per production hour

4.35% ↓
Electricity consumption

TVB is one of the
largest commercial Chinese programme
producers in the world with
an annual production output of over
21,000 hours of
dramas and variety programmes,
in addition to documentaries and news reports,
and an archive library of over **152,000** hours
accumulated over **53** years of operation.
Its vertically integrated business
model extends from content
creation, broadcasting to
distribution.

With its strong

production capability and audience

influence, **TVB** now operates

a traditional media platform as well as over-the-top services

myTV SUPER and **TVB Anywhere**,

social media platform

Big Big Channel

and e-commerce

platform **Big Big Shop**.

Vision

Our vision is to grow TVB into a
world-class media organisation
with extensive digital and direct-to-customer capabilities,
amplifying our long
tradition to entertain,
inform and
enrich audiences

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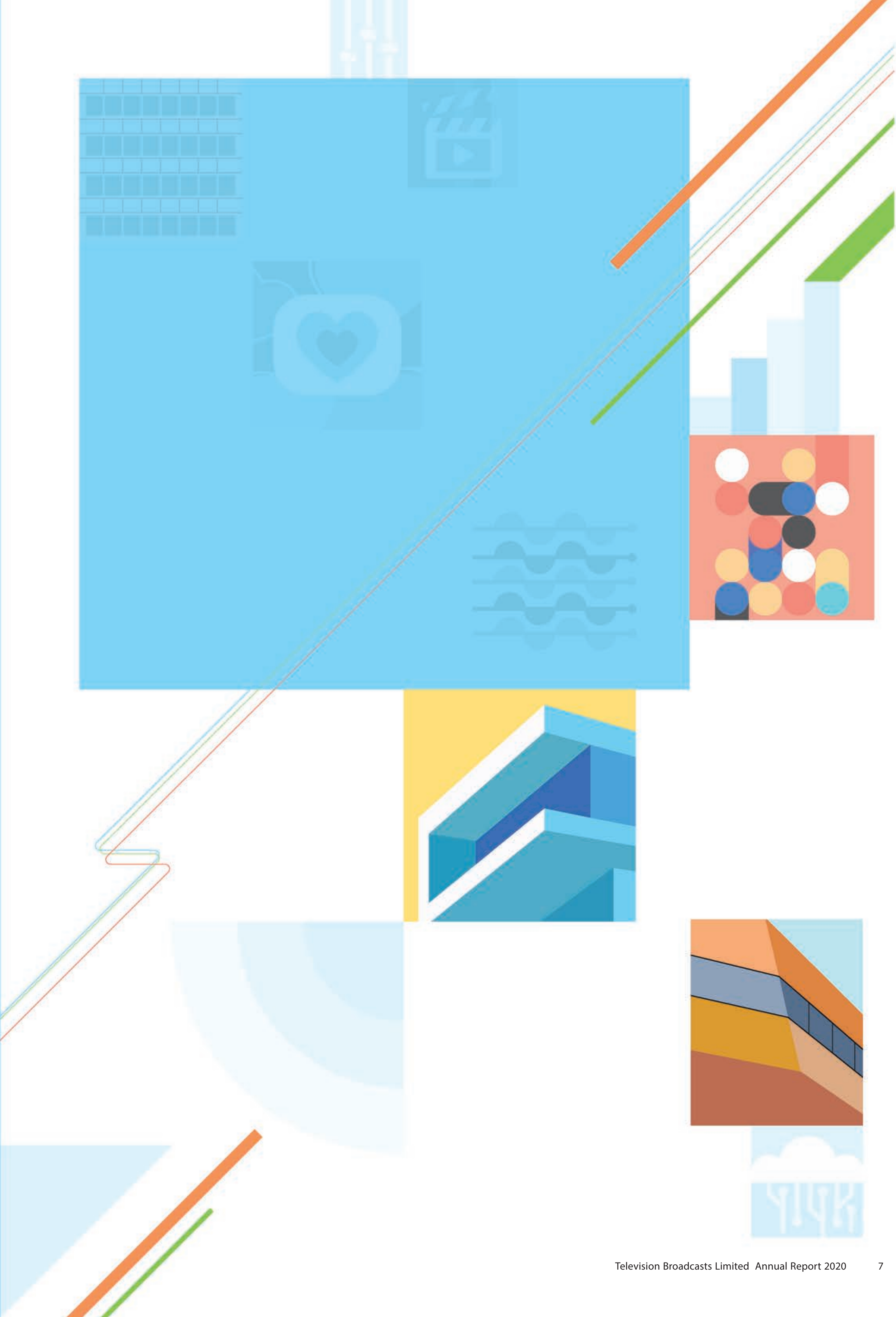
Overview



CORPORATE INFORMATION

CHAIRMAN EMERITUS
The late Sir Run Run SHAW GBM

BOARD OF DIRECTORS

CHAIRMAN
Thomas HUI To

VICE CHAIRMAN AND EXECUTIVE DIRECTOR
Mark LEE Po On JP

NON-EXECUTIVE DIRECTORS
Thomas HUI To
LI Ruigang
Anthony LEE Hsien Pin
CHEN Wen Chi
Kenneth HSU Kin

INDEPENDENT NON-EXECUTIVE DIRECTORS
Dr. William LO Wing Yan JP
Professor Caroline WANG Chia-Ling
Dr. Allan ZEMAN GBM, GBS, JP
Felix FONG Wo BBS, JP
Belinda WONG Ching Ying

BOARD COMMITTEES

EXECUTIVE COMMITTEE
Mark LEE Po On Chairman
Thomas HUI To
LI Ruigang

AUDIT COMMITTEE
Dr. William LO Wing Yan Chairman
Anthony LEE Hsien Pin
Felix FONG Wo
Belinda WONG Ching Ying

REMUNERATION COMMITTEE
Belinda WONG Ching Ying Chairman
LI Ruigang
Felix FONG Wo

NOMINATION COMMITTEE
Thomas HUI To Chairman
Anthony LEE Hsien Pin
Dr. Allan ZEMAN
Felix FONG Wo
Belinda WONG Ching Ying

RISK COMMITTEE
Felix FONG Wo Chairman
Mark LEE Po On
Kenneth HSU Kin
Dr. William LO Wing Yan

INVESTMENT COMMITTEE
Anthony LEE Hsien Pin Chairman
Thomas HUI To
Mark LEE Po On
Adrian MAK Yau Kee Chief Financial Officer and Company Secretary

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

SENIOR MANAGEMENT
Mark LEE Po On Group Chief Executive Officer
Desmond CHAN Shu Hung Deputy General Manager (Legal and International Operations)
Felix TO Chi Hak Deputy General Manager (Drama Production & Programme)
Eric TSANG Chi Wai Deputy General Manager (Non-drama, Music Production & Programme)
Adrian MAK Yau Kee Chief Financial Officer and Company Secretary

COMPANY SECRETARY
Adrian MAK Yau Kee
Email: companysecretary@tvb.com.hk
Fax: +852 2358 1337

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

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS
Freshfields Bruckhaus Deringer
Stephenson Harwood

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

SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

STOCK CODES
TVB Ordinary Shares	
The Stock Exchange of Hong Kong:	00511
Reuters:	0511.HK
Bloomberg:	511 HK
TVB ADR Level 1 Programme:	TVBCY
TVB Finance Guaranteed Notes	
The Stock Exchange of Hong Kong:	04577
ISIN:	XS1495978329
Common Code:	149597832

AMERICAN DEPOSITARY RECEIPTS
BNY Mellon Shareowner Services
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College Station
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USA

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Email: ir@tvb.com.hk
Fax: +852 2358 1337

WEBSITE
http://corporate.tvb.com

CORPORATE CALENDAR

FOR TELEVISION BROADCASTS LIMITED SHAREHOLDERS

BOOK CLOSE PERIOD
28 April 2021 to 26 May 2021, both dates inclusive

ANNUAL GENERAL MEETING
26 May 2021

FOR HOLDERS OF US$500,000,000 AGGREGATE PRINCIPAL AMOUNT OF 3.625 PERCENT GUARANTEED NOTES DUE 2021 ISSUED BY TVB FINANCE LIMITED

INTEREST PAYMENT FOR 2021
First interest payment: 11 April 2021
Second interest payment: 11 October 2021

MATURITY DATE
11 October 2021

MILESTONES

1967

Obtained a Broadcasting Licence in September and commenced free-to-air broadcasting on 19 November as the first wireless commercial television in Hong Kong. Headquartered on Broadcast Drive, Kowloon

1971

Launched the first colour production Enjoy Yourself Tonight (EYT)

1973

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

1988

Television Broadcasts (TVB) became the listed parent company of the Group after a group reorganisation. TVB moved to Clearwater Bay

1993

TVBS

Launched TVBS Channel (TVBS), its first satellite TV service in Taiwan

1994

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

1997

Launched the Company's first website tvb.com carrying information on the station's programmes and artistes

2008

Adopted high definition broadcasting

2011

Young Lion Holdings, acquired a 26% share holding in TVB from Shaw Brothers (Hong Kong)

2012

Sir Run Run Shaw retired as Chairman and was honoured as Chairman Emeritus

2015

TVB exited Taiwan operations by way of two transactions – two respective transactions in January 2015 and March 2016

1976

TVBI

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

1980

Sir Run Run Shaw, G.B.M., one of the founders of the Group, became Chairman of the Board of Directors

1981

Adopted a programming strategy of broadcasting 2.5 hours of drama serials on Jade during weekday prime time to build viewership momentum

1984

HK-TVB was listed on HKSE

2003

Moved headquarters to TVB City in Tseung Kwan O Industrial Estate with a total building area of 110,000 square metres

2004

Granted Guangdong Landing Rights for distribution of Jade and Pearl channels in the Guangdong Province

2007

Began digital terrestrial television broadcasting in Hong Kong from 31 December and expanded the number of channels from two (Jade and Pearl) to the present five channels

2016

Launched OTT service, myTV SUPER, in Hong Kong and enhanced version of TVB Anywhere in overseas markets

Co-invested with China Media Capital, TVB takes up 11.98% effective interest in Hong Kong listed Shaw Brothers Holdings (stock code: 00953) for production

Successfully raised a 5-year US$500 million unrated notes at 3.625%

2017

50 ANNIVERSARY

Launched Big Big Channel, TVB's social media app carrying self-produced short formatted content

Formed a US$100 million partnership with Imagine Entertainment for production of a US drama slate

Celebrated 50th anniversary

2018

big big shop

Inaugurated Big Big Shop, an e-shop platform, adopting a "showing on TV, selling in Big Big Shop" model to market advertiser-sponsored products

2020

Forged a strategic partnership with Youku to collaborate on production and distribution of dramas and variety shows, artiste management, e-commerce and streaming service

Scan to discover Top 5 TVB Drama Theme Songs

Scan to discover Top 3 Dramas

Jade Top 5 Dramas TV Ratings

1 Forensic 36.3 TVRs

2 Airport Strikers 33.2 TVRs

3 Death By Zero 30.1 TVRs

4 The Exorcist's 2nd Meter 29.0 TVRs

5 Al Cappuccino 28.6 TVRs

Top 5 Variety and Infotainment Programmes TV Ratings

1 Miss Hong Kong Pageant 2020 28.7 TVRs

2 TV Awards Presentation 2019 28.4 TVRs

3 TVB 53rd Anniversary Gala 26.1 TVRs

4 bbc Awards Flash Mob 2019 25.7 TVRs

5 Homemade Therapy (II) 25.5 TVRs

myTV SUPER Top 10 VODs Stream View

myTV Gold Powered by myTV SUPER

1 Lo And Behold 48,692,650

2 Qing Yu Nian 15,943,422

3 Forensic 10,734,563

4 Story Of Yanxi Palace 9,903,588

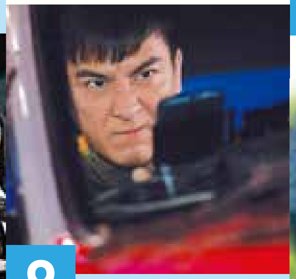
5 Death By Zero 8,513,607

6 Al Cappuccino 7,337,685

7 Airport Strikers 7,301,884

8 Flying Tiger 2 7,230,447

9 The Exorcist's 2nd Meter 7,014,803



10 A Kindred Spirit 6,812,734

2020 RTDNA Edward R. Murrow Awards

"Range and Rampage on Hong Kong Streets as the City Marks Its Handover Anniversary", Regional Winner in Newscast category

2020 New York Festivals TV & Film Awards

"Hong Kong Grinds to a Standstill Amid Citywide Strikes and Protests", Silver World Medal in Best Coverage of Breaking News category

2020 New York Festivals TV & Film Awards

"News Magazine: Tiananmen 30 Years On", Bronze World Medal in Human Rights category

2020 New York Festivals TV & Film Awards

"Big White Duel", Finalist in Mini-Series category

2020 New York Festivals TV & Film Awards

"50+1 Anniversary Image", Finalist in Station/Image Promotion category

2020 New York Festivals TV & Film Awards

"2019 Mid-Autumn Festival Image", Finalist in Station/Image Promotion category

Scan to discover
Award Winning Programmes

The 11th China International Conference of Science & Education Producers – 2020 China Dragon Awards

"Pearl Magazine: In Sickness & In Health", Nominee in Science Knowledge Shows (single episode) category

YouTube Annual Partner Award for Globalization

TVB International Annual Partner Award for Globalization

The 11th China International Conference of Science & Education Producers – 2020 China Dragon Awards

"Vital Lifeline: Sugar Addiction", Bronze Prize in Science Documentaries (less than 30mins) category

Promax Global Excellence Awards 2020

"Little Miss Hong Kong Kit Set 2019", Gold Award in Premium or Specialty Items category

2020 New York Festivals TV & Film Awards

"The Defected" Opening, Finalist in Art Direction: Promotion/Open & IDs category

2020 New York Festivals TV & Film Awards

"Miss Hong Kong Pageant 2019", Finalist in Best Production Design/Art Direction category

2020 New York Festivals TV & Film Awards

"2019 Father's Day Image", Finalist in Corporate Image – Corporate Social Responsibility Not For Profit category

THOMAS HUI TO

"Our vision is to grow TVB into a world-class media organisation with extensive digital and direct-to-customer capabilities, amplifying our long tradition to entertain, inform and enrich audiences."

MESSAGE FROM THE CHAIRMAN

On behalf of the Board of Directors of Television Broadcasts Limited ("Board"), I would like to present the Group's results for the financial year ended 31 December 2020.

Performance

Early 2020, the onset of the coronavirus pandemic took the world by storm. This pandemic hit at a time when the Company was still recovering from a local economy previously dragged by the six-month long social unrest in 2019. As pandemic continued to loom large, both the local economy and other businesses across the globe had to wrestle with the turmoil. The financial shock felt by many corporates was overwhelmingly immediate.

In the media and entertainment sector, content production, for either movie or television, were interrupted or suspended at least during part of 2020. To address to the pandemic, our top concern was the well-being and safety of artistes and working staff, and the continuity of the production, especially the News department which operated on a 24/7 basis. We acted promptly that a series of precautionary measures were introduced into our studios and offices. Despite the severity of the pandemic, we had the sheer luck to escape the outbreak, with only very minor studio downtime and none of those detrimental consequences disturbed us. For the whole year, our production output maintained at around 21,700 hours, down from the total production hours in 2019 by a small margin.

Performance in Hong Kong TV broadcasting segment in 2020 was slowed by a weak advertising market. Advertising revenue was hit hard, with a 54% decline from the previous year. As Hong Kong TV advertising continues to be the top revenue contributor to TVB, management took measures to streamline the studio operations and optimise programming and overhead costs. In the international markets, advertising performance was overall fragile in our partners' platforms. Suffice to say, this had been a difficult year for media operators alike.

For the year ended 31 December 2020, the Group reported a loss attributable to equity holders of the Company of HK$281 million (2019: HK$295 million), and an adjusted EBITDA of HK$74 million (2019: HK$461 million). These results underlied the extremely tough business and market environment around the world during the pandemic especially during the first half of 2020. The business performance, however, saw some improvements during the second half, as advertisers gradually moved back into the market.

Board Strategies

Our vision is to grow TVB into a world-class media organisation, with extensive digital and direct-to-customer capabilities, amplifying our long tradition to entertain, inform and enrich audiences.

To fulfill our strategic vision, the Board endorsed a three-year strategic plan which includes the following key initiatives:

- enhance our content creation capability by focusing on premium contents that are locally relevant;
- invest in the development of our talent resources;
- migrate to a multi-platform distribution model balancing direct-to-customer digital and traditional free-to-air platforms;
- enhance and broaden our presence in mainland China while extending our direct-to-customer footprint in other markets overseas.

Also, the Board supported the expansion of direct-to-consumer model in our home market to further tap into the already sizeable subscription business via myTV SUPER and the fast-growing e-commerce business via Big Big Shop. These emerging opportunities go hand-in-hand with our long-acclaimed brand in the Chinese community and our capacity to connect audience and promote products using Jade's high audience reach in Hong Kong.

Mainland China

Mainland China represents the largest and most significant growth market for TVB. Our dramas on major Chinese online streaming platforms recorded significant hit rates, earning us financial returns as well as strengthening our brand. In 2021, we strike to complement the drama slate with an equally important non-drama genre by introducing variety programmes into the China market. We also have plans to increase the exposure of our artistes in the vast China entertainment market through collaborations with various Chinese social media platforms.

Governance

With April 2020 in retrospect, I assumed the chairmanship in the Board, subsequent to the board re-organisation at the beginning of 2020 which led to the introduction of new INEDs and the adjustments of board member responsibilities. I need to thank my fellow directors for their continuous support and most-valued advice to the Company during a period caught up with headwind. I am generously aided by Mark Lee, the Vice-Chairman of the Board, in addition to his existing executive duty as the Group CEO. By late 2020, Kenneth Hsu joined the Board as Non-executive Director who gracefully brought a wealth of experience in management and engineering, adding a touch of diversity to the Board. Eric Tsang Chi Wai joined our management team in February 2021 and served as Deputy General Manager (Non-Drama, Music Production & Programme) and the Special Advisor to the Executive Committee. Chi Wai is a high-profile veteran in the entertainment field and will assume the leading role in the variety and music productions to enter into the China markets.

Gratitude

Finally, I wish to extend my heartfelt gratitude to our shareholders, business partners and audience worldwide for their continuous support. I also wish to express my gratitude to my fellow Board members, the management team and our committed staff members and artistes for their long-standing support and passion. The short-term outlook is still full of uncertainties but with governments around the world including Hong Kong focused on containing the pandemic and restarting economies, we are hopeful for a more positive 2021.

Thomas Hui To
Chairman

24 March 2021

MARK LEE PO ON JP

"In the coming years, we strive to consolidate existing businesses and tradition, invest in digital capability, and extend our promotional power into the new horizon of e-commerce."

GROUP CEO REPORT

To all of our stakeholders, I wish to present my report for the year ended 31 December 2020.

Financial Highlights

2020 had been a year full of challenges as we worked hard to operate smoothly while the pandemic took hold.

Revenue for the year decreased from HK$3,649 million to HK$2,724 million, a decline of 25%. Included in revenue, income from advertisers under the Hong Kong TV broadcasting segment decreased from HK$1,910 million to HK$881 million, a decline of 54%. Non-advertising revenue from TVB's digital platforms increased from HK$509 million to HK$552 million, an increase of 8% which was driven by steady growth in subscription business and e-commerce sales. With continuous efforts to contain costs, our total costs decreased from HK$3,698 million to HK$3,253 million, a reduction of 12%. For the full year, the Group reported a loss attributable to equity holders of HK$281 million (2019: HK$295 million).

Strategic Business Plan

Management completed a three years' strategic business plan during the year covering all business segments: terrestrial TV broadcasting; programme licensing and distribution; and the new media businesses including OTT platforms, social media and e-commerce. At the aftermath of 2019 social unrest, together with the business disruption caused by the pandemic, management needed the guidance of a well-thought roadmap to stay focused on business execution. I am thankful that the Board had supported and endorsed a three years' roadmap, as well as to see implementation of the business objectives.

Since April 2016, our transformation officially began with the launch of myTV SUPER OTT platform. Our digital strategy directed us all along to operate two OTT platforms concurrently, to develop content for the social media and to open e-commerce platforms. As new businesses launched, we carefully monitored our spending while the revenue grew. I am pleased with the Board's overwhelming support and the hard work contributed by staff members. Today, the digital businesses are making positive contribution to the Group and are the growth driver of our business. In the coming years, we strive to preserve the existing businesses and tradition, invest in digital capability and extend our promotional power into the new horizon of e-commerce.

Content Creation and E-Commerce Opportunities

Against the backdrop of the pandemic, our five terrestrial TV channels provided un-interrupted service to audience on 24/7 basis. At present, the Hong Kong TV broadcasting segment is the biggest revenue generator within the Group. Of the channels within the TVB cosmopolitan, Jade channel remains the most popular. Overall, the prime-time TV ratings of all five channels in 2020 averaged 26.5 TVRs, leading the highest of all other free TV operators in Hong Kong by more than 10 times. Our audience size and proportion have grown over the years since 2007[1] when we moved on from a dual channel analogue TV era to the five TV digital channel bundle of today. Today, our channels enjoy as high as an 86% audience share[2] in young viewer group, and an 88% share among high income group viewership. These KPIs are important but often overlooked by the market.

In 2020, we produced a total of over 21,700 hours of programmes. Amongst 17 titles of the drama productions designated for Jade's prime time, two high profile drama serials *Line Walker: Bull Fight* (使徒行者3) and *Legal Mavericks 2020* (踩過界II/盲俠大律師2020) were co-produced with Tencent Video and iQiyi, respectively and were broadcast during the fourth quarter of 2020. *Armed Reaction 2021* (陀槍師姐2021), co-produced with Tencent was also broadcast in early 2021. To update, we have three projects already contracted under co-production and more new projects are under discussion.

As the market for TV drama in China continued to thrive, our pipeline for co-production has become stronger and richer. Customers' confidence is readily built on our track record of producing popular and most sought-after titles, which helped us become their trusted producer. Apart from serving the China market, these co-production titles are designated for prime time on Jade, as well as international licensing and our OTT platforms. To continue our successful undertaking, we will continue to invest in quality content, whether drama or variety programmes, to maintain our position and influence in the Chinese content sector.

This year, we promoted the "Show and Sell" strategy as a market differentiator for our e-commerce platform. Under all terrestrial TV channels, we operated under strict compliance with the existing regulation to limit the length of advertisements we could carry during broadcasting. We started to commercialise content of some Jade's prime time programmes (for example, *Scoop* (東張西望)) for cross promotion of products of e-commerce platform Big Big Shop. We carefully packaged the production using soft selling to showcase these products, as part of our overall advertising service solution. We also entered into cross platform promotion in a new hour-long advertisement programme on Jade (*Big Big Shopping Nite* (big big shop感謝祭)) which adopted a live selling format starring TVB artistes. Much to our delight, this programme admirably boosted sales in Big Big Shop, further testified to the promotional power of Jade. Convinced by this initial success, we intended to convert the programme into a regular gig to boost sales.

1 when compared with 2007 before the digital TV channels were launched, prime-time (Monday to Sunday 19:00–23:00) TV ratings of TVB channels averaged 25.3 TVRs. Data source: CSM Media Research.

2 Audience share (%) is the percentage of ratings of particular channel(s) over the total ratings of the free TV channels. Data source: CSM Media Research.

myTV SUPER OTT Service

Since its initial launch in 2016, myTV SUPER accumulated a substantial viewer base in Hong Kong and delivered significant streaming hours, climbed the number one OTT platform in Hong Kong. We now have a combined registered base of over 9.1 million, which grew at 12% year-on-year. myTV SUPER is modelled on both a subscription and an advertising model.

In 2020, we leap forward to adopt the direct-to-consumer model to press ahead for growth. We started to promote original programmes available exclusively for the premium myTV Gold plan. Since the fourth quarter of 2020, we started to include a number of key TVB drama productions before Jade's broadcast, along with a collection of acquired titles exclusive to our premium subscribers. This myTV SUPER Original package will become a key focus in our marketing efforts to build subscribers. To-date, we have accumulated a total of over 100,000 subscribers for myTV Gold.

In advertising, we pursue advertising targeting and will continue to refine targeting to improve the outcome for advertisers. Along with entertainment streaming service, we introduced myTV Shops, our online shopping platform, as part of a T-commerce initiative during 2020. This T-commerce service includes a package of advertising spots and marketing service on myTV Shops. We believe this offers us an opportunity to build a competitive advertising service, unique in the market so far.

China and Overseas Distribution

Our operation to grow China business is well underway. Revenue from China increased from HK$549 million to HK$803 million for 2020, representing an increase of 46%. Much of this growth originated from the China co-production business which I mentioned above. In 2021, we will continue to develop new opportunities with China's online players, including content licensing, production of drama series and variety programmes. We will continue to monetise content with Mai Dui Dui app and develop talent and technology resources in China to support future production needs.

Malaysia, Singapore and Vietnam are our key overseas markets for content licensing. While we continue to serve our platform partners with our long-form content, we set to promote our OTT service TVB Anywhere working with local telcos in partnership. In 2021, our overseas distribution will expand into the areas where we partner with handset manufacturers regarding content supply.

Outlook

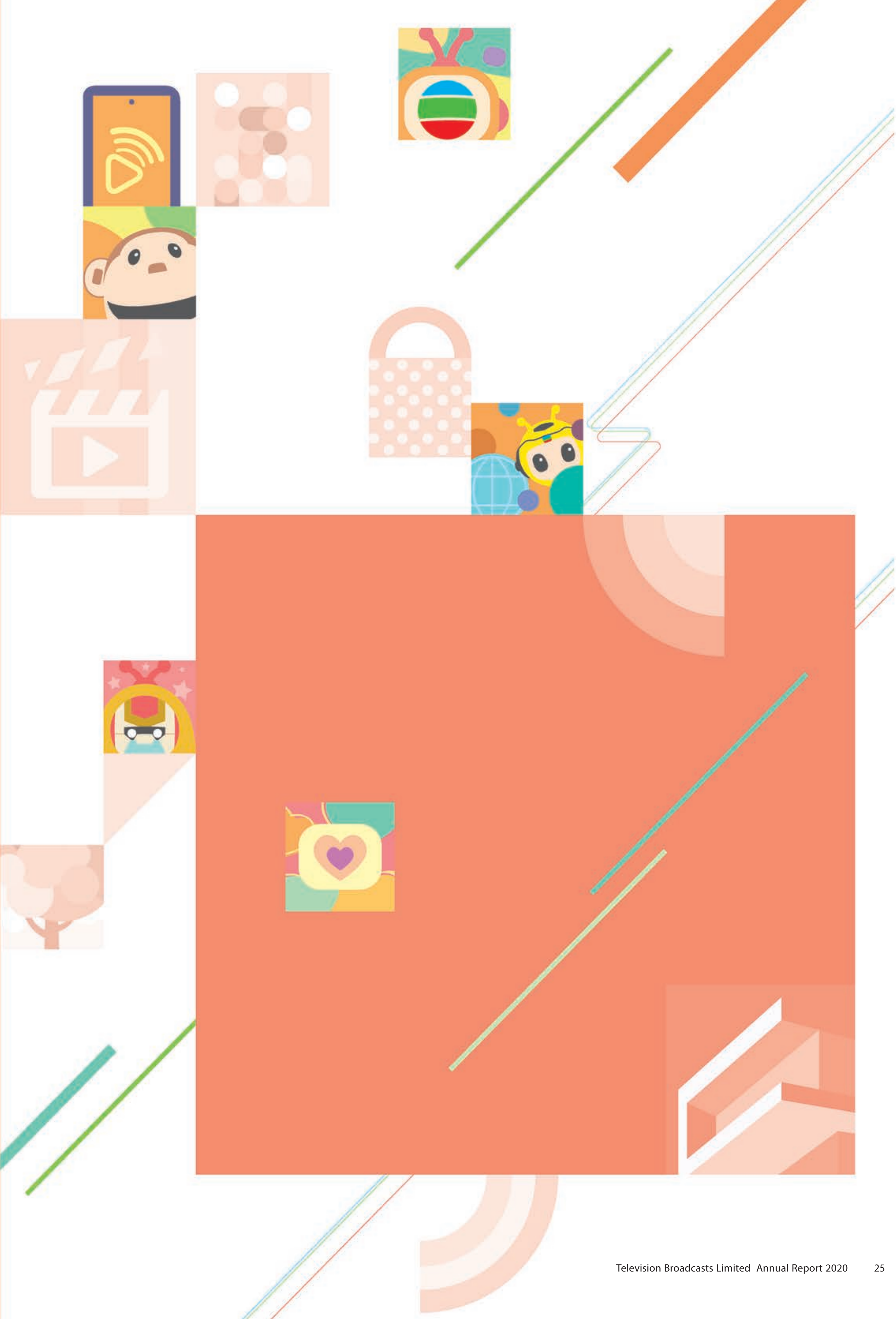
Amid the interruption posed by the pandemic, we are resolute to build a strong company, armed with the necessary resilience to mitigate the impact of global digital trend. We are optimistic in our new initiatives to grow subscription in OTT business, as well as to create growth in e-commerce.

We are convinced of our business strategies and cautiously optimistic of a gradual return to a vibrant advertising market in Hong Kong, once the pandemic subsides.

Mark Lee Po On JP
Group Chief Executive Officer

24 March 2021

Management Discussion and Analysis



HONG KONG TV BROADCASTING

For the year ended 31 December	2020 HK$ million	2019 HK$ million	Year-on-year change
Segment revenue from external customers	1,323	2,190	-40%
Segment loss before non-recurring items	(593)	(304)	95%

Hong Kong TV broadcasting comprises production and broadcasting of television programmes on terrestrial TV platform and co-production of dramas with mainland China's online video platforms. Segment revenue from external customers declined 40% from HK$2,190 million to HK$1,323 million mainly due to sluggish demand for TV commercials during the course of coronavirus pandemic. Income from advertisers under this segment declined 54% from HK$1,910 million to HK$881 million. As previously reported, income from advertisers for the first half of 2020 was HK$351 million. Hence, the income from advertisers for the second half of 2020 was HK$530 million, representing an increase of 51% over the first half.

Co-production of dramas series ramped up after a year-long interruption, with contributed income amounted to HK$321 million (2019: HK$105 million). This is a business we have emphasised to build for benefiting ourselves from the fast-growing Chinese video market (please refer to "mainland China operations" for details).

TV ADVERTISING

2020 has proved to be an extremely difficult year for Hong Kong's economy. The city had to wrestle with recession in 2019 resulting from US-China trade disputes abroad and social activities locally, followed by the first wave of COVID-19 in January 2020. As the social distancing measure rolled out and travel restrictions in place, economic activities slacked further. Annual GDP shrunk 6.1% in 2020, unemployment worsened to 7.2% in the three-month rolling period from December 2020 to February 2021, a record high in over 17 years as cases of infection climbed, consumption sentiment at local level eroded, and economic activities slowed down. Retail sales in aggregate shrunk 24.3% in 2020, the largest annual decline on record, among which, sales of jewellery, watches and clocks, and valuable gifts endured the largest decline at 54%, while medicines and cosmetics slumped 50%.

Comprehensive relief of Hong Kong's economy remains highly uncertain. Still, mainland China's economy has mostly reopened seems to be a positive sign. As cross-border trade and travel gradually normalise with widespread distribution of effective vaccine, the circulation of tradeable goods and services will be an important boost to Hong Kong's economy.

Impacted by the twin turmoil of economic downturn and public health crisis, advertisers were compelled to cut expenses. As inbound travelers became scanty, those sectors such as food and catering, personal care and beauty, travel and tourism, insurance that are heavily dependent on mainland tourists for purchase, faced sharp revenue decline. With the subsequent onset of the fourth wave of the pandemic, business environment in Hong Kong was still challenging such that only a few sectors could manage with advertising activities. They included pharmaceutical and healthcare; hygiene products; local and overseas property development; banking and finance. Yet, their overall spending on advertising was far below pre-pandemic level.

To survive the sluggish advertising market, proactive marketing strategies were applied to secure bookings from moderately affected sectors, such as internet-related services and products, pet care products. We also set to broaden the client base by inviting new categories such as virtual banking and properties beyond Hong Kong. We offered preferable advertising packages and flexible product promotional bundles to take up higher share in the clients' allocated budget on promotion.

TERRESTRIAL TV CHANNELS

As a key player in broadcasting sector, TVB is resolute to measure up to the public's expectation by delivering immediate and latest news, financial news and entertainment. Despite the predominance of COVID-19, we managed to bypass studio downtime with no interruption in programmes broadcast during the year. During this public health crisis, we have increased public awareness and facilitated positive thinking via the broad reach of our terrestrial channels, leveraging TVB's broadcasting capacity. Our capacity to connect millions of viewers every day weighed more than ever as the pandemic persisted. We assumed indispensable role to inform, entertain and provide companionship to viewers throughout the year.

In 2020, our five digital channels, on average, reached[1] out to 5.4 million in-home-viewers in Hong Kong every week and achieved higher ratings amid the home-bound norm. Our channels, in aggregate generated an average prime time rating of 26.5 TVRs[2], which is 13% higher than 23.5 TVRs in 2019. This rating of 26.5 TVRs was also significantly higher than 2.3 TVRs, 1.2 TVRs and 1.0 TVRs posted by other free TV operators, namely ViuTV, Fantastic TV and RTHK, respectively. TVB took the lead in the market with its as high as 86% audience share[3] in young audience group (below age of 35) and 88% share[3] among high income group viewership, as compared to single digits scored by other free TV operators in Hong Kong.

Each of our channels has its target demographic audience. Today, Jade, the flagship channel continues to be a family favourite and runs the most popular channel in Hong Kong. J2, a channel targeting the adolescent audience, offers chic and vibrant genres. TVB News offers 24-hour local, national and international news service and documentaries, is the most watched news channel in Hong Kong. Pearl provides entertainment and information programmes in English, along with Putonghua news service. TVB Finance & Information Channel offers instant and up-to-date local and global market insights on financial, property and topics of general interests. Such circumspective layout has won us wide viewership.

The average prime time in-home TV ratings[2] of our five terrestrial TV channels and their respective audience share[4] against total TV during prime time (Monday to Sunday 19:00-23:00) are as follows:

	TVRs	% of Total TV[4]
Jade	20.4	60
J2	1.9	6
TVB News	2.3	7
Pearl	0.8	2
TVB Finance & Information	1.1	3

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

[2] Rating represents the average size of the audience expressed as a percentage of the total TV population in consideration of viewing intensity. For 2020, total TV population comprises 6,539,000 viewers, and, 1 TVR represents 65,390 viewers (1% of the total TV population). Data source: CSM Media Research.

[3] 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.

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

Jade

Flagship Jade's programming strategy aims to keep the public informed and entertained. During the course of pandemic, we produced in-depth reports on epidemic-control measurements, medical and health advice, vaccine developments. We pass on cheer-up message in our programmes that encourage positive thinking.

20.4 TVRs

Jade prime time
(60% of Total TV Ratings)

2



1

1. Forensic (法證先鋒IV) | 2. Airport Strikers (機場特警)

Drama

Self-produced dramas remain as Jade's prime time blockbuster. As more households become homebound, TV ratings of our prime time drama serials increased notably.

Season four of a popular police procedural series, *Forensic* (法證先鋒IV) debuted in 2020. This drama based on narrative of forensic teams' investigation on few murder cases, closed with a big hit. With an average rating of 36.3 TVRs[5], this season was a record-breaking success, outperforming all three prior seasons in terms of viewership. Another police-themed drama serial *Airport Strikers* (機場特警) also received an impressive average rating of 33.2 TVRs.

The highly anticipated new season of two co-production dramas, *Line Walker: Bull Fight* (使徒行者3) and *Legal Mavericks 2020* (踩過界II/盲俠大律師2020) were released on Jade. Bull Fight was Raymond Lam's (林峯) comeback drama and featured a stellar ensemble cast. Most characters from *Line Walker: The Prelude* (使徒行者2) season two to the Line Walker TV trilogy also returned in this new third season to enrich the story and contribute to the intriguing plots.

Duly anticipated season two of *Legal Mavericks 2020*, the "trio" Vincent Wong (王浩信), Owen Cheung (張振朗), and Sisley Choi (蔡思貝) were back to return justice to the underprivileged. Along the same line as the last season, the sequel was presented in mini-stories packed with court cases staged by the visually impaired barrister and his team. While widespread praises received for the suspenseful storytelling, *Legal Mavericks 2020* also won major prizes including Best Actor, Best Actress, at TVB's *TV Awards Presentation 2020*.

5 Programme ratings (TVRs) performance quoted are consolidated ratings which is an average rating of a programme summing the live viewing from spectrum, on myTV SUPER (STB, App, Web) as well as VOD consumption of that programme within seven days period after being aired on terrestrial TV. Data source: CSM Media Research, Adobe Analytics, YOUBORA & Nielsen OOH Study.

3

4

3. Line Walker: Bull Fight（使徒行者3） | 4. Legal Mavericks 2020（踩過界II/盲俠大律師2020)

1

3

2

1. Death by Zero (殺手) | 2. AI Cappuccino（反黑路人甲） | 3. Hong Kong Love Stories（香港愛情故事）

On top of new seasons of iconic TVB dramas, TVB also produces original series. Crime-action comedy *Death by Zero* (殺手) has always hooked viewers for its captivating storyline. The drama drifted from TVB's conventional formulas of the past towards more sophisticated storytelling, characterisation, and style. *Death by Zero* invited the audience into the world of contract killers who live undercover as average people. With this interesting plot, this drama garnered excellent review and an average rating of 30.1 TVRs.

The light-hearted crime comedy drama *Al Cappuccino* (反黑路人甲) brought viewers some good laughs during the pandemic. The story centered around a struggling actor who was recruited as a police informant to infiltrate the triad. This series drew wide attention from social media and won an impressive average rating of 28.6 TVRs. This comedy earned major prizes, such as Best Drama, Most Popular TV Male Character, Best Actress in Supporting Role, at the *TV Awards Presentation 2020*.

Hong Kong Love Stories (香港愛情故事), a 12-episode compelling series on love stories that weaved through few generations reflects all the bittersweet and blunder in romance. The drama was praised for its pragmatic plot, laying bare the hard reality of insufficient housing in the city. The twist and turn in the romance and chasing lured too many love-addicts. This series earned positive online reviews, and was the talk-of-the-town during its telecast. *Hong Kong Love Stories* won the Best Short-form Drama, Most Popular TV Female Character, and the Best Actor in Supporting Role at the Annual TV Awards Presentation.

Long life sitcom *Lo And Behold* (愛・回家之開心速遞) continues to cast its spell, thanks to its hilarious characters and storyline that clicked with real-life dynamics. Convinced by its popularity, we began to telecast this half-hour sitcom seven days a week in January 2020, gaining a 36% improvement in 8pm viewership on weekends, while the overall rating of this sitcom further improved to 27.2 TVRs, Monday thru Sunday (2019: 26.4 TVRs Monday thru Friday).

4

4. Lo And Behold (愛・回家之開心速遞)

Variety and Infotainment Programmes

Our variety programming team shares the same passion to deliver fun-filled entertainment. In times of adversity, we produced programmes with genre to heal and cultivate courage.

We followed closely the latest development of COVID-19 and provided our viewers with the latest pandemic news, locally and across the globe. We created thoroughly investigated programmes on epidemic-control, medical and health advice including The *Coronavirus Forum* (全民開講齊抗疫) and *Sidewalk Scientist Coronavirus Special* (學是疫學非) during the early phase of the outbreak. Amid travel restrictions, we managed to mobilise our contract artistes and production crew residing overseas to film two series of *Life On the COVID Map* (你還好嗎、再見2020 你還好嗎), an infotainment programme about how people worldwide came to grip with pandemic-prone living.

We also made an impact to connect viewers through TV programmes. During the early phase of the epidemic when prevention supplies were scared, we timely appealed for donation via our daily infotainment programme, *Scoop* (東張西望) that primarily aimed to gather supplies to giving helping hands to the less-privileged and at-risk groups. The aviation industry was one of the work forces that was hit, TVB held the *See Me Fly Again* (衝上雲霄大選) competition to recruit talent from the airline industry, aiming for those that were interested in pursuing an entertainment career.

As people are homebound during the close down period, people cannot but resort to home-cooked meal. We then opened up our social media platform, Big Big Channel to encourage netizens to share their culinary skills and food knowledge with others through our first online cooking series *Chef2020* (疫境廚神).

Given the overwhelming response, we recruited some finalists from the online competition to cook for the celebrity chefs at our TV show *The Locked Down Chefs Go Partying* (疫境廚神秋冬盛宴).

This year, our long-running beauty contest *Miss Hong Kong Pageant 2020* (2020 香港小姐競選決賽) conducted its first-round video interviews of the candidates via Big Big Channel, where netizens were actively engaged in the live question-and-answer session and election of finalists for the pageant live on TV and social media platform. This new gimmick has earned us long followings and raised the TV ratings to 28.7 TVRs, the highest in recent history.

Marketing programme series *Big Big Shopping Nite* (big big shop感謝祭) was purposefully created to showcase selected goods on sale via Big Big Shop engaging our artistes. This cross-platform promotion gimmick is actually part of our marketing strategy "showing on TV, selling in Big Big Shop" and intends to reap benefits from the powerful promotional capacity of Jade. As more families shift to online shopping, we have extended this cross-platform promotion to other variety programmes including *Scoop* (東張西望), *Homegrown Flavours* (香港原味道), *Savoury Taiwan* (台灣原味道), *Big City Shop* (流行都市), *All Things Girl* (姊妹淘).

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1. Life On the COVID Map (II) (再見2020 你還好嗎)
2. See Me Fly Again (衝上雲霄大選)

3. Miss Hong Kong Pageant 2020 (2020 香港小姐競選決賽)
4. The Locked Down Chefs Go Partying (疫境廚神秋冬盛宴) | 5. Homegrown Flavours (香港原味道)

J2

1.9 TVRs

J2 prime time
(6% of Total TV Ratings)

1

J2 continued to gain viewership during the year and earned its name as a young and vibrant channel by offering a wide range of entertainment programmes including travelogues, hottest dramas and reality shows anchored by young rising stars/KOLs.

Station-created chic and experiential travelogue remains a signature genre on J2. While travel restrictions still in place, we commissioned our team stationed in Taiwan to produce a series of lifestyle varieties including *Taiwan Fun 101* (台北101種玩法), *What's Up, Formosa (II)* (旅人視角2), *Taichung Walker* (潮遊台中) and *Attack Of The Backpacker — Kaohsiung* (背包女行・高雄). Besides Taiwan lifestyle programmes, our Japan travel expert hosts also guided an in-depth tour to selected itineraries in Kagawa, Okayama, Kanagawa and Tokyo in *Solo World* (蒲・世界). In *Europe Drive-in* (駕到去歐洲), our Dutch-born host invited audience to an exclusive road trip beginning from Netherlands all the way to small towns in Germany, France, Belgium, Switzerland to discover the beautiful scenery which seldom had many visitors. All these travel documentaries fittingly appeal to the audience's thirst for vacation.

During the year, we altered our broadcast schedule such that popular dramas from Japan, Korea, Taiwan and mainland China could be swapped into late prime timeslot. These acquired titles such as *La Grande Maison Tokyo* (摘星廚神), *Someday or One Day* (想見你) and *My Only One* (我和我的爸爸), *Nothing But Thirty* (三十而已) attracted a steady troupe of drama fans.

We applied similar schedule swapping to mainland China's TV stations and streaming platforms to premiere a Chinese anti-epidemic TV drama *Together* (在一起), which paid tribute to those who had selflessly contributed to fight against the epidemic. This medical drama presented in mini-story format adapted from the real experiences of people in Wuhan amid the coronavirus epidemic, featuring a team of well-known actors, professional screenwriters, directors and producers.

1. Solo World (蒲・世界)

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2. Taiwan Fun 101（台北101種玩法） | 3. Attack Of The Backpacker - Kaohsiung（背包女行・高雄）
4. Own Sweet Home (安樂蝸) | 5. Europe Drive-in（駕到去歐洲） | 6. What's Up, Formosa (II)（旅人視角2）

TVB News Channel

2.3 TVRs

TVB News prime time
(7% of Total TV Ratings)

1

In 2020, nearly 3.9 million in-home viewers watched TVB News channel weekly. The channel has gained immense popularity for airing 24-hour continuous news in Hong Kong. The channel offers up-to-date local, straits and international news to audience via in-home and out-of-home TVs, online portals, TVB News App and myTV SUPER OTT (STB, App, Web). Timely, accurate news, pandemic updates and useful precautionary advice kept audience tuned in. TVB News App plays a key role in engaging with on-the-go viewers at home and abroad. In 2020, over 122 million news videos streamed through this designated app[6].

Early of COVID-19 outbreak, the news team closely followed the emerging pandemic situation worldwide and provided updates to audience. A number of anti-epidemic mini-programmes such as *Anti-coronavirus Strategy* (抗疫攻略), *Anti-COV Story* (抗疫・情), *Fight with CoV* (「疫」境前行), *Safety Home* (居家抗疫) and *Decoding Vaccine, Covid 19* (疫苗解碼) were produced. We also have dedicated programmes such as *The National Security Law* (各有國安法), *The National Security Law II* (國安有法), *National Security Law – Heralding A New Era* (落實國安法 香港新時代) to explore the national security law in different countries and implication arising from the implementation of the National Security Law in Hong Kong.

Regarding global news, US presidential election was the most-talked international event in 2020. Our news team tracked the election results and promptly reported poll updates and electoral maps. We also invited experts to give in-depth analyses on the results and potential impacts in mini-programmes like *US President Biden* (美國總統拜登), *A Guide To US Election* (美國大選小百科).

During the year, TVB News has enriched its news content for Jade channel and extended weekday *News At 630* (六點半新聞) to a one-hour report, which includes a 5-minute *Global View* (世界觀) to give a fair and in-depth discussion on international news and current affairs. TVB News continued to produce new mini programmes, including *As Far As You Reach* (這麼遠，那麼近), *5G The Next-Gen* (5G新世代), *The Memorable 2020* (2020難忘記), *Home Deco II* (屋企大翻新II) and *The Seasons of Life* (春去・秋來・冬又至) etc..

[6] Data source: Adobe Analytics and YOUBORA.

1. TVB News

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2. Decoding Vaccine, Covid 19（疫苗解碼） | 3. Safety Home（居家抗疫）
4. The Memorable 2020（2020難忘記） | 5. As Far As You Reach（這麼遠，那麼近）

0.8 TVRs

Pearl prime time
(2% of Total TV Ratings)

Pearl has earned its name as an upmarket and stylish channel. Due to its continuous endeavour to source for entertaining programmes around the globe, the channel has climbed as the leading English channel in Hong Kong.

Blockbuster movies have always been the prime takeaway of the channel. Spy action film, superhero and fairytale movies topped the rating chart in 2020. *Kingsman The Secret Service* with an average rating of 6.5 TVRs was the top-rated movie of the year. *Spider-Man 3* and *Cinderella* also did great performances. To further quench the interest of movie fans, Pearl rejuvenated the successful branding of Studio930 and scheduled a Hollywood movie at 21:30 on every evening starting in January 2021.

In terms of locally-produced information programmes, Pearl added to its portfolio a brand new programme titled *Money Matters*. Scheduled at the beginning of each week, it provides viewers with the latest insights into financial and property markets. An additional strip of *Putonghua News* and *Financial Report* is also scheduled at 16:30-17:00 on weekdays. Iconic lifestyle programme *Dolce Vita* continued to bring chic ideas to audience.

Successful entertainment and variety shows from the western world, namely *MasterChef*, *America's Funniest Home Videos*, *America's Got Talent* and *Britain's Got Talent* never fail to arrest viewers during the family hours.

Popular US drama serials, such as dark comedy-drama *Why Women Kill*, supernatural drama *The InBetween*, medical drama *The Good Doctor* and crime procedural *FBI*, all attained good ratings in prime time.

1. Dolce Vita

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2. Spider-man 3 | 3. Kingsman The Secret Service
4. Britain's Got Talent | 5. The Good Doctor | 6. The InBetween | 7. Why Women Kill

TVB Finance & Information Channel

1.1 TVRs

TVB Finance & Information prime time
(3% of Total TV Ratings)

TVB Finance & Information Channel takes the lead in the market as the sole free finance news channel, running 24-hours to keep audience abreast of the rapid market dynamic. This year, it recorded an average rating of 1.1 TVRs during prime time, an encouraging increase of 57% from 2019's 0.7 TVRs.

TVB Finance & Information Channel has earned its name as a high quality wealth and knowledge channel due to its intensive capital market updates and expert analyses. It continues to draw in investment-savvy audience and outperformed competitors' ratings during trading hours. Besides stock market updates, the channel offers numerous financial and investment programmes during evening prime time, targeting investors in finance and property markets. The live programme of *Finance at 10* (十點無綫財經) and property-focused *A Property A Day* (日日有樓睇), and *Closer Look At Property* (樓市點睇), are well-received by audience.

The channel also incorporates new programmes covering health, education, lifestyle, innovation and pet caring. In addition to health documentaries *Vital Lifeline* (最強生命線) and *Revel in Retirement* (無耆不有), brand new programme, *Futurescope* (看出個未來) investigates how new technology could determine our lives and future while *News Treasury* (新聞掏寶) digs into good old news specials, live broadcasts and precious clips that never been exposed. *Loving Pets* (萬千寵愛) tells the stories of human-pet bond, how such relationships can stir up positive feeling in pets' owners. *Pass On The Torch (III)* (薪火商傳III) continues to interview successful brand owners their experience in inheriting and managing a family-owned business.

TVB Finance & Information Channel has enriched its sports offerings, bringing audience live international soccer events such as *Bundesliga* (德國甲組足球聯賽), *K League* (南韓職業足球聯賽), *Swedish Allsvenskan* (瑞典超級足球聯賽), *The FA Community Shield* (英格蘭社區盾), *Dutch Eredivisie* (荷蘭甲組足球聯賽) and *The FA Cup* (英格蘭足總盃). Among these matches, *The FA Cup 2019/2020 Final – Arsenal Vs Chelsea* (英格蘭足總盃2019/2020決賽–阿仙奴 對 車路士) scored an impressive average rating of 9.6 TVRs.

1. News Treasury (新聞掏寶) | 2. Closer Look At Property (樓市點睇)

3. Pass On The Torch (III) (薪火商傳III) | 4. A Property A Day (日日有樓睇)
5. Loving Pets (萬千寵愛) | 6. Finance at 10 (十點無綫財經)

For the year ended 31 December	2020 HK$ million	2019 HK$ million	Year-on-year change
Segment revenue from external customers	412	442	-7%
Segment profit	11	40	-71%

This segment covers myTV SUPER OTT business in Hong Kong. Segment revenue from external customers declined 7% from HK$442 million to HK$412 million mainly due to lower advertising revenue caused by a weak demand during the course of coronavirus pandemic while the subscription business delivered a solid growth.

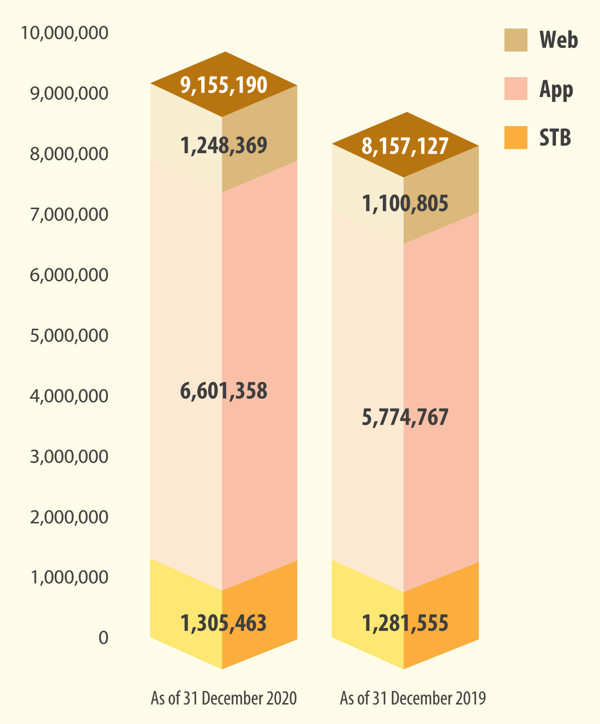
myTV SUPER OTT service entered its 5th anniversary in 2020. Through close cooperation with local Internet Service Providers ("ISPs"), myTV SUPER continues to climb top on OTT platforms in Hong Kong. Leveraging on its large user base, the Company strategically shifted to step up direct-to-consumer businesses as the Board's endorsed three years' business plan rolled out. We believe that this is an opportune window to experiment with direct interaction with our viewers as home entertainment gained momentum amid coronavirus pandemic. In order to differentiate our service offering from other players, myTV SUPER rolled out premium service myTV Gold (with over 55 linear channels and over 90,000 hours of library programmes) in April 2019 and further improved it by adding new original content under myTV SUPER Original in August 2020 to attract new subscribers and boost ARPU (average revenue per user).

During the year, we piled up our original content library across multiple genres. We continued to build a solid base of subscribers, growing from strength-to-strength. As at 31 December 2020, myTV SUPER had a total registered user base of over 9.1 million and is leading the market by wide margin. The secured market position is crucial to increase subscription and develop advertising business. Our aim is to build a sustainable gateway to family entertainment, by offering a treasure trove of TVB original content (classic and new releases) an all-time favourite for local viewers, plus live sports matches, drama series and variety programmes from elsewhere around the globe.

Not only we care to entertain, we also connect with our subscribers. The full year effect of revenue contribution from myTV Gold and increase in subscription fees upon renewal since December 2019 have boosted ARPU and contributed to a 15% year-on-year growth in subscription revenue from HK$262 million to HK$300 million.

We maintained our strategic partnerships with major ISPs, including HKBN and HGC in bundling our OTT service with their broadband services. Consumers enjoy this convenience which helps us penetrate into households and ramp up content consumption. Out of our full portfolio of over 9.1 million subscribers, the number of paid subscription accounted for 1.3 million (equivalent to a 51% penetration rate into households) which represented primarily the set-top-box (STB) users opting for premium service. Subscribers from mobile devices of 6.6 million and from portal of 1.2 million which mainly stream within ad-supported free zone. During the year, myTV SUPER has strengthened

Registered users of myTV SUPER



its content offering and developed pricing strategy to attract the large pool of free zone users to the premium service. Users can now subscribe myTV Gold premium service via mobile devices and portal at a rate of HK$98 per month without annual commitments and via STB at HK$148 per month.

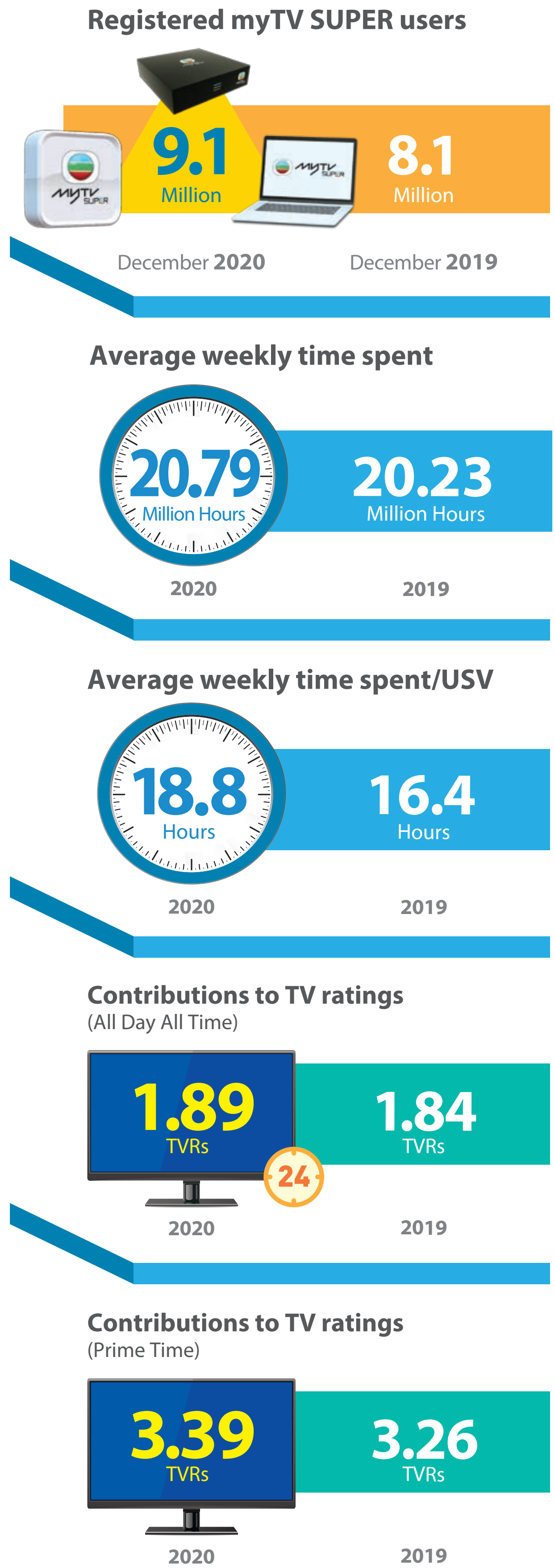
The newly-introduced myTV SUPER Original offers self-produced programmes ranging from dramas to lifestyle and renders priority access to new original TVB dramas to myTV Gold users. These efforts had boosted the growth in myTV Gold subscriber to over 100,000 as of mid-March 2021. With more appealing premium content and flexible service plans (via ISPs and retail channels) in store, we expect our subscription business to grow accordingly.

During the year, premium content has further contributed to the rise in content consumption. The average weekly time spent in 2020 was 20.79 million hours, equivalent to an average weekly consumption of 18.8 hours per unique stream viewer. All-day-all-time average rating was 1.89 TVRs, while the viewing of programmes during the prime time on myTV SUPER translated to a rating of 3.39 TVRs.

According to the 2020 Video Consumption Landscape Survey conducted by Nielsen, myTV SUPER reached 58% of the TV population and the digital audience participating in this survey spent an average 118 minutes on myTV SUPER platform, surpassing the average consumption of 69 minutes and 44 minutes on YouTube and Facebook videos, respectively. Amid the pandemic, stay-at-home routine has been driving the spike in time spent, and big screen players are gaining market share from social media on video consumption. Share of attention of myTV SUPER increased to 15% in 2020 (2019: 13%). This has put us in a favourable position to compete for advertising business.

The advertising business was adversely interrupted as the pandemic continued to spread; clients either cancelled or deferred ad bookings whenever new wave of infection recurred. Our advertising revenue dropped 40% from HK$176 million in 2019 to HK$105 million in 2020.

Relief from the restrictive broadcasting regulations, myTV SUPER is blessed with leeway to help advertisers market their products, and thus manages to lift conversion rate via interactive ad procedures. We continued to enhance the efficiency of our advertising



solutions. For instance, we strengthen our digital and data-driven proficiencies through targeting technology and focusing on big data analytics. More importantly, myTV SUPER combines e-commerce analytics data with our audience viewing behaviour data, turning granular data into valuable data to help advertisers to improve the audience targeting under myTV SUPER's Data Management Platform (DMP).

Our in-video product placements help advertisers convey a resonant brand story and increase the conversion rates. The in-stream video completion rate of myTV SUPER ads is 85%, which beats the international standard.

myTV SUPER is poised to become an ideal platform to bring viewers to interact with advertisers for an eventual OTT-commerce platform. In late 2019, we introduced clickable TV ads solution (named OK Buy) on myTV SUPER to direct viewers to the advertisers' e-commerce platforms through their "second" screens. In the next phase, we plan to upgrade our clickable TV ads features to allow viewers to purchase products instantly on our STBs starting from the second half of 2021. To create a seamless shopping experience, we are negotiating with payment service companies to accept instant payments via stored-valued cards.

A new all-in-one OTT-commerce solution (named myTV Shops) is now available in myTV SUPER. myTV Shops provide advertisers an efficient sales process management solution by combining marketing funnel and sales funnel in one go. We help advertisers to capture as many leads as possible at the early stage of the marketing tunnel through creative and powerful content marketing featuring our artistes, attract target consumers, increase brand awareness and build trust.

1

2

1. Coffee, You and Me（緣來自咖啡） | 2. More than Mall（雙祥見）

Scan to discover myTV SUPER

In the next phase, we turn the marketing funnel to a sales funnel by nurturing the consumers with valuable information that helps them make an informed purchase decision and ultimately convert to a sale through OK Buy.

To best leverage TVB's cross platform promotion power, myTV SUPER recently launched a special cross-platform commercial inserts package where advertisers can promote their products on our terrestrial TV, OTT and social media platform packaged as a bundle solution. Riding on the success of TVB's drama series, tailor-made commercials and drama scenes are merged with the portray of "Drama Characters" by the actors/ actresses in the show. These creative inserts are meant to boost promotion effect as advertisers' merchandises become more identifiable as well as charming. Town Gas, Wechat Pay and Alipay are the first to try this new creative format for their new product launch campaign. To-date, we have received encouraging responses from other advertisers as well.

3. Testing Menu | 4. Second Home（搬家） | 5. A Perfect Planet

BIG BIG CHANNEL AND E-COMMERCE

For the year ended 31 December	2020 HK$ million	2019 HK$ million	Year-on-year change
Segment revenue from external customers	107	129	-16%
Segment profit	53	44	20%

Big Big Channel and e-Commerce segment comprises e-commerce (Big Big Shop), social media advertising (Big Big Channel), music entertainment (Voice Entertainment) and events management (TVB Event Power). This segment, crossing over with other TVB channels, helps commercialise TVB's capacity to create wide-range content, as well as its marketing power, via online and offline channels.

During the year, we ramped up effort to promote online shopping at our Big Big Shop. A variety of new short videos were created for airing in social media platforms to raise advertising income. Big Big Shop's Gross Merchandise Value soared by 350% from HK$32 million to HK$142 million. The overall segment recorded a 16% decrease in external revenue from HK$129 million to HK$107 million due to sharp revenue decline from events management business amid pandemic.

BIG BIG SHOP

Big Big Shop ("BBS") is an offshoot from our e-commerce. BBS, marked with fascinating brand stories and good values has grown into a popular online shopping platform, where high-quality, premium products are shelved. Since its inception in mid-2018, BBS has applied "showing on TV, selling in Big Big Shop", a pragmatic marketing strategy, to gain from impulsive buying following the initial promotion on TVB channels. This convenient e-commerce ecosystem has powerfully connected millions of local and overseas viewers, as well as to provide one-stop marketing solutions for manufacturers and shop owners with the need to promote and sell their products. BBS collects commission for advertiser-sponsored products sold via the platform, and also operates direct merchandising for selected TVB programme/artiste related premium products. This online shop exploits TVB's distinguished capacity to create contents, plus its various terrestrial channels and artiste/KOL resources, smoothly converting viewers into buyers. With the art of soft selling and brand building tactfully applied, we help advertisers increase brand resonance and sales conversions with the aid of persuasive lifestyle storytelling. We blended product features naturally into prime time programmes such as *Scoop* (東張西望), *Homegrown Flavours* (香港原味道), *Good Cheap Eats* (食平D) and *Big Big Shopping Nite* (big big shop 感謝祭). The feel-good vibes have invariably created good sales responses. We continue to draw in new viewers by

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1. Big Big Shopping Nite (big big shop 感謝祭)

engaging artistes/KOLs endorsements and TV reviews, while we also apply big data analysis to enable target marketing on BBS. Such endeavours meant to increase conversion rates and recurring orders by personalising product recommendation for target customers based primarily on their browsing behaviour and purchase history.

The digital convenience attached to online shopping has convinced consumers to shift their purchases online as shoppers have been avoiding visits to physical shops amid the pandemic. We can attract manufacturers and brand owners who wish to tap into Big Big Shop's powerful marketing prowess to sell their products on our platform. During the year, we worked with the official organiser of *Hong Kong Animation-Comic-Game Festival* (香港動漫電玩節) to sell products on TV and BBS as the annual exhibition was held back. The event *Big Big Animation Festival* (big big 動漫節) featured with shows, cosplay has attracted big anime fans and video gamers to our online shop. Our regular show, *Big Big Shopping Nite* (big big shop 感謝祭) series not only introduced many good value products but also helped broaden our shopper base. During 2020, our average monthly active users[7] increased over five times to nearly one million while the average order value reached HK$589.

Looking ahead, we will expand our presence into the Greater Bay Area (GBA) and the Southeast Asia markets (Malaysia and Singapore), where plenty of TVB viewers are located.

[7] Number of average monthly active users is extracted from Google Analytics.

SOCIAL MEDIA

Big Big Channel ("BBC") has gained popularity, both as a platform for short form videos and hub for digital marketing. BBC is using the expanding follower base and growing stream views worldwide for monetisation. With short video continuing to grow in popularity and importance, we have increased our production in online centric content, which included memorable scenes from popular dramas and variety shows, entertainment news and music videos. Our sustained efforts contributed to an 80% increase in average weekly stream views from 15.3 million in 2019 to 27.6 million in 2020. We now engage with 12.8 million followers globally via our own BBC app and TVB's social media accounts on Facebook, YouTube, Instagram, Twitter, Sina Weibo, Youku and TouTiao.

During the year, BBC continued to strengthen its synergy with TVB channels and exercise TVB's online and offline power, by creating more spin-off content for social media platforms. Those videos, with episodes extracted from *Chef2020* (疫境廚神), *Tung Wah Charity Gala* (歡樂滿東華), *Miss Hong Kong Pageant 2020* (2020

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2. Little Miss Hong Kong 2020 Boxset（《2020香港小姐》美夢成真套裝） | 3-4. Big Big Animation Festival（big big 動漫節）

All online platforms carrying Big Big Channel's content

Total number of followers*

2020	2019
12.8 Million	11.3 Million

Average weekly stream view

2020	2019
27.6 Million	15.3 Million

* Exclude Tencent weibo, which ceased operation in 2020.

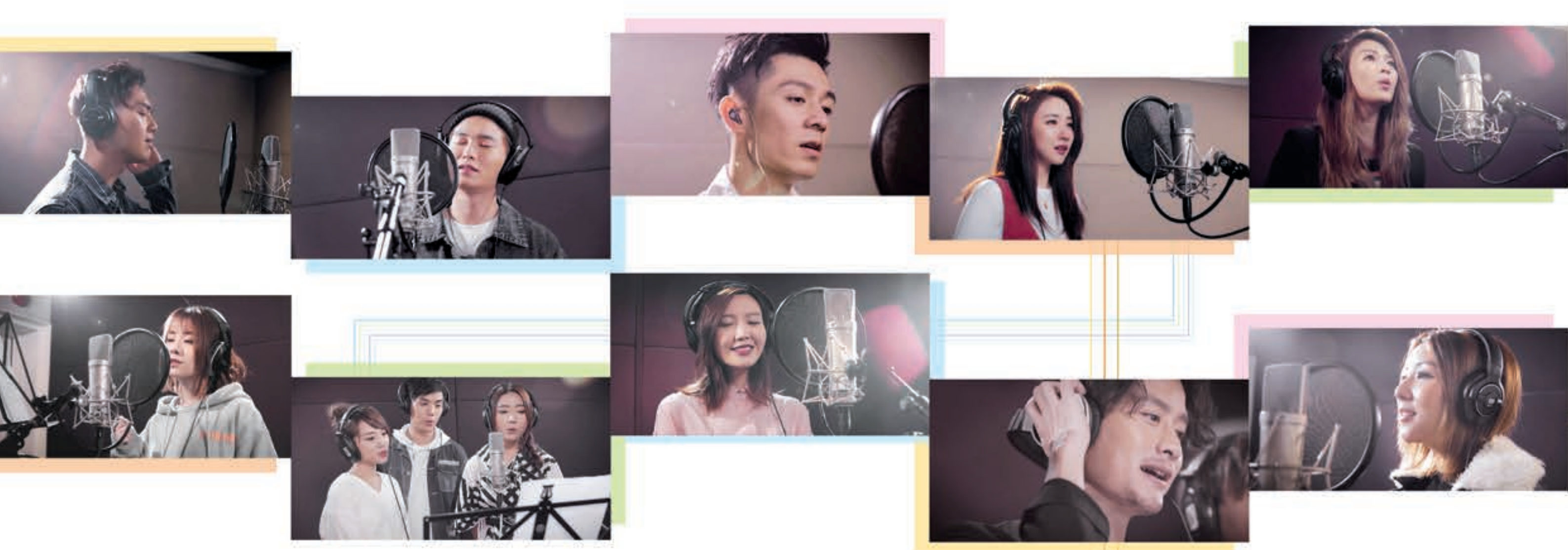
香港小姐競選), *contestants online interview and audition contest for airline staff from See Me Fly Again* (衝上雲霄大選), were created to solicit interaction with netizens and broaden audience base among young audience in the regions.

Meanwhile, we set off to secure license for short videos to ISP and mobile device manufacturer in 2020. We entered the first licensing agreement with China Mobile to license a library of BBC short videos for its network customers in Hong Kong, deemed as a value-added service. Our short videos are also supplied to Huawei Video app, a pre-loaded application on all Huawei mobile devices. The collaborative ventures initially ran across 26 markets and will definitely be further extended in 2021.

In 2021, we will make use of the bonding we developed with the viewers and engaged TVB artistes/KOLs to create captivating content. Popular episodes from iconic dramas will be extracted, applying the recent AI super-resolution technology to introduce viewers a fresh perspective.

MUSIC ENTERTAINMENT

The Voice Entertainment Group Limited ("VEG") is the music and entertainment label of TVB. The record label produces, publishes and licenses musical works, distributes sound recordings, plus hosting live concerts and artistes' management. During the year, our music streaming income from hit singles recorded marked increment as stream views increased 14% compared with last year. However, VEG's overall performance was affected as live concerts were held back.



In terms of YouTube streaming performance, VEG became the number one record company again. In late 2020, a spectacular drama series *Hong Kong Love Stories* (香港愛情故事) grabbed three hit singles for VEG: Vivian Koo's *Crying* (哭牆), Shiga Lin's *The things we do for love* (愛情事) and Brian Tse/Joey Thye's *Against the current* (逆流直上) won us top 3 listings on iTunes pop chart.

EVENTS MANAGEMENT

TVB Event Power offers a one-stop solution in event planning, management and production, exercising TVB's resources in talent, stage management, online and offline promotion. We were blessed with a promising start last year with many projects lining up. Yet, owing to the outbreak of COVID-19 early of 2020, event business was hit and this takes time to heal.

We expanded the use of SEO (search engine optimisation) and SEM (search engine marketing), a comprehensive solution in our digital marketing services. We also developed our content marketing by using TVB programmes, artistes and our well-established user base in BBC and various social media platforms.

The pandemic has forced physical events to come to an abrupt halt, though some marketers had managed to act promptly, converting live events into virtual streaming. The brand new service, TVB Virtual Event Power was introduced that helped marketers host event online, leveraging TVB channels and social media exposures.

The pandemic has obviously sped up the migration into digital. Today, virtual events have become popular. We believe that advertisers will continue to increase their online presence in the aftermath of pandemic. We expect hybridisation will become a new normal as hybrid events can introduce technologies into the traditional events and create new types of experience, new ways to handle events management and can reach for wider audienceship across the globe.

As for the GBA, we aim to host events for Hong Kong companies with the GBA as their target market, and also partner with local enterprises in GBA to capture the massive business potential yet to be exploited.

MAINLAND CHINA OPERATIONS

Our mainland China businesses mainly comprise co-production of programmes and licensing of contents to digital new media platforms. In 2020, total revenue from mainland China operations increased by HK$254 million or 46% from HK$549 million to HK$803 million mainly due to higher co-production income from HK$105 million in 2019 to HK$321 million in 2020 while new media licensing income also increased from HK$352 million to HK$427 million.

DRAMA CO-PRODUCTION

Over the years, we have built a robust production pipeline in co-production by working with mainland's online video platforms. Co-production is a more immersive format of penetrating the mainland market adopted since 2017, where the online platform joined in for storyline, casting etc. Associated rights are allocated between the respective online partners (taking PRC rights) and TVB (taking all the non-PRC rights). This collaboration model with Chinese partners creates good value to TVB in terms of either operational or long-term value perspective.

During the year, we recorded a total of HK$321 million of co-production income. The COVID-19 outbreak in early 2020 brought upon unprecedented challenges to the programme production team. With an abundance of pandemic precautions, we carefully continued production and made commendable progress across all projects, including *Line Walker: Bull Fight* (使徒行者3) (Tencent), *Legal Mavericks 2020* (踩過界II/盲俠大律師2020) (iQiyi), *Armed Reaction 2021* (陀槍師姐2021) (Tencent), *Murder Diary* (刑偵日記) (Youku), *Barrack O'Karma 2* (金宵大廈2) (Youku) and *Big White Duel 2* (白色強人II) (Youku).

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1. Armed Reaction 2021（陀槍師姐2021）

Line Walker: Bull Fight, Legal Mavericks 2020 and *Armed Reaction 2021* were completed and released on the respective mainland online platforms. The production of other three titles, namely *Murder Diary, Barrack O'Karma 2* and *Big White Duel 2* are designated for completion and delivery in 2021.

Since 2017, we experienced success with a track of eight TVB produced titles, each testified to be a unique caliber. This business model has enabled us to build online viewership and strengthen our brand name as a content provider. With more titles gathering stream views and online applauses, the value of our productions has increased over the years, enabling us to work with more online platforms on bigger budgets original series.

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2. Line Walker: Bull Fight（使徒行者3） | 3. Legal Mavericks 2020（踩過界II/盲俠大律師2020）

Going forward, adding to TVB's successful IP portfolio, we will debut more new original series in addition to developing new seasons of hit dramas for 2021 and beyond. We will continue to fill the production pipeline with active development slate aimed at leading online platforms in mainland China.

During the year, we announced a strategic framework cooperation agreement with Youku. Collaboratively, we aim to strengthen cooperation on production and distribution of dramas and variety shows, artiste management, e-commerce and streaming service which will increase exposure of TVB's content on Youku's platform. The latest partnership with Youku is set to further boost IP development, content distribution and co-production opportunities. Our first three original titles for Youku, namely *Murder Diary, Barrack O'Karma 2* and *Big White Duel 2* are in various stages of production, and are targeted to launch into the market in 2021 and beyond.

NEW MEDIA LICENSING

We license content to various online platforms such as Youku, BesTV, Migu. New media licensing revenue increased 21% from HK$352 million in 2019 to HK$427 million in 2020. With a growing demand from the viewers, online video platforms continued to aggregate platform-exclusive content under licensing arrangements. Similar to the previous years, Youku and TVB entered into arrangements to release a selection of new TVB drama titles simultaneously in mainland China and Hong Kong. These simulcast arrangements generate higher licensing revenue for us. New drama titles such as *Life After Death* (那些我愛過的人), *The Forgotten Day* (失憶24小時) were licensed and delivered to Youku under this arrangement in 2020.

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1. Life After Death (那些我愛過的人)

We will expand our content volume directed at the China market, by means of licensing and co-production. We trust that the way content are digested in the mainland is evolving. Based on an on-going basis, we will make the best use of TVB's IP, artiste resources to reap further benefit in the China market.

We started introducing new models, including monetising through short videos, along with artistes/KOL live streaming e-commerce. In addition to the three online platforms (Tencent, iQiyi, Youku), we expect to work with live-streaming and video-sharing platforms. Apart from the content provider model, we intend to assume an active role in online platforms, with direct access to customers.

Mai Dui Dui, a social media app launched by our China's associate since 2018, engaged seamlessly with audience and fans in the mainland, aided by wide range of TVB short-form content including live events and artiste chats. This service helped seal the bond with fans and boost the popularity of TVB programmes and artistes.

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2. The Forgotten Day（失憶24小時）

TVBI

INTERNATIONAL OPERATIONS

Our international operations comprise programme licensing and distribution, TVB Anywhere OTT service and overseas pay TV operations. During the year, we continued to expand our business mode from the traditional direct-to-home (DTH) model to the OTT model for a wider global coverage.

PROGRAMME LICENSING AND DISTRIBUTION

For the year ended 31 December	2020 HK$ million	2019 HK$ million	Year-on-year change
Segment revenue from external customers	718	740	-3%
Segment profit	346	412	-16%

Programme licensing and distribution business comprises mainly the distribution of TVB's programme outside Hong Kong through telecast and new media licensing. During the year, revenue from external customers decreased by 3% from HK$740 million to HK$718 million. Licensing income from mainland China delivered solid growth, but segment's overall performance was adversely impacted by lower revenue from Malaysia.

The traditional markets for programme licensing and distribution include Singapore, Malaysia and Vietnam. Within the geographical boundary of each of these countries, we supply our content under a programme supply contract to one or multiple platforms.

In 2020, the pandemic interrupted many of the carefully planned projects with our platform partners. To overcome the disruptions, we swiftly changed the modes of production and delivery for many of the projects from physical marketing events to virtual streaming, and by having the sponsored production projects filmed at the Hong Kong studios instead of overseas. These actions helped protect some of our revenue in Malaysia and Canada.

Scan to discover
TVB Anywhere

In Malaysia, a new set of programme supply agreement was concluded with MEASAT Broadcast Network Systems, pursuant to which, we exercise greater flexibility in advertising sales and channel operations in this market. Our focus is to differentiate our programme offerings from other key players in the market. We intended our programme to appeal to target audience as we started to enhance local programmes and step up artiste promotions. We aim to attract existing and new advertisers to invest in title sponsorship and product placements as our celebrity-anchored programmes had been effective in story-telling and brand-building. Due to travel bans, the new season of a popular CNY programme *Maria's Auspicious Menu V* (肥媽新年新煮意5) had to be filmed in Hong Kong instead of Malaysia. We joined forces with local artistes and production houses to create local content. One example in the pipeline is the Malaysian version of *Scoop*, a Jade's well-liked infotainment programme.

In Singapore, a programme supply agreement with StarHub Cable Vision was renewed. Alongside the programme supply agreement with Singtel, our programmes enjoy a high penetration in the pay TV market in Singapore. We are increasing our popularity in the mass market by supplying our content to Mediacorp, the national public broadcaster.

Licensing business in Vietnam was only moderately affected by the pandemic since the main source of revenue was generated from Saigontourist Cable Television under a fixed-fee arrangement. Advertising income contracted though because advertisers shifted some advertisements from traditional media to new media platforms.

In Canada, we entered into the second year of our three-year programme supply contract with Fairchild Television, where for 2020, we cooperated with them on hosting online promotional activities.

OVERSEAS PAY TV AND TVB ANYWHERE

For the year ended 31 December	2020 HK$ million	2019 HK$ million	Year-on-year change
Segment revenue from external customers	159	144	11%
Segment profit/(loss)	8	(10)	Turnaround

This segment revenue comprises income from TVB Anywhere OTT business, pay TV platforms in the USA and new media platforms globally. Segment revenue from external customers increased by 11% from HK$144 million to HK$159 million with segment result significantly improved from a loss of HK$10 million to a profit of HK$8 million.

OVERSEAS PAY TV

The renewed agreement concluded with DISH Network provides us the flexibility to further develop our OTT business in the US market. Both our VOD and live streaming channels are available across all our OTT platforms – mobile devices, website, and most of the top branded connected TV devices including Apple TV, Roku and Amazon's Fire TV.

TVB ANYWHERE

TVB Anywhere is TVB's OTT platform for markets outside Hong Kong (except mainland China). This service is accessible through our branded STB, TV app and mobile app, carrying over 30,000 hours of content. Today, subscribers to TVB Anywhere, together with subscribers/users from third-party online platforms carrying TVB content, have an aggregate user base of 18.2 million, an increase of 33% from 13.7 million in 2019.

TVB Anywhere Set Top Box (STB) and TVBAnywhere+ Application

The distribution of TVB Anywhere STB, heavily depended on retail distribution was interrupted due to the pandemic. New version of STB working with Android TV OS was launched in December 2020. The new STB saw its first global release via an online shop, Shopee, in Singapore with an encouraging reception. More online shopping platforms will be linked up to distribute the new STB to accommodate the emerging purchasing pattern.

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1. Maria's Auspicious Menu | 2. TVB'day

The TVBAnywhere+ app is available online for all overseas markets. Up to six audio or subtitled versions (Audio tracks: Cantonese, Mandarin, Vietnamese and Thai; and Subtitles: Chinese, English and Bahasa Indonesia), multiple screens access (mobile devices and selected models of smart TV), together with global access and single sign on are available.

To grow the app's users, we have begun to work with device manufacturers. TVBAnywhere+ app was launched on Samsung smart TVs in Singapore where customers can subscribe to TVBAnywhere+ service. We target to offer similar access to other smart TV brands in the first half of 2021.

Distribution through Third Party Online Service

TVB Anywhere is collaborating with global mobile device makers on a bundled SVOD service package. In April 2020, a TVB Anywhere SVOD service landed in Huawei mobile devices as a pre-loaded application and is available in 26 markets. TVB Anywhere plans to introduce this VOD service to more mobile device brands.

Distribution through Social Media Platform

TVB Anywhere operates multiple branded YouTube channels across the globe, providing TVB archive contents for YouTube users for advertising income. In 2020, we were granted the honour of "Annual Partner Award for Globalisation" from YouTube, which testified to our work to market contents worldwide over the past year. Besides Cantonese, Mandarin, Vietnamese, Thai and Cambodian audio versions, we have included Bahasa Indonesia and Arabic subtitled versions into our YouTube offerings.

COMBATING PIRACY

Piracy is considered as biggest challenge in digital streaming. We continued to tackle piracy in a proactive manner by enlisting a special task force comprising of in-house digital forensic specialists, engineers and lawyers to conduct anti-piracy actions, including site blocking, delisting piracy links, etc.

In 2020, we successfully blocked 164 piracy websites and domain names of piracy set-top boxes. Amongst these 164 blocking orders, 95 were in Malaysia, 50 in Singapore and 19 in Australia. These blockings have contributed to piracy traffic dropping to almost 74% to the top-ranked 164 piracy websites and set-top boxes.

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3. TVB Malaysia Fans Gathering Gala

Given that pirated TVB contents can easily be found on search engines and social networks, we took measure to address to the problem, aided by the popular search engines (e.g. Google) and online social networks (e.g. YouTube). In 2020, we have delisted 3.3 million piracy links from search engines and have taken down 250,000 video links from social networks.

We have followed closely the latest trends of online piracy and are developing in-house systems to identify online infringers and to preserve digital evidence for subsequent law enforcement actions. In 2020, we referred two cases to Hong Kong Customs for investigations.

Owing to our holistic approach in tackling of online piracy, the traffic to the authentic TVB websites and online video platforms increased by about 10%.

STRATEGIC INVESTMENTS

Imagine Tiger Television

Imagine Tiger Television ("ITT") is a joint venture entity in which TVB and Imagine Entertainment in the US, each has a 50% interest and operates from Los Angeles, USA. This joint venture set to finance the production of a slate of TV drama serials for the US and the international markets. As at 31 December 2020, the investment in ITT carried forward amounted to US$108 million and comprised US$75 million in a 12% promissory note, together with interest accrual.

Since March 2020, ITT was affected by the spread of COVID-19 pandemic, where television content production initially interrupted, followed by suspension in the first quarter of 2020. Though production resumed in the fourth quarter, difficulties abounded due to safety concerns, precautions and the requirements to comply with government's measures and union's mandated protocols. Various preventive measures included quarantine after outbound travel, social distancing, COVID-19 screening and testing, personal protective equipment for all cast and crew, mandatory cleaning procedures, and reconfiguration of on-set workspaces and practices.

We expect COVID-19 precautionary measures could remain in place well into 2021. Only when ITT, together with its production partners, under the central directives from governments and unions, have decided that a safe and healthy working environment eventually established can the measures be relieved and production resumed for cast and crew.

Despite harsh reality posed by the pandemic, ITT conquered it all and had work resumed, Production on pilot *Langdon* for NBC completed, which is a drama series based on Dan Brown's best-selling thriller novel *The Lost Symbol*, working collaboratively with CBS Television Studios and Universal Television, with Ashley Zuckerman (HBO's *Succession* and FX on Hulu's *A Teacher*) starred to play the young Robert Langdon.

ITT entered production phase for the second season of the dark comedy anthology series *Why Women Kill* for CBS All Access, created by Marc Cherry, and is set to air in 2021.

August Snow, a drama series starred and executive-produced by Keegan-Michael Key, is the most recent ITT project underway, with script contributed by ABC. We will continue to load the production pipeline with active development slate, aided with premium cable, broadcast network that enables us to gain streaming platform buyers.

Shaw Brothers Holdings

Shaw Brothers Holdings (stock code: 00953) invests in movie, drama and artiste management businesses, co-owned 29.94% by China Media Capital ("CMC") and TVB, among which, TVB owns an effective interest of 11.98%. As COVID-19 hit in 2020, Shaw Brothers Holdings strived to produce increasing number of quality movie and TV content, which have earned popularity among mainland China audience. The co-produced movie, *Line Walker 2: Invisible Spy* (使徒行者之諜影行動) and the co-produced drama, *Flying Tiger 2* (飛虎之雷霆極戰) were released in 2019 honoured with the "Golden Angel Award Films" at the 16th Chinese American Film Festival and the "Best Web Series" in the 16th Chinese American Television Festival in 2020, respectively.

The movie *Leap* (奪冠), investment by Shaw Brothers Holdings, told the uplifting and glorifying story of Chinese women's national volleyball team spanning over 40 years, was released during the National Day holiday in 2020 with box office receipts of more than RMB800 million in mainland China.

A six-episode online TV drama *Impossible Three* (非凡三俠), an action-comedy series co-produced by Shaw Brothers Holdings, was released on Youku platforms in the second half of 2020. This online TV drama starred by Bosco Wong (黃宗澤), Julian Cheung (張智霖) and Chrissie Chau (周秀娜) has earned immense popularity among audiences for its creativity and stirring thrill.

Following the success of *Flying Tiger* drama series, Shaw Brothers Holdings commenced the shooting of the third *Flying Tiger* sequel with the title *Flying Tiger 3* (飛虎之壯志英雄), to be released on Youku platform late 2021. Shaw Brothers Holdings is exploring development potential in movies, drama and non-drama productions and artiste management sectors with a view to create synergies to their existing businesses.

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1. Impossible Three (非凡三俠)

TVB ARTISTES


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FINANCIAL REVIEW

OPERATING RESULTS

Revenue of the Group decreased from HK$3,649 million to HK$2,724 million, a decrease of 25%. The top line decrease was mainly due to a low demand for advertising services as a result of COVID-19 pandemic throughout the whole year which weakened the broader economy and hurt our advertising business, resulting in a sharp decline in advertising revenue from Hong Kong TV Broadcasting from HK$1,910 million to HK$881 million, a decline of HK$1,029 million or 54%. This decline in revenue was compensated by increase in co-production revenue by more than 2 times from HK$105 million to HK$321 million from six co-production projects at various production stages against only one co-production project in 2019.

Cost of sales decreased from HK$2,167 million to HK$1,877 million, a decrease of 13%. Included in cost of sales were the costs of programmes and film rights which amounted to HK$1,371 million (2019: HK$1,747 million), a decrease of 22%. The decrease in costs of sales was mainly due to savings from a series of cost control measures, with the view to optimise the overall costs of programmes.

Selling, distribution and transmission costs decreased from HK$646 million to HK$591 million, a decrease of 8%. This decrease was mainly related to lower sales commission and other reductions in sales-related costs after exercising cost control measures.

General and administrative expenses decreased from HK$885 million to HK$785 million, a decrease of 11%. The decrease was attributable to lower salaries and wages under the Hong Kong TV broadcasting segment after rationalisation in manpower relating to production supportive services made in December 2019 and certain reductions in overheads.

Overall, total costs (comprising cost of sales, selling, distribution and transmission costs and general and administrative expenses) decreased from HK$3,698 million to HK$3,253 million, a decrease of 12%.

Under the Hong Kong Government's Employment Support Scheme to assist employers impacted by the COVID-19 pandemic, the Group received a sum of wage subsidies totalling HK$202 million for the months from June to November 2020, which was booked under other revenues. As a result, other revenues totalled HK$223 million for the year (2019: HK$14 million). The Group did not implement any involuntary no-pay leave or pay cut measures amid a declining business trend during the year.

A review of the investment portfolio was performed to cover the credit quality of the bond securities and to re-balance the size of the portfolio since a large part of the portfolio now comprised TVB Notes. Over 50% of bond securities with a total carrying amount of HK$740 million (out of a total carrying value of the portfolio of HK$1,376 million at 31 December 2019) were disposed of during the year which generated a gain of HK$22 million (2019: HK$21 million), negating the impact of impairment losses totalling HK$118 million (2019: HK$88 million) on bond securities at amortised cost. These impairment losses were made after considering the gradual increase in credit risk of bond securities under the COVID-19 environment and the latest development of certain credit-impaired bond securities.

In addition, the Group disposed of its remaining properties in Taiwan which were considered non-core assets which resulted in a gain on disposal of HK$27 million (2019: a gain on disposal of HK$21 million in relation to disposal of a subsidiary holding a self-used office premise in Hong Kong).

Except for the abovementioned non-recurring disposal gains of properties and a subsidiary, other net losses of HK$3.1 million (2019: net gain of HK$30 million) were recognised which mainly comprised losses on movie investments of HK$33 million which were caused by the negative environment for cinema business under the COVID-19 pandemic, after netting an exchange gain of HK$29 million which was contributed by the appreciation of RMB arising from RMB-denominated cash and trade debtors, and the depreciation of USD on USD-denominated net TVB Bonds during the year.

Against an increasing credit risk of collection, the Group has provided an additional impairment loss on trade debtors of HK$13 million during the year albeit an improved ageing of debtor balances of over 5 months at 31 December 2020. In 2019, a reversal of impairment loss on trade debtors of HK$66 million was made following the successful collection of a debtor balance of HK$46 million previously impaired in prior years.

Interest income totalled HK$161 million for the year (2019: HK$180 million), which comprised interest income from the Company's investment portfolio and interest income from the promissory note to Imagine Tiger Television ("ITT").

Finance costs totalled HK$101 million for the year (2019: HK$107 million) which mainly comprised the interest costs of the US$500 million 3.625% notes issued by TVB Finance Limited due 2021 ("TVB Notes"), net of the interest income received in relation to the TVB Notes held under the investment portfolio. The presentation of finance costs on a net basis in the profit and loss account has been consistently made to mirror the netting off of the amount of TVB Notes issued less the amount purchased by the Group on the consolidated statement of financial position.

During the year, the Company purchased TVB Notes totalling HK$45 million through the open market. Together with the purchase of TVB Notes previously made by way of an open offer during second half of 2019 of HK$655 million, the Company is holding TVB Notes in the investment portfolio in aggregate of HK$2,075 million. Therefore, interest costs payable to holders of TVB Notes were reduced by HK$28 million for the year.

ITT, the joint venture between Imagine Entertainment and TVB, made a net operating loss (before interest expense to TVB) of HK$88 million during the year as the production of TV drama serials was substantially halted under the impact of COVID-19 pandemic. No profit or loss sharing from ITT was recognised during the year (2019: shared a loss of HK$59 million) as the equity portion of the investment had been fully written down through absorption of losses since its inception in 2017. After considering the negative impact on business in the US as a result of COVID-19 pandemic and its impact on ITT's pace of development, a provision of HK$13.5 million was recognised against the receivables from ITT based on a forward-looking basis under ECL model.

The Group recorded an income tax credit of HK$88 million (2019: HK$18 million), mainly arose from tax losses recognised from Hong Kong TV broadcasting segment. Whilst TVB's main business in Hong Kong was subject to a profits tax rate at 16.5%, the Group's major subsidiaries operate in overseas territories whose effective rates vary from 0% to 30%.

Overall, the Group's loss attributable to equity holders for the year totalled HK$281million (2019: a loss of HK$295 million), giving a basic and diluted loss per share of HK$0.64 (2019: HK$0.67).

Adjusted EBITDA[1] decreased from HK$461 million to HK$74 million, representing a decrease of 84%. The changes was mainly due to the sharp decline in Hong Kong advertising revenue by HK$1,029 million, which was partially compensated by increase in China operation income by HK$254 million and savings in costs of HK$445 million as a result of exercising cost control measures.

[1] Adjusted EBITDA means loss for the year before financial costs, income tax credit, depreciation and amortisation, share of results of joint ventures/associates, impairment loss on receivables from a joint venture, interest income, impairment loss net of gain on disposal/from sales transaction on other financial assets at amortised cost, fair value adjustments on financial assets at fair value through profit or loss, gain on disposal of a subsidiary and gain on disposal of properties. Adjusted EBITDA is not presented as a measure of operating performance in accordance with the Hong Kong Financial Reporting Standards. The computation of the Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

SEGMENT RESULTS

Segment	Hong Kong TV Broadcasting	myTV SUPER	Big Big Channel and e-Commerce business	Programme licensing and distribution	Overseas pay TV and TVB Anywhere	Other activities	Corporate support
Nature of revenue	Advertising revenue and production income from co-production drama serials	Subscription and advertising revenue	Advertising revenue; e-commerce; sales commission; fees for events management; music royalties and licensing income	Licensing income from telecast, video and new media distribution	Subscription and advertising revenue	Rental income	Group financing services, and new media platforms development and IT support services

Segment revenue from Hong Kong TV broadcasting's external customers decreased from HK$2,190 million to HK$1,323 million, a decrease of 40%. The decline was contributed by the decline in income from advertisers from HK$1,910 million to HK$881 million, a decrease of HK$1,029 million or 54%. With the help of growing co-production business, revenue of HK$321 million (2019: HK$105 million) was recorded from six different co-production drama serials at various production stages against only one drama serial in 2019 which led to an increase in revenue of HK$216 million. Overall, the costs under this segment reduced from HK$2,538 million to HK$2,124 million, a decrease of HK$414 million or 16%. After receipt of government wage subsidies of HK$173 million, this segment reported a loss before non-recurring items of HK$593 million (2019: a loss of HK$304 million).

Segment revenue from myTV SUPER's external customers decreased from HK$442 million to HK$412 million, a decrease of 7%. Despite of an increase in subscription revenue from HK$262 million to HK$300 million with the full year effect of myTV Gold launched in second quarter of 2019, the expanding user base was weakened by lower demand of advertising via myTV SUPER platform due to COVID-19 pandemic, which led to a decrease in advertising revenue of HK$71 million. The costs increased slightly from HK$427 million to HK$434 million with increasing spends on enriching content during the year. This segment reported a gain of HK$11 million (2019: a gain of HK$40 million).

Segment revenue from Big Big Channel and e-Commerce business's external customers decreased from HK$129 million to HK$107 million, a decrease of 16%. Under COVID-19 pandemic, events management business was heavily affected, which resulted in a drop of revenue by HK$22 million. Alternatively, e-commerce business with a higher profit margin showed a strong growth momentum. Big Big Shop's Gross Merchandise Value soared by 350% from HK$32 million to HK$142 million. As a result, this segment recorded a gain of HK$53 million (2019: a gain of HK$44 million).

Segment revenue from programme licensing and distribution's external customers decreased from HK$740 million to HK$718 million, a decrease of 3%. The decrease in revenue was mainly attributable to the decreased licence fees from pay TV customers in Malaysia, which was partially offset by the increased licensing income from new media platforms in the Mainland China. This segment profit decreased from HK$412 million to HK$346 million.

Segment revenue from overseas pay TV and TVB Anywhere's external customers increased from HK$144 million to HK$159 million, an increase of 11%. The increase was mainly attributable to the growth in both subscription and advertising income after the launch of TVBAnywhere+ app but maintaining the same level of expenditure of HK$155 million in both years ended 31 December 2020 and 2019. As a result, this segment turned around and recorded a gain of HK$8 million during the year (2019: a loss of HK$10 million).

Segment revenue from other activities maintained at HK$4 million (2019: HK$4 million) and generated the same level of loss of HK$4 million during the year (2019: a loss of HK$4 million).

Corporate support segment includes the costs of financing (mainly finance costs for the TVB Notes), as well as technical IT support and development for the major business units of the Group. The IT support and development costs are fully charged to the respective business units and hence, the increase in loss of this segment from HK$152 million in 2019 to HK$173 million in 2020 was mainly attributable to the additional finance costs for the new 3-year bank loan drawn down in July 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

CASH AND TREASURY MANAGEMENT

The Group continued to maintain a strong financial position as at 31 December 2020 despite a loss recorded during the year. Total equity stood at HK$5,298 million (2019: HK$5,589 million). There had been no change in the share capital of the Company, with 438,000,000 ordinary shares in issue. The Group maintained a net cash position (defined as the total of cash and bank deposits and the bond portfolio less liabilities for TVB Notes and bank borrowings) of HK$93 million as at 31 December 2020 (2019: HK$352 million).

The Group had unrestricted bank and cash balances of HK$3,335 million (2019: HK$1,185 million). About 21% of the unrestricted bank and cash balances (approximately HK$693 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.

The Company maintains a portfolio of fixed income securities classified under held-to-maturity investments for overall enhancement of the interest yield of the Company's fund (the "Investment Portfolio"). Unless approved by the Board of Directors, investments in equity or quasi-equity securities for treasury management purposes are not permitted. The Investment Portfolio is primarily set up to minimise negative carry of the cost of funds of the Company. Currently, in selecting securities for the Investment Portfolio, the Company will take into account the coupon of the TVB Notes as an investment return reference. Also, the Company will only select fixed income securities from bonds issued by companies with transparent and sound financial conditions, with credit ratings from Moody's Services of at least Baa3, taking into account business sector; coupon rate and yield-to-maturity; currency; and maturity dates. This investment portfolio is governed under a set of treasury management guidelines laid down by the Board. The Executive Committee has the approval authority for purchase or disposal of securities in the Investment Portfolio. The Investment Committee of the Board is charged with the duties to review the credit quality of the securities making up the Investment Portfolio and to ensure that the investment objectives are fulfilled. The Investment Committee is advised by an external investment bank.

As at 31 December 2020, the Company's portfolio of fixed income securities (excluding the bonds issued by China Energy Reserve & Chemicals ("CERC") and SMI Holdings Group Limited ("SMI")) amounted to HK$474 million (2019: HK$1,308 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 4.2% per annum (2019: 4.7%) and have ranges of maturity dates with the last maturity date of 23 January 2027. As at 31 December 2020, the investment portfolio is made up by a total of 13 (2019: 26) issuers of fixed income securities. The largest investment in fixed income securities within the portfolio represented approximately 0.8% (31 December 2019: 2.5%) of the total assets of the Group. The interest income recognised during the year from the bond securities at amortised cost amounted to HK$40 million (2019: HK$93 million). A performance analysis of fixed income bonds by bond issuers' industry is detailed as below:

Bond issuers by industry	Carrying value (note) HK$ million	Carrying value over total assets	Interest Income during the year HK$ million
Property developers/property management companies	340	3.5%	22
Financial institutions (banking and insurance)	112	1.1%	14
Others	22	0.2%	4
	474		40

Note: Net carrying value is stated after amortisation of costs and impairment.

SMI BONDS

The Company subscribed a US$23 million 9.5% unsecured redeemable fixed coupon bonds due 2020 (extendable to 2021) ("Fixed Coupon Bonds") and US$83 million 7.5% secured redeemable convertible bonds due 2020 (extendable to 2021) ("Convertible Bonds" and together with the Fixed Coupon Bonds, the "SMI Bonds") both issued by SMI.

Following serving statutory demands by the Company to SMI in relation to SMI Bonds and a petition for winding up of SMI filed in the High Court by the Company during the year ended 31 December 2019, 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 of Hong Kong Limited ("Stock Exchange") decided to cancel the listing of SMI's shares on 8 May 2020 and the listing of SMI's shares has been cancelled with effect from 14 December 2020.

Due to the fact that SMI was under liquidation petition from its creditors, and also given the outbreak of COVID-19 that halted its main cinema operating businesses in mainland China, management was of the view that any recovery of the remaining carrying value of the SMI Bonds through the winding up petition of SMI is not likely and reduced the carrying amounts to zero at 31 December 2019.

As at 31 December 2020, after considering the latest development of SMI, management is of the same view that any recovery from the SMI Bonds is not likely, resulting in the carrying amounts of the SMI Bonds to remain at nil.

During the Audit Committee's review of the Company's financial statements for the year ended 31 December 2020, the Audit Committee is in agreement with the Auditor on their expression of the audit qualification due to the possible effects on the comparability of the current year's figures and the corresponding figures for the year ended 31 December 2019 in the consolidated income statement and the consolidated statement of changes in equity and the related notes disclosures.

The Audit Committee is closely monitoring the latest development of SMI. Despite of uncertainty on the future development of SMI, it is considered unlikely to have modification of the auditor's report in relation to the SMI Bonds in future.

CERC BONDS

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 held by the Group due in January 2019. The aggregated nominal amounts of 2018 and 2019 CERC Bonds amounted to US$12 million. CERC is a state-owned oil and gas trading, logistics and distribution and supply services provider in China. During the year ended 31 December 2018, coupon payments were received from CERC accruing up to 20 December 2018. Based on the review report of the financial condition and repayment proposal prepared by the financial adviser appointed by CERC, management believed that CERC had both the intention and ability to settle the outstanding balances and provided an impairment loss of HK$26 million up to the year ended 31 December 2019 to reflect the reduction in expected cash inflow from the CERC bonds.

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

OTHER BONDS

For the remaining of the Group's portfolio of fixed income securities carried at amortised cost, management reviews the monthly investment report provided by an external investment bank, to assess if any significant increase in credit risk is identified for the rest of the portfolio. Taking into account the average cumulative issuer-weighted global default rates and average corporate debt recovery rates with credit rating profile similar to each of fixed income securities in our portfolio, the Group provided a ECL provision of HK$88 million (2019: HK$88 million) for the year ended 31 December 2020.

At 31 December 2020, the Group's net current assets amounted to HK$3,834 million (2019: HK$3,265 million), an increase of 17%. The increase in net current assets was due to management's proactive approach towards liquidity management, which resulted in an improving cash balance reserve after disposal of bond securities which was classified under non-current assets in 2019. The current ratio, expressed as the ratio of current assets to current liabilities, was 2.5 at 31 December 2020 (2019: 4.2).

Borrowings at 31 December 2020 totalled HK$3,753 million (2019: HK$2,208 million) which were made up mainly by the TVB Notes and a long-term bank loan. TVB Notes, issued by TVB Finance Limited, are guaranteed by the Company and are listed in Hong Kong. The proceeds from TVB Notes had been deployed to fund the development of the digital new media business and other capital expenditures, and for general corporate purposes. During the year, the Company purchased US$6 million nominal amount of TVB Notes issued by TVB Finance Limited through open market to form part of the investment portfolio, which had accumulated up to US$265 million as at 31 December 2020 (2019: US$259 million). At 31 December 2020, the Group's net TVB Notes balances were reduced to US$235 million (2019: US$241 million). In July 2020, the Group drew down a 3-year unsecured term loan facility from a bank amounting to US$250 million in preparation for redemption of the net TVB Notes in 2021. At 31 December 2020, the Group's gearing ratio, expressed as a ratio of net debt to total equity, was 8.6% (2019: 19.6%).

OTHER ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Trade receivables (net of impairment loss) amounted to HK$1,096 million (2019: HK$1,189 million), a decrease of 8%, which was mainly due to the decrease in sales as influenced by the COVID-19 pandemic during the year. Trade debtors aged over 5 months as at 31 December 2020 decreased to HK$205 million (2019: HK$239 million). Impairment loss provisions are calculated based on the Group's past history, existing market conditions and forward looking estimates at 31 December 2020.

Other receivables, prepayments and deposits remained at a stable level of HK$538 million (2019: HK$514 million).

Trade and other payables and accruals decreased from HK$650 million to HK$624 million, which was mainly due to decrease in staff bonus accrual for the year ended 31 December 2020.

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 borrowings, and TVB Notes. 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.

SHARE OPTION SCHEME

The Company and a wholly-owned subsidiary, Big Big e-Commerce Group Limited ("Big Big Group") 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 Big Big Group under the Subsidiary Share Option Scheme respectively. As a result of the retirement of a former director, 1,000,000 share options under the Share Option Scheme was lapsed during the year.

HUMAN RESOURCES

At the year end, the Group employed a total of 3,644 full-time employees (2019: 3,785), including contract artistes and staff in overseas subsidiaries. This figure excluded directors and freelance workers.

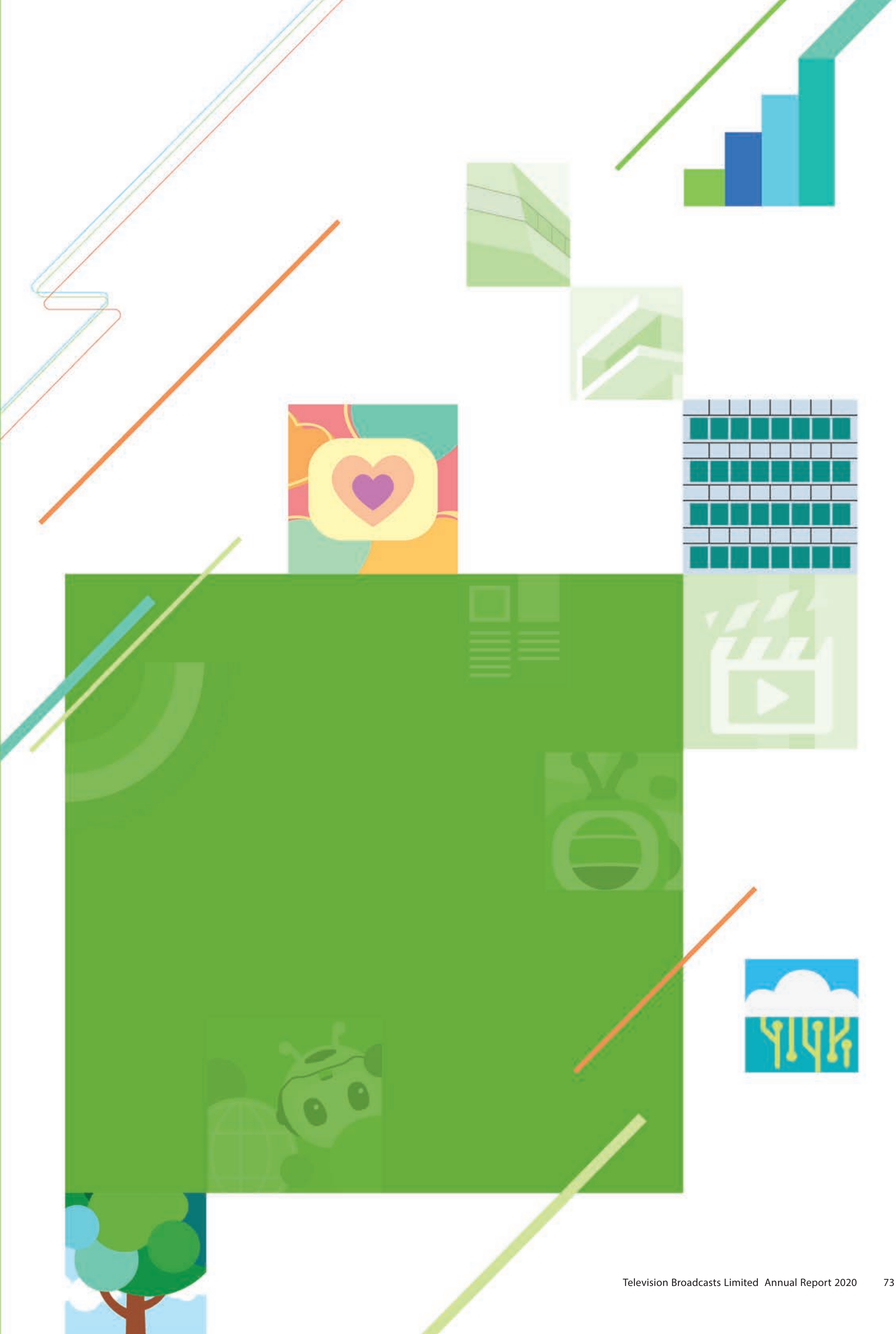
For employees in Hong Kong, different pay schemes apply to contract artistes, sales, and non-sales personnel. Contract artistes are paid either per show or per package of shows. Sales personnel are remunerated on commission-based schemes, while non-sales personnel receive monthly salaries. Discretionary 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 Big Big Group.

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 training and development of internal 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

Mark LEE Po On JP | Thomas HUI To | LI Ruigang | Anthony LEE Hsien Pin

Thomas HUI To
Chairman
Non-executive Director
Chairman*/Member# of Nomination Committee
Member of Executive Committee
Member of Investment Committee

Board appointment Mr. Hui, aged 48, was appointed as the Chairman and a Non-executive Director of the Company on 29 April 2020. Mr. Hui was first appointed as a Non-executive Director of the Company on 23 April 2015, re-designated as an Executive Director on 21 March 2018, and further re-designated as a Non-executive Director on 29 April 2020. In addition, he holds directorships in a subsidiary of the Company.

Competencies and experience Mr. Hui is the chief operating officer and an executive director of CMC Inc. Mr. Hui is a non-executive director of Shaw Brothers Holdings Limited, a company listed on the main board of the Stock Exchange. Mr. Hui was formerly the managing director of Gravity Corporation, a media holding company, and an independent non-executive director of KingSoft Corporation Limited, a company listed on the main board of the Stock Exchange. Mr. Hui was the president, chief operation officer and an executive director of GigaMedia Limited, a company listed on the NASDAQ stock market. He was also a non-executive director of JC Entertainment Corporation, a Korean online game company listed on the KOSDAQ stock market. He was an executive director in the investment banking division of Goldman Sachs (Asia) L.L.C., Hong Kong, and an investment banker at Merrill Lynch & Co. as well as serving as a management consultant at McKinsey & Company. Mr. Hui is an executive director of CMC Inc., which is a substantial shareholder of the Company. CMC Inc. holds share interest in the Company through its interest in Young Lion Holdings Limited ("YLH"), Young Lion Acquisition Co. Limited ("YLA") and Shaw Brothers Limited ("SBL") of which Mr. Hui is a director.

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.

Mark LEE Po On JP
Vice Chairman
Executive Director
Chairman of Executive Committee
Member of Risk Committee
Member of Investment Committee
Member of Regulatory Committee*

Board appointment Mr. Lee, aged 65, joined the Company in February 2007. Mr. Lee was appointed as the Group Chief Executive Officer (formerly Group General Manger) on 15 September 2009. He was

* appointed with effect from 24 March 2021
\# ceased to act with effect from 24 March 2021

CHEN Wen Chi

Kenneth HSU Kin

Dr. William LO Wing Yan JP

Professor Caroline WANG Chia-Ling

appointed as an Executive Director on 24 March 2010 and the Vice Chairman on 29 April 2020. In addition, he holds directorships in a number of the subsidiaries of the Company.

Competencies and experience Before joining TVB, during the period from late 1987 to January 2007, Mr. Lee worked as an executive director of a listed consortium engaged in real estate, hotel, media, entertainment and retail business in Hong Kong and overseas. During 1992 to 1996, Mr. Lee also took up the position of executive director and CEO of Asia Television Limited which was a former affiliate of the consortium. During the early period from 1977 to 1987, Mr. Lee worked with KPMG, an international accounting firm, in various offices including Hong Kong, Los Angeles and Shanghai. Mr. Lee is a director of YLH, YLA and SBL, all of which are substantial shareholders of the Company.

Qualifications Mr. Lee is a fellow member of the Institute of Chartered Accountants in England and Wales and also a member of the Hong Kong Institute of Certified Public Accountants. He was appointed a Justice of the Peace and also a member of the Election Committee for the Chief Executive in the Hong Kong Special Administrative Region ("HKSAR").

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

Board appointment Mr. Li, aged 51, 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 directorships in certain subsidiaries of the Company.

Competencies and experience Mr. Li is the founding chairman and CEO of CMC Inc., 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 and emerging leaders across the sub-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. CMC Inc., which is controlled by Mr. Li, is a substantial shareholder of the Company. 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.

Dr. Allan ZEMAN GBM, GBS, JP　**Felix FONG Wo** BBS, JP　**Belinda WONG Ching Ying**

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

Board appointment Mr. Lee, aged 63, was appointed as a Non-executive Director of the Company on 3 February 2012. Mr. Lee was an Alternate Director to 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. He is also a director and a substantial shareholder of Australian listed Beyond International 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.

CHEN Wen Chi
Non-executive Director

Board appointment Mr. Chen, aged 65, was appointed as a Non-executive Director of the Company on 3 February 2012. Mr. Chen was an Alternate Director to his wife, Ms. Wang Hsiueh Hong, a former Non-executive Director of the Company, between 13 May 2011 and 3 February 2012.

Competencies and experience Mr. Chen is a director of HTC Corp., as well as the chairman of VIA Technologies, Inc., Xander International Corp. and Chander Electronics Corp., all of which are listed on the Taiwan Stock Exchange Corporation. Mr. Chen also holds seats on several industry advisory bodies, and has been a member of the World Economic Forum for over ten years.

Qualifications Mr. Chen holds an MSEE degree from National Taiwan University and an MSCS degree from the California Institute of Technology.

Kenneth HSU Kin
Non-executive Director
Member of Risk Committee*

Board appointment Mr. Hsu, aged 72, 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 Risk Committee
Member of Regulatory Committee*

Board appointment Dr. Lo, aged 60, 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 South Shore Holdings Limited, all of which are listed on the main board of the Stock Exchange. Dr. Lo is an independent non-executive director of Nam Tai Property Inc. which is listed on the New York Stock Exchange. 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. 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.

Professor Caroline WANG Chia-Ling
Independent Non-executive Director
Member of Audit Committee#
Member of Risk Committee#

Board appointment Professor Wang, aged 68, was appointed as an Independent Non-executive Director of the Company on 1 April 2015.

Competencies and experience Professor Wang is a director of Shanghai Baolong Automotive Corporation, a company listed on the Shanghai Stock Exchange. Professor Wang is a Honorary Fellow and a Professor of Business Practice of The Hong Kong University of Science and Technology ("HKUST"). She was appointed as Adjunct Professor at HKUST in 2003 when she was the highest ranked Asian women executive at IBM globally. She had over 25 years of experiences with IBM in the US and across Asia Pacific. Among the various management roles she held while based in the US, Japan, and Greater China, Professor Wang had been Vice President of Marketing as well as Vice President of Business Transformation and Information Technology. Professor Wang is the author of "Managerial Decision Making and Leadership", published by Jossey-Bass, an imprint of Wiley.

Qualifications Professor Wang was awarded a Master's Degree of Science from Harvard University and a Master's Degree of Arts from University of Wisconsin-Milwaukee.

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

Board appointment Dr. Zeman, aged 72, 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 Sino Land Company Limited, Tsim Sha Tsui Properties Limited, Global Brands Group Holding Limited, Fosun Tourism Group 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 is now the honorary advisor to the Park. 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, a board member of the Airport Authority of Hong Kong. Dr. Zeman is the appointed member of HKSAR Chief Executive's Council of Advisers on Innovation and Strategic Development and the Human Resources Planning Commission, a member of the General Committee of the Hong Kong General Chamber of Commerce and a 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.

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. 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 Risk Committee
Chairman of Regulatory Committee*
Member of Audit Committee
Member of Remuneration Committee
Chairman#/Member* of Nomination Committee

Board appointment Mr. Fong, aged 70, 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 30 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, Vesync Co., Ltd and Xinming China Holdings Limited, 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.

Belinda WONG Ching Ying
Independent Non-executive Director
Chairman of Remuneration Committee
Member of Audit Committee*
Member of Nomination Committee

Board appointment Ms. Wong, aged 49, was appointed as an Independent Non-executive Director of the Company on 3 December 2019.

Competencies and experience Ms. Wong is currently the chairman and chief executive officer of Starbucks China, responsible for overseeing Starbucks overall business in mainland China, including driving retail business growth through leading and strengthening the third-place (store) experience, and pioneering the next wave of digital innovations for the Digital Ventures business. Ms. Wong joined Starbucks Coffee Company in 2000 and held several leadership positions within Starbucks in different business units across different geographies. She has extensive experience in retail, food and beverage, consumer, brand development and growth strategy across the Greater China and Asia Pacific regions. Prior to joining Starbucks, Ms. Wong was the marketing manager of McDonald's China Development Company. Ms. Wong is also an independent non-executive director of Hysan Development Company Limited, a company listed on the Stock Exchange. She serves as a member on the Faculty Advisory Board for the Sauder School of Business at University of British Columbia.

Qualifications Ms. Wong holds a Bachelor of Commerce degree with a major in finance from the University of British Columbia in Canada.

SENIOR MANAGEMENT

Desmond CHAN Shu Hung | Felix TO Chi Hak | Mark LEE Po On JP | Eric TSANG Chi Wai | Adrian MAK Yau Kee

Mark LEE Po On JP
Group Chief Executive Officer

Please refer to Mr. Lee's biographical information on page 74 of this Annual Report.

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

Competencies and experience Mr. Chan, aged 53, was appointed as Deputy General Manager (Legal and International Operations) in July 2016. 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 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).

Felix TO Chi Hak
Deputy General Manager
(Drama Production & Programme)

Competencies and experience Mr. To, aged 57, was appointed as Deputy General Manager (Programme and Production) in July 2016 and was re-designated as Deputy General Manager (Drama Production & Programme) on 18 February 2021. Mr. To is responsible for Programming and Drama Production Divisions. Mr. To served in TVB Network Vision Limited, an associate of the Company, as CEO between 2012 and 2014, and joined TVB as Programme Controller and Assistant to Group CEO in January 2015, as Assistant General Manager in October 2015 and promoted to Deputy General Manager in July 2016. He holds directorships in a number of the subsidiaries of the Company. Mr. To has had extensive experience in the media industry in Hong Kong, ranging from newspapers, publishing, advertising, radio, to pay and free TV. Before joining TVB, he was in various management positions overseeing production and programming in Asia Television Limited between 1996 and 1999; i-Cable Communications Limited between 2002 and 2005; and Now TV between 2008 and 2012.

Eric TSANG Chi Wai
Deputy General Manager
(Non-drama, Music Production & Programme)

Competencies and experience Mr. Tsang, aged 67, rejoined TVB on 21 January 2021 and was appointed as Deputy General Manager (Non-Drama, Music Production & Programme) and Special Adviser to the Executive Committee. He is responsible for the variety and infotainment business. 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 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.

Adrian MAK Yau Kee
Chief Financial Officer and Company Secretary
Member of Investment Committee

Competencies and experience Mr. Mak, aged 60, joined TVB as CFO and Company Secretary in November 2004. Mr. Mak holds directorships in a number of the subsidiaries of the Company. Prior to his current positions, Mr. Mak was CFO of Global Digital Creations Holdings Limited, a company listed on the GEM of the Stock Exchange, between 2001 and 2003, and CFO of CyberCity Holdings Limited between 2000 and 2001. Between 1992 and 2000, Mr. Mak served as an associate director in the Corporate Finance Division at the Hong Kong Securities and Futures Commission. Between 1983 and 1992, Mr. Mak worked at various offices of KPMG (Hong Kong, London and Birmingham). Mr. Mak is an independent director of Tencent Music Entertainment Group, a company listed on the New York Stock Exchange. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales.

The Directors submit their report together with the audited financial statements for the year ended 31 December 2020.

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 43 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$3,367,242,000 at 31 December 2020 (2019: HK$3,654,109,000).

DIVIDEND

The Board of Directors did not recommend the payment of a dividend for the year ended 31 December 2020.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 28 April 2021 to Wednesday, 26 May 2021, 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, 26 May 2021 ("2021 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, 27 May 2021.

In order to be entitled to attend and vote at the 2021 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, 27 April 2021.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$2,361,000.

SHARE ISSUED IN THE YEAR

The Company has not issued any shares in the year. Details of the share capital information of the Company are set out in Note 18 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 business review of the Group, by lines of business, for the year is presented as follows:

OVERALL

TVB is the leading terrestrial TV broadcaster in Hong Kong. TVB is also one of the largest commercial Chinese programme producers in the world with an annual production output of over 21,000 hours of drama and variety programmes, in addition to documentaries and news reports, and an archive library of over 152,000 hours. Its vertically integrated business model extends from content production, broadcasting to distribution. Since 2016, TVB has been transformed from a traditional media to a major digital player, operating over-the-top services myTV SUPER and TVB Anywhere, social media platform Big Big Channel and e-commerce platform Big Big Shop.

TVB employs a total of 3,644 (2019: 3,785) employees in Hong Kong and overseas at 31 December 2020.

HONG KONG TV BROADCASTING

TVB operates under a domestic free TV programme service licence ("Free TV Licence") which was renewed by the Hong Kong Government in May 2015 for a period of 12 years, ending in 2027. Under the Free TV Licence, TVB broadcasts five terrestrial TV channels, namely Jade, J2, TVB News Channel, Pearl and TVB Finance & Information Channel using the allocated digital TV spectrum. Analogue broadcasting of Jade and Pearl channels were closed down after the switch off by the Hong Kong Government of the analogue broadcasting on 1 December 2020.

As a free TV service licensee, TVB is regulated under the Broadcasting Ordinance and various Codes of Practices. In particular, the duration of advertisements which can be broadcast on TVB channels during the broadcasting hours is strictly regulated. Further, TVB is required to broadcast certain agreed duration of Government-produced APIs (Announcement of Public Interest). Under the Free TV Licence, TVB is required to produce a news service channel for the general public and positive programmes catering to the needs of children and elderly viewers.

myTV SUPER

myTV SUPER OTT service is the largest OTT platform in Hong Kong with over a total of 9.1 million registered users using OTT boxes, mobile apps and the web. TVB monetises programme content by subscription and advertising through insertion of advertisements, in static (banner) or video (in roll advertisement) format, before and during programmes.

BIG BIG CHANNEL AND E-COMMERCE

Big Big Channel and e-Commerce business comprises an online social media platform – Big Big Channel; e-commerce platform – Big Big Shop; events management; and music entertainment – Voice Entertainment.

With the global launch of Big Big Channel, an online social media platform, TVB has successfully completed the new development of the three media platform strategy. Big Big Channel rides on the global trend of social media and engages with users via a free registration mobile app.

Voice Entertainment engages in artistes' sound recordings, music productions, music copyrights management, music publishing, concerts and artistes' management. This music production are primarily developed for TVB drama serials and programmes.

PROGRAMME LICENSING AND DISTRIBUTION

TVB licenses its self-produced channels and programmes to overseas TV broadcasters, including both free and pay operators, in return for licence fees. A number of business models are being used, depending on the markets. In mainland China where content produced by TVB is regarded as non-Mainland produced, it is subject to the regulations governing imported TV programmes. In other key markets such as Malaysia and Singapore, TVB enters into supply agreements with the local operators supplying a fixed number of hours of programmes and channels in return for a licence fee. Beyond these key markets, TVB continues to explore licensing of content to other markets, including Vietnam and Thailand, as part of its business to further widen distribution.

OVERSEAS PAY TV OPERATIONS AND TVB ANYWHERE

TVB operates its own platforms in North America (USA) under a subscription model. A number of channels are being compiled by TVB which may be TVB produced or acquired, to form a service pack. Viewers are required to subscribe for such service packs. In 2016, TVB began to distribute under an OTT service named TVB Anywhere for the global market.

PRINCIPAL RISKS FACING BY THE COMPANY

The principal risks facing by the Company which could present significant impact on our business are listed out in the Corporate Governance Report on pages 111 to 112.

FUTURE DEVELOPMENT IN THE COMPANY'S BUSINESS

The Company will focus on mainland China market which is the single largest market for TVB in the area of co-production and online distribution of programmes. The Company will continue to grow subscriptions of myTV SUPER in Hong Kong and to market TVB Anywhere service overseas.

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 appear 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.

THE COMPANY'S ENVIRONMENTAL POLICIES AND PERFORMANCE

It is TVB's policy to ensure that its business is conducted in the most environmental friendly manner. TVB closely monitors the usage of electricity which is a major resource supporting the broadcasting business to ensure a high degree of efficiency.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE COMPANY

During the year, the Company was in compliance with the relevant laws and regulations in Hong Kong and other territories in which the Group operates.

THE COMPANY'S KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company maintains good relationships with its employees (including performance artistes), customers and suppliers.

DIRECTORS

The Directors of the Company during 2020 were, and at the date of this Annual Report are, as follows:

Executive Director

Mark Lee Po On

Non-executive Directors

Thomas Hui To
(re-designated as Non-executive Director on 29 April 2020)
Li Ruigang
Anthony Lee Hsien Pin
Chen Wen Chi
Kenneth Hsu Kin

Independent Non-executive Directors

William Lo Wing Yan
Caroline Wang Chia-Ling
Allan Zeman
Felix Fong Wo
Belinda Wong Ching Ying

Appointed Director

Kenneth Hsu Kin
(appointed as Non-executive Director on 2 December 2020)

Resigned Director

Charles Chan Kwok Keung
(resigned as Non-executive Director on 4 February 2020)

The Company had received a resignation letter from the Resigned Director confirming that he had no disagreement with the Board and there was nothing relating to the affairs of the Company which needed the attention of the shareholders and that his resignation was due to his retirement.

The Company issued letter 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, Mr. Felix Fong Wo and Ms. Belinda Wong Ching Ying who retired at the Company's annual general meeting held on 27 May 2020 ("2020 AGM") were successfully re-elected as Directors at the 2020 AGM.

Details of Directors who are subject to retirement for election and re-election at the 2021 AGM, are set out in a circular which will be sent to the shareholders of the Company together with the notice of the 2021 AGM.

DIRECTORS OF THE SUBSIDIARIES

A list of names of all the directors who have served on the boards of Company's subsidiaries during 2020 and up to the date of this report is available on the Company's website at http://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 74 to 80 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 Listing Rules. As at 31 December 2020, 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, called "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 and productions in progress 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, Chairman and Non-executive Director 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 potential conflicted transaction and business decision should it arise:

1. The Company will maintain a sufficient number of independent directors in order to advise on any conflicted transaction and 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' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 31 December 2020, 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, the Laws of Hong Kong) ("SFO")), as recorded in the register required to be kept pursuant to 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 10 of the Listing Rules, are set out below:

LONG POSITIONS IN THE SHARES OF THE COMPANY

	Number of ordinary shares held					
Name of director	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Percentage of issued shares[(a)]
Kenneth Hsu Kin	–	–	96,817,527[#(b)]	–	96,817,527	22.10%
Li Ruigang	–	–	96,817,527[#(c)]	–	96,817,527	22.10%
Chen Wen Chi	–	17,071,101	–	–	17,071,101	3.90%
Mark Lee Po On	–	438,000	–	–	438,000	0.10%

Notes:

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

(a) Percentage of the issued shares was based on the 438,000,000 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 "Other Persons' Interests in the Shares of the Company" 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 "Other Persons' Interests in the Shares of the Company" 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	2,000,000	–	–	–	2,000,000	0.46%
Mark Lee Po On	2,000,000	–	–	–	2,000,000	0.46%

Notes:

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

(b) Share options ("Options") were granted to the Directors on 22 March 2018 under the share option scheme adopted by TVB on 29 June 2017. Each Option entitles the holder to subscribe for one share of the Company. Details of the share option scheme of the Company are set out on pages 88 to 90 in this Annual Report.

(c) The exercise price of the Options granted is HK$25.84 per share.

(d) The validity period of the Options is 5 years, from 22 March 2018 (Date of Grant) up to 22 March 2023 (both dates inclusive).

(e) The vesting periods of the Options, are set out below:

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

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

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

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

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

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 2020, 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 its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

Share Option Scheme of the Company

The Company adopted a share option scheme ("TVB Option Scheme") at its annual general meeting on 29 June 2017 ("Adoption Date for TVB Option Scheme"). The TVB 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 TVB Option Scheme shall be valid for ten years from the Adoption Date for TVB Option Scheme. 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).

As of the Adoption Date for the TVB Option Scheme and the date of this Annual Report, the number of shares of the Company issuable pursuant to the TVB Option Scheme was 43,800,000 shares (equivalent to 10% of the total issued shares of the Company on the Adoption Date for TVB Option Scheme and the date of this Annual Report). The Company may, at any time, refresh such limit, subject to shareholders' approval up to 30% of the total issued shares of the Company at the time.

Details of movement in the share options of the Company ("Options") during 2020, are set out below:

		Number of Options held								
Name of grantee	Date of grant	Outstanding at 1 January 2020	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2020	Exercise price per share	Closing price of the Company's shares at the date of grant	Exercise period
Directors										
Thomas Hui To [c]	22 March 2018	2,000,000	–	–	–	–	2,000,000	HK$25.84	HK$25.60	Note [b]
Mark Lee Po On [c]	22 March 2018	2,000,000	–	–	–	–	2,000,000	HK$25.84	HK$25.60	Note [b]
Sub-total [d]		4,000,000	–	–	–	–	4,000,000			
Employees (In aggregate)	22 March 2018	8,500,000	–	–	–	–	8,500,000	HK$25.84	HK$25.60	Note [b]
Sub-total		8,500,000	–	–	–	–	8,500,000			
Employees of subsidiaries (In aggregate)	22 March 2018	3,000,000	–	–	–	–	3,000,000	HK$25.84	HK$25.60	Note [b]
Sub-total		3,000,000	–	–	–	–	3,000,000			
Other Participants										
Cheong Shin Keong [c]	22 March 2018	1,000,000	–	–	–	1,000,000	–	HK$25.84	HK$25.60	Note [b]
Others	22 March 2018	500,000	–	–	–	–	500,000	HK$25.84	HK$25.60	Note [b]
Sub-total [d]		1,500,000	–	–	–	1,000,000	500,000			
Total		**17,000,000**	**–**	**–**	**–**	**1,000,000**	**16,000,000**			

Notes:

(a) The validity period of the Options is 5 years, from 22 March 2018 (Date of Grant) up to 22 March 2023 (both dates inclusive).

(b) The vesting periods of the Options, are set out below:

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

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

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

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

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

The Options are exercisable from the aforesaid dates until 22 March 2023.

(c) The Options granted to the Directors namely, Mr. Thomas Hui To and Mr. Mark Lee Po On, and the former Director Mr. Cheong Shin Keong, had been approved by the Board of Directors (including all Independent Non-executive Directors) at its meeting on 22 March 2018.

(d) The decrease in sub-total of the Options under the category of "Directors" and the increase in sub-total of the Options under the category of "Other Participants" were due to re-category of the 1,000,000 Options granted to Mr. Cheong Shin Keong, who resigned as Executive Director with effect from 1 January 2020 and was appointed as Strategic Consultant to the Board until 24 July 2020.

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 Company offered to grant the Options ("Offer") and each grantee accepted the offer of the Options of all the shares set out in their respective offer letters on 22 March 2018 by paying the Company HK$1.00 as consideration for the acceptance of the Offer. Each Option entitles the holder to subscribe for one share of the Company.

The maximum entitlement of each eligible participant (including both exercised and outstanding Options) 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 a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, the said limit is 0.1% of the shares in issue and HK$5 million in aggregate value. Any further grant of share options in excess of such limits shall be subject to shareholders' approval at general meeting.

No options were granted, exercised, cancelled or lapsed under TVB Option Scheme during 2020 except for the Options granted to Mr. Cheong Shin Keong who was a former Executive Director of the Company were lapsed on 25 July 2020. Details of the Options is set out in Note 28 to the consolidated financial statements.

Subsidiary Share Option Scheme of Big Big e-Commerce Group Limited ("Big Big Group", formerly known as Big Big Channel Holdings Limited)

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

Basically, the Subsidiary Option Scheme shall be valid for ten years from the Adoption Date for Subsidiary Option Scheme. The board of directors of Big Big Group ("Big Big Group Board") or its delegated committee may at its discretion grant share options to eligible participants (including a director, an employee of Big Big Group or its affiliate; a representative, manager, agent, contractor, advisor, consultant, distributor or suppliers to provide service or goods to Big Big Group or its affiliate; a customer or joint venture partner of Big Big Group or its affiliate; a trustee of any trust established for the benefit of employees of Big Big Group or its affiliate, any other class of participants which Big Big Group Board or its delegated committee considers to have contributed or may contribute by way of different forms of cooperation for development and growth of Big Big Group).

No share options were granted, exercised, cancelled or lapsed under the Subsidiary Option Scheme since the Adoption Date for Subsidiary Option Scheme.

Save as the information disclosed above in relation to the TVB Option Scheme and the Subsidiary Option Scheme, at no time during 2020 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.

OTHER PERSONS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 December 2020, 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 underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, or as otherwise notified to the Company, 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)]	22.10%
Young Lion Acquisition Co. Limited	96,817,527[#(c)(e)]	22.10%
Young Lion Holdings Limited	96,817,527[#(c)(e)]	22.10%
Ever Port Limited	96,817,527[#(c)(e)]	22.10%
Brilliant Spark Holdings Limited	96,817,527[#(d)]	22.10%
Gold Pioneer Worldwide Limited	96,817,527[#(d)]	22.10%
GLRG Holdings Limited	96,817,527[#(d)]	22.10%
CMC Inc.	96,817,527[#(d)]	22.10%
CMC M&E Holdings Limited	96,817,527[#(d)]	22.10%
CMC M&E Acquisition Co. Ltd.	96,817,527[#(d)(e)]	22.10%
Silchester International Investors LLP	61,407,500[(f)]	14.02%
Dodge & Cox	40,163,800[(f)]	9.17%
Silchester International Investors International Value Equity Trust	26,307,900	6.01%

Notes:

Duplication of shareholdings occurred between parties[#] shown in the table here and above under the sub-heading of "Directors' and Chief Executive's Interests in the Shares and Underlying Shares of the Company and its Associated Corporations".

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

(b) Shaw Brothers Limited ("SBL") was the registered shareholder of the 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 Inc. CMC Inc. was a non wholly-owned subsidiary of Gold Pioneer Worldwide Limited, which held the interest in CMC Inc. directly and also held through its wholly-owned subsidiary, GLRG Holdings Limited. Gold Pioneer Worldwide Limited 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) The interests were held in the capacity of investment managers.

Save for the information disclosed above, at 31 December 2020, 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, or as otherwise notified to the Company and the Stock Exchange.

DIRECTORS'/SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

The following transactions constituted 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 21 March 2018

   As announced on 21 March 2018, (i) TVBI Company Limited ("TVBI"), a direct wholly-owned subsidiary of the Company, entered into a licence agreement ("2018 Licensing Agreement") with TVBC in relation to the supply of the licensed programmes in the People's Republic of China ("PRC"), and (ii) TVBO Facilities Limited ("TVBO"), an indirect wholly-owned subsidiary of the Company, entered into a supply agreement ("2018 Supply Agreement") with TVBC in relation to the supply of the TV broadcasting and marketing materials in the PRC. As at the date of entering of the 2018 Licence Agreement and the 2018 Supply Agreement, TVBC was owned as to 55%* 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 is a connected subsidiary of the Company and the entering into of the 2018 Licensing Agreement and the 2018 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. Details of the 2018 Licensing Agreement and the 2018 Supply Agreement are as follows:

   (a) On 21 March 2018, TVBI and TVBC entered into the 2018 Licensing Agreement, pursuant to which TVBI agreed to supply during the period from 1 April 2018 to 31 March 2020 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 PRC. The fee received by TVBI during 2020 was HK$48,343,050.

* The Company's ownership of TVBC has changed from 55% to 70% since 9 November 2018.

(b) On 21 March 2018, TVBO and TVBC entered into the 2018 Supply Agreement, pursuant to which TVBO agreed to supply during the period from 1 April 2018 to 31 March 2020 TVBC with the TV broadcasting and marketing materials relating to the licensed programmes as selected by TVBC under the 2018 Licensing Agreement. The fee received by TVBO during 2020 was HK$4,650,450.

2. 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, 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 the 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 of the 2020 Licence 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 is 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. 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 PRC. The fee received by TVBI during 2020 was HK$152,280,608.

(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 during 2020 was HK$14,648,918.

All of the Independent Non-executive Directors of the Company having reviewed and confirmed the transactions described in paragraphs 1 and 2 above, 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 "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 his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 91 to 92 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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 2020.

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 2020 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.

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 39 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 26 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 2020, 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 12(b) and 13 to the consolidated financial statements. As at 31 December 2020, the outstanding principal of the above advances remained as US$106,000,000.

Imagine Tiger Television LLC

As at 31 December 2020, 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 and remained outstanding as at 31 December 2020.

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 2020 are presented as follows:

	Combined statement of financial position HK$'000	**The Group's attributable interest HK$'000**
Non-current assets	–	–
Current assets	586,751	579,836
Current liabilities	(139,469)	(115,508)
Net current assets	447,282	464,328
Total assets less current liabilities	447,282	464,328
Non-current liabilities	(793,829)	(793,829)
Less: unrecognised share of loss	–	305,835
Net liabilities	(346,547)	(23,666)

BOARD COMMITTEES

The responsibilities of the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee, 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 105 to 112.

CORPORATE GOVERNANCE

The Corporate Governance Report for the year are set out on pages 96 to 117 of this Annual Report.

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

During the year, the Company purchased US$5,992,000 nominal amount of TVB Notes issued by TVB Finance Limited at the total consideration of US$5,846,000 through the open market and held under its investment portfolio. As at 31 December 2020, US$500,000,000 nominal amount of TVB Notes remained outstanding.

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.

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 24 March 2021, there were 381 shareholders on the Company's register of members.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, revenue from the Group's five largest customers and the largest customer accounted for approximately 33% and 17% of the total revenue respectively. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

None of the Directors, their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers.

AUDITOR

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer itself for re-appointment at the 2021 AGM.

On behalf of the Board

Thomas Hui To
Chairman

Hong Kong, 24 March 2021

TVB's key corporate governance practices and activities during the year ended 31 December 2020 are set out in this Corporate Governance Report ("CG Report"), which has been prepared in accordance with the requirements of Appendix 14 of the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange of Hong Kong Limited ("Listing Rules").

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 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 Codes under the Listing Rules ("CG Codes") throughout 2020.

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 2020 ESG Report will be published on the Exchange's website (www.hkexnews.hk) and the Company's website (http://corporate.tvb.com) together with this Annual Report.

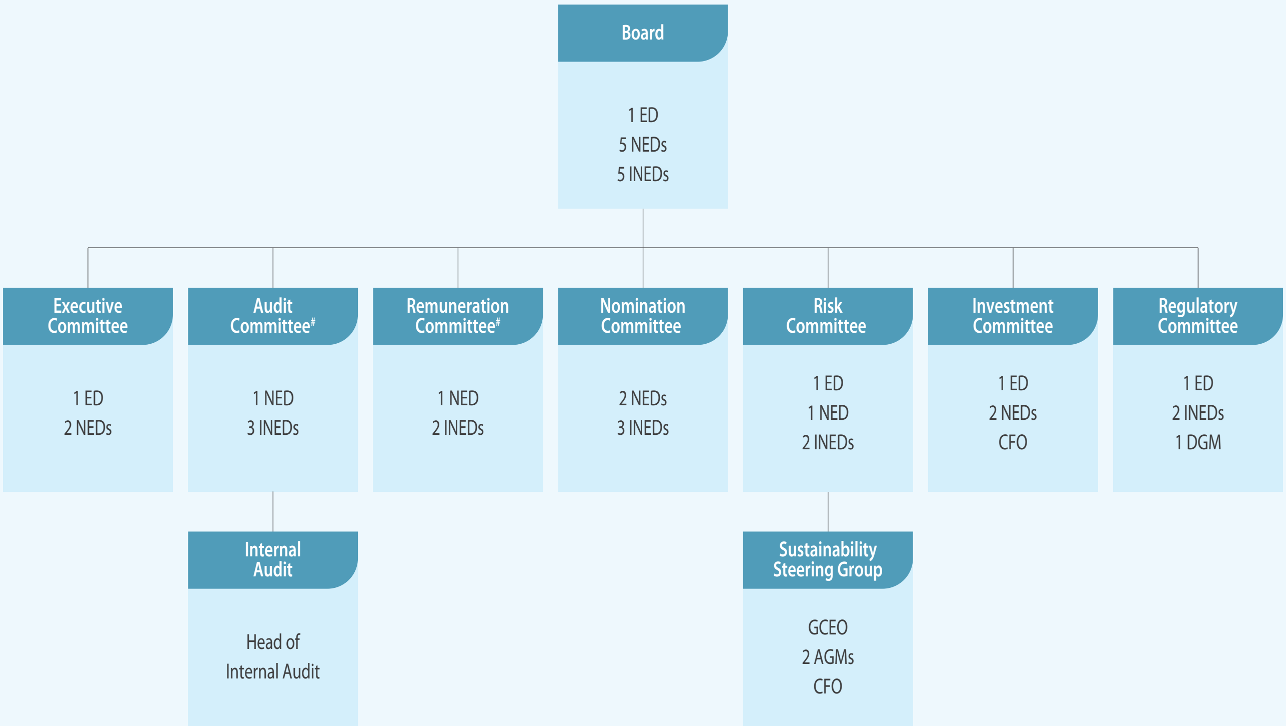
BOARD OF DIRECTORS

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 seven Board Committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee, the Investment Committee and the Regulatory Committee, a new committee of the Board established on 24 March 2021.

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

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

Management
GCEO : Group Chief Executive Officer
DGM : Deputy General Manager
AGM : Assistant General Manager
CFO : Chief Financial Officer

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; 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.

The composition of the Board comprises of one Executive Director and ten Non-executive Directors (including five 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.

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

A list of the Directors of the Company is set out on page 84 and the biographical information of Directors are set out on pages 74 to 78 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	Risk Committee	Investment Committee	Regulatory Committee
Chairman and Non-executive Director							
Thomas Hui To	M	–	–	C	–	M	–
Vice Chairman and Executive Director							
Mark Lee Po On	C	–	–	–	M	M	M
Non-executive Directors							
Li Ruigang	M	–	M	–	–	–	–
Anthony Lee Hsien Pin	–	M	–	M	–	C	–
Chen Wen Chi	–	–	–	–	–	–	–
Kenneth Hsu Kin	–	–	–	–	M	–	–
Independent Non-executive Directors							
William Lo Wing Yan	–	C	–	–	M	–	M
Caroline Wang Chia-Ling	–	–	–	–	–	–	–
Allan Zeman	–	–	–	M	–	–	–
Felix Fong Wo	–	M	M	M	C	–	C
Belinda Wong Ching Ying	–	M	C	M	–	–	–
Senior Management							
Desmond Chan Shu Hung	–	–	–	–	–	–	M
Adrian Mak Yau Kee	–	–	–	–	–	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 4 February 2020	
• Board	Dr. Charles Chan Kwok Keung resigned as Chairman and Non-executive Director of the Company.
• Executive Committee	Dr. Charles Chan Kwok Keung resigned as the chairman of the committee.
• Remuneration Committee	Dr. Charles Chan Kwok Keung resigned as a member of the committee.

On 12 February 2020	
• Executive Committee	Mr. Li Ruigang was appointed as a new member of the committee replacing Mr. Chen Wen Chi and Mr. Mark Lee Po On was re-designated as the chairman of the committee.
• Audit Committee	Mr. Felix Fong Wo was appointed as a new member of the committee.
• Remuneration Committee	Ms. Belinda Wong Ching Ying was appointed as the chairman of the committee, and both Mr. Li Ruigang and Mr. Felix Fong Wo were appointed as new members of the committee. Dr. William Lo Wing Yan retired as member of the committee.
• Nomination Committee	Mr. Felix Fong Wo was appointed as the chairman of the committee, and both Mr. Thomas Hui To and Ms. Belinda Wong Ching Ying were appointed as new members of the committee.
• Risk Committee	Mr. Felix Fong Wo was appointed as the chairman of the committee and Dr. William Lo Wing Yan was re-designated as a member of the committee.
• Investment Committee	Mr. Anthony Lee Hsien Pin was re-designated as the chairman of the committee and Mr. Mark Lee Po On was appointed as a new member of the committee.
On 29 April 2020	
• Board	Mr. Thomas Hui To was appointed as Chairman and re-designated as Non-executive Director. Mr. Mark Lee Po On, Executive Director and Group Chief Executive Officer, was appointed as Vice Chairman. Mr. Li Ruigang ceased to be Vice Chairman but remains as Non-executive Director.
On 27 May 2020	
• Board	Mr. Li Ruigang, Non-executive Director, was successfully re-elected as Director at the annual general meeting of the Company held on 27 May 2020 ("2020 AGM"). Mr. Felix Fong Wo and Ms. Belinda Wong Ching Ying were successfully elected as Directors at the 2020 AGM.
On 2 December 2020	
• Board	Mr. Kenneth Hsu Kin was appointed as Non-executive Director.
On 24 March 2021	
• Audit Committee	Ms. Belinda Wong Ching Ying was appointed as a new member of the committee and Professor Caroline Wang Chia-Ling ceased to act as a member of the committee.
• Nomination Committee	Mr. Thomas Hui To was appointed as the chairman of the committee, Mr. Felix Fong Wo was re-designated as a member of the committee and Dr. William Lo Wing Yan ceased to act as a member of the committee.
• Risk Committee	Mr. Kenneth Hsu Kin was appointed as a new member of the committee and Professor Caroline Wang Chia-Ling ceased to act as a member of the committee.
• Regulatory Committee	Mr. Felix Fong Wo was appointed as the chairman of the committee, Dr. William Lo Wing Yan, Mr. Mark Lee Po On and Mr. Desmond Chan Shu Hung were appointed as members of the committee.

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

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.

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 Board has a total of 11 Directors

Executive Director	Non-executive Directors
1	10 (including 5 INEDs)

Gender

Male	Female
9 (82%)	2 (18%)

Age Group

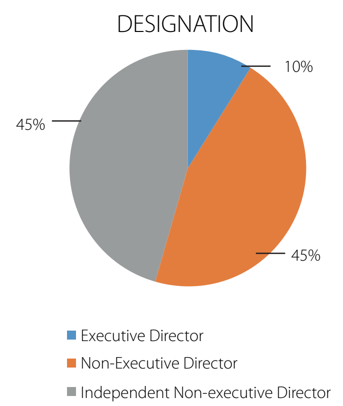
The number of Directors falling within the following age groups are:

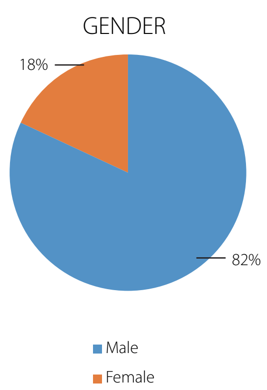
45-50	51 - 55	56 - 60	61 - 65	66 - 70	71 - 75
2	1	1	3	2	2

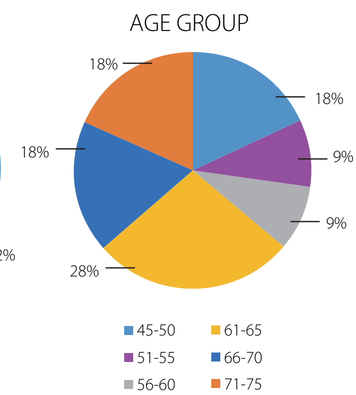
The average age of Directors is 62 years old.

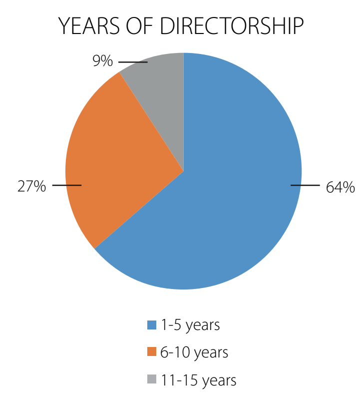
Years of directorship with TVB

1-5 years	6-10 years	11-15 years
7	3	1









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

Director	Title	Background Professional/Expertise
Thomas Hui To	Chairman, Non-executive Director	Media and Entertainment, Investment
Mark Lee Po On	Vice Chairman, Executive Director, Group Chief Executive Officer	Management and Operations, Finance and Accounting
Li Ruigang	Non-executive Director	Media and Entertainment
Anthony Lee Hsien Pin	Non-executive Director	Finance and Investment
Chen Wen Chi	Non-executive Director	Technology
Kenneth Hsu Kin	Non-executive Director	Engineering and Management
William Lo Wing Yan	Independent Non-executive Director	Technology, Media and Telecommunications
Caroline Wang Chia-Ling	Independent Non-executive Director	Management and Technology
Allan Zeman	Independent Non-executive Director	Investment
Felix Fong Wo	Independent Non-executive Director	Legal and Regulatory
Belinda Wong Ching Ying	Independent Non-executive Director	Management and Operations

Directors have very diversified background, ranging from management; finance and accounting; investment; legal and regulatory; media and entertainment; technology to engineering, which fit well with the Company's business objectives. The Nomination Committee considers that this board structure to be optimal for the Company and for its future development.

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. Directors are in addition 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 summary of press cuttings, 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 requirement of the Listing Rules, the Company organises trainings from time-to-time on relevant professional topics and areas of interests. During 2020, the Company facilitated training sessions to Directors on various topics, including "Managerial Decision Making and Leadership" presented by Professor Caroline Wang Chia-Ling, a director of the Company; regulatory update of the changes to the key provisions of the Broadcasting Ordinance. In addition, each Director was asked to provide to the Company a record of the training he/she received during the year from other sources for record and completeness purposes.

Proceedings of the Board and Board Committee Meetings

The Board holds meetings in person 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 or in the case that the position of Chairman is vacant, the Vice Chairman of the Board, 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 or the Vice Chairman.

Pursuant to the 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 2020 AGM are set out below (Note 2):

Directors	Board meetings	Executive Committee meetings	Audit Committee meetings	Remuneration Committee meeting	Nomination Committee meeting	Risk Committee meetings	Investment Committee meetings	2020 AGM
Thomas Hui To	7/7	14/14	–	–	1/1	–	4/4	1/1
Mark Lee Po On	7/7	14/14	–	–	–	3/3	4/4	1/1
Li Ruigang	7/7	7/13	–	1/1	–	–	–	1/1
Anthony Lee Hsien Pin	7/7	–	4/4	–	1/1	–	4/4	1/1
Chen Wen Chi	6/7	0/1	–	–	–	–	–	1/1
Kenneth Hsu Kin (Note 3)	N/A	–	–	–	–	–	–	N/A
William Lo Wing Yan	7/7	–	4/4	–	1/1	3/3	–	1/1
Caroline Wang Chia-Ling	7/7	–	4/4	–	–	3/3	–	1/1
Allan Zeman	7/7	–	–	–	1/1	–	–	1/1
Felix Fong Wo	7/7	–	4/4	1/1	1/1	3/3	–	1/1
Belinda Wong Ching Ying	7/7	–	–	1/1	1/1	–	–	1/1

Resigned Director	Board meetings	Executive Committee meetings	Audit Committee meetings	Remuneration Committee meeting	Nomination Committee meeting	Risk Committee meetings	Investment Committee meetings	2020 AGM
Charles Chan Kwok Keung (Note 4)	N/A	1/1	–	–	–	–	–	N/A

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 2020.
3. Mr. Kenneth Hsu Kin was appointed as Non-executive Director of the Company on 2 December 2020. No Board meetings and general meetings were held following his appointment and up to 31 December 2020.
4. Dr. Charles Chan Kwok Keung resigned on 4 February 2020. No Board meetings or general meetings were held before his resignation in 2020.
5. Regulatory Committee was established on 24 March 2021 and there were no meetings held during 2020.

BOARD MEETINGS AND RESOLUTIONS

During 2020, the Board dealt with the following matters through meetings and resolutions-in-writing:

Financial and Operational Performance

- approved the annual results and recommended to shareholders the final dividend for the year ended 31 December 2019;
- received from Management financial and business performance of the Group periodically;
- discussed and endorsed a three-year medium term strategic business plan for 2021-2023 of the Group;
- approved the interim results for the six months ended 30 June 2020; and
- discussed and approved the budget of the Group for the year ending 31 December 2021.

Governance

- approved the changes to the terms of references of various Board Committees in order to consolidate consideration of all risk-related matters under the Risk Committee;
- approved various appointments and resignations of Directors, and changes in the composition of Board Committees; and
- approved the agreements which constituted continuing connected transactions of the Company.

In December 2020, the Chairman of the Board, as required under the CG Codes, 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.

Currently, the Board has one Executive Director who is also the Group Chief Executive Officer. This Executive Director provides the necessary linkage between the Board and Senior Management.

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 2020.

Based on the records of meetings, the 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has adopted stringent procedures for the appointment of INEDs and the continuous requirement 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 with the Stock Exchange his/her independence, having regard to the criteria under Rule 3.13 of the Listing Rules upon appointment.

On-going Process

- 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.

There is a total of five INEDs on the Board, namely, Dr. William Lo Wing Yan, Professor Caroline Wang Chia-Ling, Dr. Allan Zeman, Mr. Felix Fong Wo and Ms. Belinda Wong Ching Ying. This number fulfills the requirement of a minimum of three independent non-executive directors 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. It is considered that the majority of the INEDs possesses related financial management expertise.

Each of the INEDs has given the Company a confirmation of his/her independence. The Nomination Committee had reviewed on 23 February 2021, by reference to the guidelines set out in Rule 3.13 of the Listing Rules the independence of each of these Directors, and considered that all INEDs are independent.

RELATIONSHIPS BETWEEN DIRECTORS

The Directors have no relationships (including financial, business, family or other material/relevant relationships) among themselves, save for the following:

- Up to 26 August 2020 and before the completion of the reorganisation of shareholding of Young Lion Holdings Limited, Dr. Charles Chan Kwok Keung (former Chairman and Non-executive Director), Mr. Li Ruigang (a Non-executive Director) and Mr. Chen Wen Chi (a Non-executive Director) through his spouse Ms. Wang Hsiueh Hong, were indirect shareholders of Shaw Brothers Limited which directly holds 26% of the shareholding interest of the Company.
- With effective from 27 August 2020 and upon the completion of the reorganisation of shareholding of Young Lion Holdings Limited, Mr. Li Ruigang and Mr. Kenneth Hsu Kin (both Non-executive Directors) are indirect shareholders of Shaw Brothers Limited which directly holds 22.1% of the shareholding interest of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code, 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 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 2020.

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, and certain internal policies and rules update and the 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 election and re-election at the 2021 AGM, are set out in a circular which will be sent to shareholders of the Company ("Shareholders") together with the notice of the 2021 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.

Dr. Charles Chan Kwok Keung, former Chairman and Non-executive Director, resigned on 4 February 2020 due to his retirement. Mr. Li Ruigang, former Vice Chairman, had taken over duties and matters relating to the Chairman in the interim before the appointment of Mr. Thomas Hui To as the Chairman of the Board on 29 April 2020.

Mr. Mark Lee Po On, Vice Chairman, Executive Director and Group Chief Executive Officer of the Company, is the pinnacle of the management structure. He is responsible for implementing and reporting to the Board on the implementation of the Company's strategies; overseeing the realisation by the Company of the objectives set by the Board; and providing the necessary information for the Board to monitor the performance of Management.

BOARD COMMITTEES

The Board is supported by seven Board Committees, namely:

- Executive Committee;
- Audit Committee;
- Remuneration Committee;
- Nomination Committee;
- Risk 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 seven Committees are available on the website of the Stock Exchange (www.hkexnews.hk, "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.

The attendance records of Directors at all Committee meetings in 2020 are set out in the table in this CG Report on page 102.

EXECUTIVE COMMITTEE

The Executive Committee has been delegated by the Board with the power 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 is set out in the Company's website.

Composition and Work Done

The Executive Committee comprises three members.

Composition	Committee Members
Executive Director and Non-executive Directors	Mark Lee Po On, ED (chairman) (Note 1) Thomas Hui To, NED Li Ruigang, NED (Note 2)

Note 1: Re-designated as chairman since 12 February 2020.

Note 2: Appointed since 12 February 2020.

Note 3: Dr. Charles Chan Kwok Keung (former Non-executive Director) ceased to act as chairman on 4 February 2020 and Mr. Chen Wen Chi (Non-executive Director) ceased to act as a member on 12 February 2020.

During 2020, the Executive Committee held a total of fourteen meetings and passed two 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 the annual financial reporting packages;
- reviewed the Group's cash position;
- reviewed the treasury management policy and the investment portfolio, and approved disposal of bonds securities from the investment portfolio;
- made recommendations to the Board for interim and final 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; and review of the appointment of external auditor ensuring its independence. The Audit Committee was previously responsible for reviewing the risk management and internal control systems before such a responsibility was taken up by the Risk Committee in August 2020. The terms of reference including the major roles and functions of the Audit Committee is set out in the Company's website.

Composition and Work Done

The Audit Committee has four members, the majority of whom are INEDs of the Company and is chaired by an INED. Most of the Members are experienced in reviewing and analysing financial information and possess appropriate accounting and related financial management expertise. 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 as the majority	William Lo Wing Yan, INED (chairman) Anthony Lee Hsien Pin, NED Felix Fong Wo, INED (Note 1) Belinda Wong Ching Ying, INED (Note 2)

Note 1: Appointed since 12 February 2020.

Note 2: Appointed since 24 March 2021.

Note 3: Professor Caroline Wang Chia-Ling ceased to act as a member on 24 March 2021.

During 2020, the Audit Committee held four meetings and 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, and agreed with the auditor on its expression of audit qualification in the auditor's report;
- reviewed draft interim and annual reports;
- considered the proposed scope and approach of the annual audit;
- reviewed and discussed audit findings and the 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; and
- received the report headed Review of Risk Management and Internal Controls prepared by Internal Audit, covering in particular an assessment of whether the Company had maintained an effective set of financial controls.

PricewaterhouseCoopers is the external auditor of the Company. As required under the CG Code, the Audit Committee held a meeting with PricewaterhouseCoopers, in the absence of Management, to discuss matters relevant to the audit. No matter of significance arose from this meeting.

The reporting responsibilities of PricewaterhouseCoopers, 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 2020, no matters were raised by employees or external parties to the Audit Committee under the whistleblowing procedures.

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

	2020 HK$'000	2019 HK$'000
Company	**2,696**	2,276
Subsidiaries	**2,607**	3,177
Total	**5,303**	5,453
Fees payable to PricewaterhouseCoopers, the principal auditor	**4,511**	4,580

Fees for Non-audit Services

	2020 HK$'000	2019 HK$'000
Company	**178**	426
Subsidiaries	**1,778**	2,629
Total	**1,956**	3,055
Fees payable to PricewaterhouseCoopers, the principal auditor (Note 1)	**1,472**	2,631

Note 1: Non-audit services rendered by PricewaterhouseCoopers (PwC) to the Group in 2020 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 2020 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 is set out in the Company's website.

Composition and Work Done

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

Composition	Committee Members
INEDs as the majority	Belinda Wong Ching Ying, INED (chairman) (Note 1) Li Ruigang, NED (Note 1) Felix Fong Wo, INED (Note 1)

Note 1: Appointed since 12 February 2020.

Note 2: Dr. Charles Chan Kwok Keung (former Non-executive Director) ceased to act as a member on 4 February 2020.

Note 3: Dr. William Lo Wing Yan ceased to act as a member since 12 February 2020.

During 2020, the Remuneration Committee held one meeting which dealt with, inter-alia, the following matters:

- considered and approved Management's proposal that no discretionary bonus be payable to members of the senior executives and the Senior Management for the year ended 31 December 2020; and
- reviewed the fee levels for Chairman, Vice 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

All Directors are entitled to a fixed Director's fee which was recommended by the Remuneration Committee, determined by the Board and approved by Shareholders.

The Chairman of the Board is remunerated by a fixed Chairman's fee. The Vice Chairman of the Board is remunerated by a fixed Vice Chairman's fee.

Director, whether serving as an executive director or a non-executive director, is remunerated by way of a fixed Director's fee, the relevant Board Committee fees, if he/she also serves on those committees.

Mr. Mark Lee Po On, Group Chief Executive Officer, had voluntarily waived his contractual annual salary increment of 5% commencing on 1 February 2021 owing to the prevailing adverse market conditions, in line with the Group's arrangement for all other staff members of no salary increment for year ending 31 December 2021.

Any increases in Chairman's fee, Vice Chairman's fee and/or Director's fee shall be recommended and 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 of Directors.

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 2020 and the year ending 31 December 2021 are set out below. At the meeting of the Remuneration Committee, the Committee resolved that there will be no increase in fees of the Chairman, the Vice Chairman, the Directors and the Board Committees for the year ending 31 December 2021, 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 four consecutive years i.e. 2018, 2019, 2020 and 2021.

Individual Director serving	2021 Annual fees HK$	2020 Annual fees HK$
Board of Directors		
Chairman	300,000	300,000
Vice Chairman	280,000	280,000
Executive and Non-executive 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		
Chairman	70,000	70,000
Members	55,000	55,000
Investment Committee		
Chairman	70,000	70,000
Members	55,000	55,000
Regulatory Committee		
Chairman	70,000	–
Members	55,000	–

Remuneration of Senior Management

Members of Senior Management are remunerated by way of salaries and other incentives, such as discretionary bonuses. 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 and the adverse market environment, the Remuneration Committee concurred with Management that no discretionary bonuses be paid to the members of Senior Management for the year ended 31 December 2020.

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 set out in the Company's website.

Composition and Work Done

The Nomination Committee comprises five members, the majority of whom are Independent Non-executive Directors of the Company and its membership is set out below.

Composition	Committee Members
INEDs as the majority	Thomas Hui To, NED (chairman) (Note 1) Anthony Lee Hsien Pin, NED Allan Zeman, INED Felix Fong Wo, INED (Note 2) Belinda Wong Ching Ying, INED (Note 3)

Note 1: Appointed as a member on 12 February 2020 and was re-designated as the chairman on 24 March 2021.

Note 2: Appointed the chairman on 12 February 2020 and was re-designated as a member on 24 March 2021.

Note 3: Appointed since 12 February 2020.

Note 4: Dr. William Lo Wing Yan ceased to act as a member on 24 March 2021.

During 2020, the Nomination Committee held one meeting and passed two resolutions-in-writing which dealt with, inter-alia, the following matters:

- reviewed the Board's composition;
- made recommendations to the Board on appointment of Chairman, Vice Chairman and Non-executive Director;
- reviewed the independence of the INEDs; and
- reviewed and made recommendations to the Board on the election and re-election of Directors at the 2020 AGM.

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 Independent Non-executive Directors) 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 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 controls systems. The terms of reference including the major duties and functions of Risk Committee is set out in the Company's website.

Composition and Work Done

The Risk Committee comprises four members, the majority of whom are Independent Non-executive Directors of the Company. Membership of the Risk Committee is set out below.

Composition	Committee Members
INEDs as the majority	Felix Fong Wo, INED (chairman) (Note 1) Mark Lee Po On, ED Kenneth Hsu Kin, NED (Note 2) William Lo Wing Yan, INED (Note 3)

Note 1: Appointed since 12 February 2020.
Note 2: Appointed since 24 March 2021.
Note 3: Chairman of the Risk Committee up to 11 February 2020 and re-designated as a member on 12 February 2020.
Note 4: Professor Caroline Wang Chia-Ling ceased to act as a member on 24 March 2021.

During 2020, the Risk Committee held three meetings and dealt with 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;
- discussed data protection and cyber security measures across the Group and adequacy of the current procedures;
- reviewed the interim and the full year Environmental and Social Reports from the Sustainability Steering Group of Management and reviewed the progress made by Management on environmental, social and governance matters for the year ended 31 December 2019 and the six months ended 30 June 2020 respectively; and
- considered and reviewed the risk management framework and an update on the Group's key risks and mitigation actions from Management.

Principal Risks

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

The Risk Committee has reviewed the principal risks along with Management and regards the following risks as the top risks affecting its operations. During the year, new risks emerged which could present significant impact on the Group's business.

Risk Category	Description	Control Measures Undertaken
1. Strategy Risks	Risks that failed business decisions may pose to the Company.	• Prepared a three years business plan which outlined the business strategies and goals, the operational steps needed to achieve those plans, and assigned responsible managers to execute those plans. • Put the strategies into practice through day-to-day operations.
2. Health and Business Disruption	The fourth wave of an escalating Covid-19 in Hong Kong had seriously disrupting the Company's business.	• Continued to adopt precautionary measures, including work-from-home arrangement, mandatory temperature checks upon entering company's compound, mandatory wearing of masks inside the company's compound, intensified disinfection and cleaning.
3. Business/Market	Technological disruption is affecting viewership in terrestrial TV channels. Terrestrial TV is experiencing gradual decline in viewership as many are opting for non-terrestrial TV platforms, such as the internet and mobile services.	• Launched OTT service in 2016 to compensate the loss of viewership from terrestrial. • Launched social media platform in 2017 paving way for digital marketing.
4. Brand Risks	Adverse observation suggested that viewership in Hong Kong is moving away from TVB channels and TVB's audience demographics is ageing.	• Deployed brand management technique to analyse how the brand is perceived by the public and undertake corrective actions. • Disseminated correct message regarding TVB's viewership to the market.

Risk Category	Description	Control Measures Undertaken
5. Credit Risks	Default risks in bond investments.	• Engaged an investment bank as adviser to monitor on a regular basis the credit quality of the bond investments.
6. Business/Market	Business in licensing operations declined due to the pay TV operators in Southeast Asia have been severely affected by technological disruption.	• Rolled out TVB Anywhere to overseas to grow B2C business. • Increased local production in key overseas market to attract subscribers.

INVESTMENT COMMITTEE

The Investment Committee was established on 22 August 2018 for the purposes of review the Company's portfolio of marketable securities and monitor its performance on a regular basis. The terms of reference including the major roles and functions of the Investment Committee is set out in the Company's website.

Composition and Work Done

The Investment Committee comprises four members and its membership is set out below.

Composition	Committee Members
Executive Director, Non-executive Directors and Senior Management	Anthony Lee Hsien Pin, NED (chairman) (Note 1) Thomas Hui To, NED Mark Lee Po On, ED (Note 2) Adrian Mak Yau Kee, CFO

Note 1: Re-designated as the chairman since 12 February 2020.
Note 2: Appointed since 12 February 2020.

During 2020, the Investment Committee held four meetings which dealt with, inter-alia, the following matters:

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

The Investment Committee has appointed UBS AG as its investment adviser to assist in its review of the Company's investment portfolio. UBS AG attends all meetings of the Investment Committee to answer questions from the Investment Committee.

REGULATORY COMMITTEE

The Regulatory Committee was established on 24 March 2021 for the purpose of assisting the Board on regulatory and related matters in relation to the terrestrial TV market in Hong Kong. The terms of reference including the major roles and functions of the Regulatory Committee is set out in the Company's website.

Composition and Work Done

The Regulatory Committee comprises four members and its membership is set out below.

Composition	Committee Members
Executive Director, Independent Non-executive Directors and Senior Management	Felix Fong Wo, INED (chairman) (Note 1) Mark Lee Po On, ED (Note 1) William Lo Wing Yan, INED (Note 1) Desmond Chan Shu Hung, Deputy General Manager (Legal and International Operations) (Note 1)

Note 1: Appointed since 24 March 2021.

The Regulatory Committee held two pre-meetings in March 2021, in which the general directions of the committee were discussed.

COMPANY SECRETARY

Biographical details of the Company Secretary can be found on page 80 of this Annual Report under Senior Management. During 2020, the Company Secretary attended all general meeting, Board and Board Committee meetings.

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, the Company Secretary has confirmed that he had undertaken over 15 hours of training during the year ended 31 December 2020.

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 Risk Committee is delegated by the Board to oversee and manage all identified major business and operational risks on an ongoing basis (including ESG-related risks). During 2020, the Risk Committee met three times to discuss strategic and major operational risks faced by the Group and the related mitigation action plans. The major roles and functions of the Risk Committee are set out in "Risk Committee" section on pages 110 to 112 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

During the year, the Board, through the Audit Committee, had conducted a review of 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").

A project team was set up during the year to facilitate the 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.

The responsibility of reviewing the Group's risk management and internal control systems had been taken up by the Risk Committee in August 2020.

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 are established.
- 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 improvement actions are taken, if necessary, 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 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 also refrained from accepting personal benefits through their 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 employing a policy of open communication with Shareholders. The Company ensures that information is appropriately disseminated to Shareholders on a timely basis in compliance with the Listing Rules.

At the Company's annual general meetings, Shareholders are provided with an opportunity to communicate face-to-face with the Directors, reflecting the Board's commitment to provide a high degree of accountability.

At semi-annual results briefing sessions following the release of results, Senior Management presents and discusses with securities analysts the Company's financial performance and business strategies.

The Company has designated the Head of Investor Relations to provide a two-way communication between Management and the investment community to update investors and analysts on business strategies and developments, as well as to collect market feedback and opinion. Such communication would include face-to-face meetings at the Company's premises or at investment conferences organised by investment banks in Hong Kong or abroad and/or conference calls. In addition, the Company had initiated non-deal roadshows to build a two-way communication with a wider investor group. Other officers of the Company may participate in meetings to further strengthen the market's understanding of the Company's businesses.

The Company has assigned an email account ir@tvb.com.hk for communication with Shareholders. Furthermore, the Company keeps its website http://corporate.tvb.com up-to-date with press releases and announcements for easy access by Shareholders.

CORPORATE COMMUNICATION

Disclosure of Information

The Company adopted a policy of disclosing relevant information to shareholders and the public in a timely manner:

- the Company makes announcements pursuant to the requirements of the Listing Rules on the Exchange's website and the Company's website;
- the Company maintains a library of corporate information, including announcements, circulars and financial reports at the Company's website for reference purpose;
- the Company provides a forum at the annual general meetings for shareholders to meet and communicate with Management; and
- reports and circulars are distributed to all registered Shareholders.

The Board is vested with the responsibility to disseminate to Shareholders and the public any inside information in the form of announcements and circulars, in accordance with the Listing Rules.

The Company maintained a Company's website (http://corporate.tvb.com) to provide a search engine for the news and information of the Company and its subsidiaries.

There was no change to the Company's constitutional documents during 2020.

General Meetings

Proceedings of annual general meetings and other general meetings are reviewed periodically to ensure that the Company follows the CG Code.

Pursuant to the Listing Rules, notice of annual general meeting is sent to all Shareholders at least 20 clear business days before the meeting, and at least 10 clear business days for all other general meetings setting out details of each proposed resolution, poll procedures and other relevant information.

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 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.

2020 Annual General Meeting

The 2020 AGM was held at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong on Wednesday, 27 May 2020 at 4:00 p.m. The total number of shares entitling the holders to attend and vote on all of the resolutions at the AGM was 316,942,526 shares, representing approximately 72.4% of the total number of shares of the Company.

The matters proposed and resolved at the 2020 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 2019;
- declared the final dividend for the year ended 31 December 2019;
- elected Mr. Felix Fong Wo and Ms. Belinda Wong Ching Ying as Directors and re-elected retiring Director Mr. Li Ruigang 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 5% additional shares;
- granted a general mandate to Directors to repurchase 5% issued shares;
- extended the authority given to the Directors under general mandate to issue additional shares by the shares repurchased pursuant to the general mandate granted; and
- extended the book close period from 30 days to 60 days.

2021 Annual General Meeting

The 2021 AGM has been scheduled to take place at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong on Wednesday, 26 May 2021.

At the date of this Annual Report, the coronavirus situation in Hong Kong is still developing and the situation at the time of 2021 AGM is difficult to predict.

In the event that the coronavirus situation deteriorates and requires the date and venue of the 2021 AGM to be changed, Shareholders will be notified of the revised arrangement and further announcement will be made by the Company on the Company's website (http://corporate.tvb.com) and the Exchange's website (www.hkexnews.hk). Shareholders are advised to read the Company's announcement(s) in relation to the latest arrangement of the 2021 AGM (if any) published on the Company's website and the Exchange's website before attending the 2021 AGM.

Shareholders' Communications Policy

The Company has established a Shareholders' Communication Policy for maintaining an ongoing dialogue with its Shareholders.

The Board reviews the Shareholders' Communication Policy on a regular basis to ensure its effectiveness and that it meets the best market practice. Full text of the Shareholders' Communication Policy is available on the Company's website.

SHAREHOLDERS' RIGHTS

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 of the Company ("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;
- 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.

On behalf of the Board

Thomas Hui To
Chairman

Hong Kong, 24 March 2021

Financials

FIVE-YEAR FINANCIAL REVIEW

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements is set out below:

	2020 **HK$'mil**	2019 HK$'mil	2018 HK$'mil	2017 HK$'mil	2016 HK$'mil
Results (Year ended 31 December)					
Revenue	**2,724**	3,649	4,477	4,336	4,210
(Loss)/profit before income tax	**(345)**	(297)	(124)	358	553
Income tax credit/(expense)	**88**	18	(53)	(94)	(105)
(Loss)/profit attributable to equity holders of the Company	**(281)**	(295)	(199)	244	500
(Loss)/earnings per share	**HK$(0.64)**	HK$(0.67)	HK$(0.45)	HK$0.56	HK$1.14
Assets and Liabilities (As at 31 December)					
Non-current					
Property, plant and equipment	**1,611**	1,854	1,860	1,929	1,852
Investment properties	**8**	29	29	31	101
Intangible assets	**220**	192	140	86	59
Interests in joint ventures	**825**	708	707	769	20
Interests in associates	**172**	162	162	169	160
Financial assets at fair value through other comprehensive income/ available-for-sale financial assets	**12**	40	40	47	47
Bond securities at amortised cost/ held-to-maturity financial assets	**441**	1,250	2,241	712	524
Financial assets at fair value through profit or loss	**–**	–	330	–	–
Other non-current assets	**175**	59	101	120	122
Current assets	**6,368**	4,301	4,646	8,153	9,471
Current liabilities	**(2,534)**	(1,036)	(791)	(887)	(937)
	7,298	7,559	9,465	11,129	11,419
Share capital	**664**	664	664	664	664
Reserves	**4,462**	4,788	5,519	6,331	6,401
Shareholders' funds	**5,126**	5,452	6,183	6,995	7,065
Non-controlling interests	**172**	137	124	162	165
Non-current liabilities	**2,000**	1,970	3,158	3,972	4,189
	7,298	7,559	9,465	11,129	11,419

羅兵咸永道

To the Members of Television Broadcasts Limited

(incorporated in Hong Kong with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

What we have audited

The consolidated financial statements of Television Broadcasts Limited (the "Company") and its subsidiaries (the "Group") set out on pages 126 to 208, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- 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, which include a summary of significant accounting policies.

Our qualified opinion

In our opinion, except for the possible effects on the comparability of the current year's figures and the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 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 QUALIFIED OPINION

Comparability of the current year's figures and the corresponding figures for the year ended 31 December 2019 in the consolidated income statement and the consolidated statement of changes in equity

The Group holds certain unsecured fixed coupon bonds ("Fixed Coupon Bonds") and secured convertible bonds ("Convertible Bonds") issued by SMI Holdings Group Limited ("SMI") which are further described in notes 12 and 13 in the consolidated financial statements for the year ended 31 December 2020. We have previously qualified our opinion in respect of the Group's consolidated financial statements for the year ended 31 December 2018 as we were unable to obtain sufficient audit evidence or perform alternative procedures to assess or corroborate the key inputs and key assumptions adopted by management in their assessment of impairment of the Fixed Coupon Bonds and the valuation of the Convertible Bonds as at 31 December 2018. During the year ended 31 December 2019, as further set out in note 13 in the consolidated financial statements for the year ended 31 December 2020, the Group has made full provision for the remaining portion of the Convertible Bonds. Our audit opinion on the consolidated financial statements for the year ended 31 December 2019 was qualified because of the limitation in scope on the opening balances of the Fixed Coupon Bonds and Convertible Bonds as at 1 January 2019, which could have a consequential impact to the impairment charge on the Fixed Coupon Bonds and fair value losses of the Convertible Bonds included in the Group's consolidated losses for the year ended 31 December 2019.

Because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures for the year ended 31 December 2019 in the consolidated income statement and the consolidated statement of changes in equity and the related notes disclosures, our opinion on the consolidated financial statements for the year ended 31 December 2020 is therefore qualified.

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 qualified 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter identified in our audit is related to the programme costs and film rights.

Key Audit Matter	How our audit addressed the Key Audit Matter
Programme costs and film rights	
Refer to notes 2, 4(d) and 25 to the consolidated financial statements The programme costs and film rights recognised as an expense for the year ended 31 December 2020 was HK$1,371 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.	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.

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 judgement 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 Yau Lai Ting, Cecilia.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,610,955**	1,853,928
Investment properties	7	**8,447**	28,981
Intangible assets	8	**219,608**	191,616
Interests in joint ventures	9	**824,706**	708,905
Interests in associates	10	**171,868**	162,009
Financial assets at fair value through other comprehensive income	11	**12,052**	39,775
Bond securities at amortised cost	12	**440,895**	1,250,090
Financial assets at fair value through profit or loss	13	**–**	–
Deferred income tax assets	23	**144,169**	7,697
Prepayments	15	**31,360**	51,284
Total non-current assets		**3,464,060**	4,294,285
Current assets			
Programmes and film rights		**1,267,064**	1,112,660
Stocks	14	**27,187**	38,195
Trade and other receivables, prepayments and deposits	15	**1,646,757**	1,722,360
Movie investments	16	**19,454**	66,992
Interests in joint ventures	9	**–**	42,650
Tax recoverable		**2,214**	7,870
Bond securities at amortised cost	12	**69,661**	125,624
Bank deposits maturing after three months	17	**1,997,763**	79,137
Cash and cash equivalents	17	**1,337,635**	1,105,611
Total current assets		**6,367,735**	4,301,099
Total assets		**9,831,795**	8,595,384
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	**664,044**	664,044
Other reserves	19	**175,644**	132,908
Retained earnings		**4,286,413**	4,654,654
		5,126,101	5,451,606
Non-controlling interests		**171,914**	137,056
Total equity		**5,298,015**	5,588,662
LIABILITIES			
Non-current liabilities			
Borrowings	21	**1,934,958**	1,865,660
Lease liabilities	22	**9,505**	36,437
Deferred income tax liabilities	23	**55,436**	68,592
Total non-current liabilities		**1,999,899**	1,970,689

	Note	2020 HK$'000	2019 HK$'000
Current liabilities			
Trade and other payables and accruals	20	**624,392**	650,074
Current income tax liabilities		**61,524**	7,051
Borrowings	21	**1,817,689**	342,716
Lease liabilities	22	**30,276**	36,192
Total current liabilities		**2,533,881**	1,036,033
Total liabilities		**4,533,780**	3,006,722
Total equity and liabilities		**9,831,795**	8,595,384

The consolidated financial statements on pages 126 to 208 were approved by the Board of Directors on 24 March 2021 and were signed on its behalf.

Thomas Hui To Director	**Mark Lee Po On** Director

The notes on pages 133 to 208 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	5	**2,724,200**	3,648,762
Cost of sales		**(1,876,968)**	(2,166,686)
Gross profit		**847,232**	1,482,076
Other revenues	5	**223,399**	13,860
Interest income	5	**160,585**	179,971
Selling, distribution and transmission costs		**(591,017)**	(645,655)
General and administrative expenses		**(784,871)**	(885,392)
Other gains, net	29	**23,785**	50,891
Gain on disposal of other financial assets at amortised cost	12	**22,097**	21,297
Impairment loss on other financial assets at amortised cost	12	**(118,000)**	(88,000)
Fair value loss on financial assets at fair value through profit or loss	13	**–**	(330,015)
(Impairment loss)/reversal of impairment loss on trade and other receivables	15	**(13,146)**	65,930
Finance costs	30	**(100,849)**	(106,951)
Share of profits/(losses) of joint ventures	9	**779**	(58,279)
Impairment loss on receivables from a joint venture	9	**(13,500)**	–
Share of (losses)/profits of associates	10	**(1,180)**	3,328
Loss before income tax	25	**(344,686)**	(296,939)
Income tax credit	31	**87,578**	18,273
Loss for the year		**(257,108)**	(278,666)
(Loss)/profit attributable to:			
Equity holders of the Company		**(280,881)**	(294,925)
Non-controlling interests		**23,773**	16,259
		(257,108)	(278,666)
Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the year	32	**HK$(0.64)**	HK$(0.67)

The notes on pages 133 to 208 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
Loss for the year	**(257,108)**	(278,666)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations		
– Subsidiaries	**33,027**	(14,117)
– Joint ventures	**958**	1,195
Share of other comprehensive income/(loss) of an associate	**11,039**	(3,448)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	**–**	789
Reclassification adjustments of exchange differences to profit or loss on liquidation of a joint venture	**–**	(1,943)
Other comprehensive income/(loss) for the year, net of tax	**45,024**	(17,524)
Total comprehensive loss for the year	**(212,084)**	(296,190)
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(246,942)**	(308,953)
Non-controlling interests	**34,858**	12,763
Total comprehensive loss for the year	**(212,084)**	(296,190)

The notes on pages 133 to 208 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Attributable to equity holders of the Company					
	Note	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2019		664,044	125,241	5,393,453	6,182,738	124,293	6,307,031
Comprehensive income/(loss):							
Loss for the year		–	–	(294,925)	(294,925)	16,259	(278,666)
Other comprehensive income/(loss):							
Exchange differences on translation of foreign operations							
– Subsidiaries		–	(11,204)	–	(11,204)	(2,913)	(14,117)
– Joint ventures		–	1,195	–	1,195	–	1,195
Share of other comprehensive loss of an associate		–	(3,448)	–	(3,448)	–	(3,448)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries and a joint venture		–	(571)	–	(571)	(583)	(1,154)
Total comprehensive loss, net of tax		–	(14,028)	(294,925)	(308,953)	12,763	(296,190)
Transactions with owners:							
Share-based payments	19	–	15,821	–	15,821	–	15,821
Transferred to legal reserve	19	–	5,874	(5,874)	–	–	–
2018 final dividends paid		–	–	(306,600)	(306,600)	–	(306,600)
2019 interim dividends paid		–	–	(131,400)	(131,400)	–	(131,400)
Total transactions with owners		–	21,695	(443,874)	(422,179)	–	(422,179)
Balance at 31 December 2019		664,044	132,908	4,654,654	5,451,606	137,056	5,588,662

	Note	Attributable to equity holders of the Company					
	Note	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2020		664,044	132,908	4,654,654	5,451,606	137,056	5,588,662
Comprehensive income/(loss):							
Loss for the year		–	–	(280,881)	(280,881)	23,773	(257,108)
Other comprehensive income/(loss):							
Exchange differences on translation of foreign operations							
– Subsidiaries		–	21,942	–	21,942	11,085	33,027
– Joint ventures		–	958	–	958	–	958
Share of other comprehensive income of an associate		–	11,039	–	11,039	–	11,039
Total comprehensive loss, net of tax		–	33,939	(280,881)	(246,942)	34,858	(212,084)
Transactions with owners:							
Share-based payments	19	–	6,425	2,612	9,037	–	9,037
Transferred to legal reserve	19	–	2,372	(2,372)	–	–	–
2019 final dividends paid		–	–	(87,600)	(87,600)	–	(87,600)
Total transactions with owners		–	8,797	(87,360)	(78,563)	–	(78,563)
Balance at 31 December 2020		**664,044**	**175,644**	**4,286,413**	**5,126,101**	**171,914**	**5,298,015**

The notes on pages 133 to 208 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Cash generated from operations	34(a)	**34,136**	817,237
Hong Kong tax paid		**(8,434)**	(15,238)
Hong Kong tax refunded		**17**	–
Overseas tax paid		**(1,022)**	(34,016)
Overseas tax refunded		**6,090**	–
Net cash generated from operating activities		**30,787**	767,983
Cash flows from investing activities			
Purchases of property, plant and equipment and investment properties		**(97,524)**	(263,538)
Additions of intangible assets		**(72,105)**	(82,506)
Proceeds from disposal/redemption of bond securities at amortised cost		**761,830**	802,728
Investment in a joint venture		**(150)**	(50)
Fund advanced to a joint venture		**–**	(2,500)
Fund advanced repaid by a joint venture		**–**	2,000
Increase in bank deposits maturing after three months		**(1,918,626)**	(22,209)
Net cash inflow from disposal of a subsidiary	38	**–**	27,336
Net proceeds from disposal of properties		**63,224**	–
Proceeds from disposal of property, plant and equipment		**686**	713
Return of investment costs in financial assets at fair value through other comprehensive income		**27,723**	–
Decrease/(increase) in movie investments		**14,437**	(63,954)
Interest received		**65,106**	133,816
Net cash (used in)/generated from investing activities		**(1,155,399)**	531,836
Cash flows from financing activities			
Proceeds from bank loans		**1,934,958**	342,716
Repayment of bank loans		**(342,716)**	–
Purchase of Notes		**(45,411)**	(1,141,130)
Interest paid		**(91,630)**	(108,541)
Decrease in restricted cash		**–**	1,406
Principal elements of lease payments		**(37,494)**	(30,125)
Dividends paid to equity holders of the Company		**(87,600)**	(438,000)
Net cash generated from/(used in) financing activities		**1,330,107**	(1,373,674)
Net increase/(decrease) in cash and cash equivalents		**205,495**	(73,855)
Cash and cash equivalents at 1 January		**1,105,611**	1,184,510
Effect of foreign exchange rate changes		**26,529**	(5,044)
Cash and cash equivalents at 31 December		**1,337,635**	1,105,611
Analysis of cash and cash equivalents:			
Short-term bank deposits maturing within three months		**703,089**	699,528
Cash at bank and on hand		**634,546**	406,083
	17	**1,337,635**	1,105,611

The notes on pages 133 to 208 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 43.

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 24 March 2021.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT 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.

(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.

(b) Early adoption of amendments to standards

The Group has early adopted Amendments to HKFRS 16 "Covid-19-Related Rent Concessions" retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

2.1 Basis of preparation (continued)

(b) Early adoption of amendments to standards (continued)

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling HK$515,000 have been accounted for as negative variable lease payments and recognised in the consolidated income statement for the year ended 31 December 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

(c) New standards and interpretations not yet adopted

Other than the early adoption of Amendments to HKFRS 16, there are other certain new accounting standards and interpretations have been published that are not mandatory for the accounting year ended 31 December 2020 and have not been early adopted by the Group. These standards 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.

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 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 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.

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

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

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.

(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.

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

2.2 Consolidation (continued)

(c) Associates (continued)

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.

(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 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

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

2.4 Foreign currency translation (continued)

(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.

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% – 25%
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 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (Note 2.2(a)). Goodwill on acquisitions of associates and joint ventures is included in interests in associates and interests in joint ventures, respectively. Goodwill is tested annually 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.

(b) 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.

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

2.7 Intangible assets (continued)

(b) Software development costs (continued)

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.

2.9 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 fair value through other comprehensive income ("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.

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

2.9 Financial assets (continued)

(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.

– 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.

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

2.9 Financial assets (continued)

(c) Measurement (continued)

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.

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.

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

2.10 Impairment of financial assets (continued)

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.

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

For internal credit risk management, the Group considers an event of default occurs when 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).

(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; or

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT 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 decoders, tapes, computer hard discs, video compact discs, digital video discs, OTT set-top boxes and consumable supplies, are stated at the lower of cost and net realisable value. The cost of video compact discs and digital video discs is calculated on a weighted average basis whereas the cost of other 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 SIGNIFICANT 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 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.

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

2.18 Current and deferred income tax (continued)

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.

2.19 Share-based payments

Share-based compensation benefits are provided to employees via share option schemes of the Company and Big Big e-Commerce Group Limited ("Big Big Group", formerly known as "Big Big Channel Holdings Limited").

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/ Big Big Group to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

2.20 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.

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

2.20 Employee benefits (continued)

(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.

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.

2.21 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 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.

2.23 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.

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.

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

2.23 Revenue recognition (continued)

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.

2.24 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).

2.25 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.

2.26 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 of fixed payments (including in-substance fixed payments), less any lease incentives receivables.

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.

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

2.26 Leases (continued)

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.

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.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in 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 balance sheet based on their nature.

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

2.27 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.

2.28 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.

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.

	2020		2019	
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	**7%**	**12,210**	4%	4,867
	(7%)	**(12,210)**	(4%)	(4,867)

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 and bank 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 2020 and 2019 has been conducted on bank deposits and long-term bank borrowings as the Group's exposure to interest rate risk arising from its bank overdrafts and short-term bank borrowings is considered to be insignificant. 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$12,608,743 (2019: decreased/increased by HK$6,930,550) in respect of bank deposits and long-term bank 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), debt securities 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 2019 and 2020, 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 2019	–	–	206,125	184,821	390,946
Increase/(decrease) in the allowance recognised in profit or loss during the year	–	–	88,000	(65,930)	22,070
Write-off	–	–	–	(65,761)	(65,761)
Exchange differences	–	–	–	(1,380)	(1,380)
At 31 December 2019 and 1 January 2020	–	–	294,125	51,750	345,875
Increase in the allowance recognised in profit or loss during the year	15,500	3,000	113,000	13,146	144,646
Write-off	–	–	–	(3,656)	(3,656)
Exchange differences	–	–	–	230	230
At 31 December 2020	**15,500**	**3,000**	**407,125**	**61,470**	**487,095**

As at 31 December 2020, except for provision for loss allowance for receivables from a joint venture of HK$13,500,000 (2019: Nil) under Stage 1 of ECL model and provision for impairment loss on receivables from trade debtors of HK$61,470,000 (2019: HK$51,750,000) under simplified approach of ECL model, the other loss allowance listed above was in relation to bond securities at amortised cost.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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 2020 and 2019.

	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 2020:					
Receivables from a joint venture	**835,068**	–	–	–	**835,068**
Bond securities at amortised cost	**294,839**	**77,157**	**550,685**	–	**922,681**
Trade receivables	–	–	–	**1,157,066**	**1,157,066**
Financial assets included in trade and other receivables, prepayments and deposits	**582,521**	–	–	–	**582,521**
Bank and cash balances	**3,335,398**	–	–	–	**3,335,398**
	5,047,826	**77,157**	**550,685**	**1,157,066**	**6,832,734**
As at 31 December 2019:					
Receivables from a joint venture	749,346	–	–	–	749,346
Bond securities at amortised cost	1,196,247	–	473,592	–	1,669,839
Trade receivables	–	–	–	1,240,687	1,240,687
Financial assets included in trade and other receivables, prepayments and deposits	584,707	–	–	–	584,707
Bank and cash balances	1,184,748	–	–	–	1,184,748
	3,715,048	–	473,592	1,240,687	5,429,327

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 facilities to ensure our funding requirements are met.

The Group's financial liabilities include trade payables, other payables, accruals, borrowings 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).

	2020			2019		
	Borrowings HK$'000	**Trade and other payables and accruals HK$'000**	**Lease liabilities HK$'000**	Borrowings HK$'000	Trade and other payables and accruals HK$'000	Lease liabilities HK$'000
Within 1 year	**1,921,211**	**396,625**	**30,276**	410,811	334,476	36,192
Between 1 and 2 years	**46,492**	**–**	**9,505**	1,946,584	–	28,889
Between 2 and 5 years	**1,962,008**	**–**	**–**	–	–	7,548
	3,929,711	**396,625**	**39,781**	2,357,395	334,476	72,629

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) 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.

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management (continued)

The gearing ratio at 31 December 2020 and 2019 was as follows:

	2020 HK$'000	2019 HK$'000
Net debt (Note 34(c))	**457,030**	1,096,257
Total equity	**5,298,015**	5,588,662
Gearing ratio – Net debt to total equity ratio	**8.6%**	19.6%

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 2020 and 2019, 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 bond securities at amortised cost, receivables from a joint venture, 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.

5 REVENUE, INTEREST INCOME, OTHER REVENUES AND SEGMENT INFORMATION

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:

	2020 HK$'000	2019 HK$'000
Revenue		
Income from advertisers, net of agency deductions	**1,076,158**	2,149,505
Licensing income	**721,248**	750,963
Subscription income	**384,233**	345,953
Co-production income	**320,925**	105,303
Others	**243,393**	337,843
	2,745,957	3,689,567
Less: withholding tax	**(21,757)**	(40,805)
	2,724,200	3,648,762
Interest income	**160,585**	179,971
Other revenues		
Government subsidies from Employment Support Scheme (note)	**202,385**	–
Others	**21,014**	13,860
	223,399	13,860
	3,108,184	3,842,593

Note:

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.

5 REVENUE, INTEREST INCOME, OTHER REVENUES AND SEGMENT INFORMATION (continued)

The Group is principally engaged in terrestrial television broadcasting with programme production, myTV SUPER, Big Big Channel and e-Commerce business, programme licensing and distribution, overseas pay TV and TVB Anywhere, and other activities.

The Group Chief Executive Officer is the Group's chief operating decision maker. The Group reports its operating segments based on the internal reports reviewed by the Group Chief Executive Officer for the purposes of allocating resources to the segments and assessing their performance.

The Group has following reportable segments:

(a)	Hong Kong TV broadcasting	–	broadcasting of television programmes and commercials on terrestrial TV platforms and production of programmes and co-produced dramas
(b)	myTV SUPER	–	operation of myTV SUPER OTT service and website portals
(c)	Big Big Channel and e-Commerce business	–	Big Big e-Commerce (online social media platform), Big Big Shop (e-commerce platform), music entertainment, event and digital marketing
(d)	Programme licensing and distribution	–	distribution of television programmes and channels to telecast, video and new media operators in Mainland China, Malaysia, Singapore and other countries
(e)	Overseas pay TV and TVB Anywhere	–	provision of pay television and OTT services to subscribers in most part of the world targeting Chinese and other Asian audiences
(f)	Other activities	–	property investment and other services
(g)	Corporate support	–	financing services, and new media platforms development and IT support services for the Group

The segments are managed separately according to the nature of products and services provided. Segment performance is evaluated based on operating results which in certain respects, as explained in the table below, is measured differently from the results before income tax in the consolidated financial statements.

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.

5 REVENUE, INTEREST INCOME, OTHER REVENUES AND SEGMENT INFORMATION (continued)

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

	Hong Kong TV broadcasting		myTV SUPER		Big Big Channel and e-Commerce business		Programme licensing and distribution		Overseas pay TV and TVB Anywhere		Other activities		Corporate support		Elimination		Total	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Revenue																		
Timing of revenue recognition:																		
At a point in time	**7,030**	22,627	**4,502**	1,024	**31,796**	15,285	**297,721**	251,089	**–**	690	**–**	–	**–**	–	**–**	–	**341,049**	290,715
Over time	**1,316,340**	2,167,551	**407,905**	441,043	**75,701**	113,238	**420,585**	488,876	**159,029**	143,200	**3,591**	4,139	**–**	–	**–**	–	**2,383,151**	3,358,047
External customers	**1,323,370**	2,190,178	**412,407**	442,067	**107,497**	128,523	**718,306**	739,965	**159,029**	143,890	**3,591**	4,139	**–**	–	**–**	–	**2,724,200**	3,648,762
Inter-segment	**34,416**	43,948	**32,659**	24,271	**70,733**	65,256	**66,036**	64,102	**4,600**	1,200	**536**	676	**112,279**	105,925	**(321,259)**	(305,378)	**–**	–
Total	**1,357,786**	2,234,126	**445,066**	466,338	**178,230**	193,779	**784,342**	804,067	**163,629**	145,090	**4,127**	4,815	**112,279**	105,925	**(321,259)**	(305,378)	**2,724,200**	3,648,762
Reportable segment (loss)/profit before the following items	**(592,755)**	(303,636)	**11,369**	39,690	**52,586**	43,755	**346,010**	411,997	**8,278**	(9,776)	**(3,533)**	(4,399)	**(173,020)**	(151,657)	**–**	–	**(351,065)**	25,974
Impairment loss net of gain on other financial assets at amortised cost§	**(95,903)**	(36,703)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(95,903)**	(36,703)
Fair value loss on financial assets at fair value through profit or loss	**–**	(330,015)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(330,015)
Gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	21,049	**–**	–	**–**	–	**–**	21,049
Gain on disposal of properties	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**26,931**	–	**–**	–	**–**	–	**26,931**	–
Reportable segment profit/(loss)	**(688,658)**	(670,354)	**11,369**	39,690	**52,586**	43,755	**346,010**	411,997	**8,278**	(9,776)	**23,398**	16,650	**(173,020)**	(151,657)	**–**	–	**(420,037)**	(319,695)
Interest income#	**135,839**	137,088	**9**	194	**2**	14	**8,740**	12,154	**65**	72	**588**	513	**–**	–	**(73,910)**	(47,771)	**71,333**	102,264
Finance costs	**(670)**	(1,861)	**(41)**	(55)	**(64)**	(54)	**(235)**	(80)	**(8)**	(15)	**(4)**	–	**(173,737)**	(152,657)	**73,910**	47,771	**(100,849)**	(106,951)
Depreciation and amortisation	**(236,817)**	(286,137)	**(77,926)**	(83,509)	**(6,310)**	(6,224)	**(14,941)**	(13,976)	**(6,866)**	(7,317)	**(3,823)**	(4,516)	**(49,094)**	(28,458)	**–**	–	**(395,777)**	(430,137)
Additions to non-current assets*	**65,164**	182,507	**24,143**	68,991	**879**	9,969	**5,550**	8,682	**2,629**	1,798	**234**	566	**75,664**	93,546	**–**	–	**174,263**	366,059

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

\# excluding interest income from a joint venture.

§ represents impairment loss net of gain on disposal and from sales transaction on other financial assets at amortised cost.

5 REVENUE, INTEREST INCOME, OTHER REVENUES AND SEGMENT INFORMATION (continued)

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

	2020 HK$'000	2019 HK$'000
Reportable segment loss	**(420,037)**	(319,695)
Interest income from a joint venture	**89,252**	77,707
Impairment loss on receivables from a joint venture	**(13,500)**	–
Share of profits/(losses) of joint ventures	**779**	(58,279)
Share of (losses)/profits of associates	**(1,180)**	3,328
Loss before income tax	**(344,686)**	(296,939)

For the year ended 31 December 2020, revenue generated from a single customer of the Group from both segments of Hong Kong TV Broadcasting and Programme licensing and distribution amounting to approximately HK$463,265,000 in aggregate has accounted for over 10% of the total revenue.

For the year ended 31 December 2019, no single customer accounted for 10% or more of the total revenue.

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

	2020 HK$'000	2019 HK$'000
Hong Kong	**1,513,231**	2,637,063
Mainland China	**802,636**	548,529
Malaysia and Singapore	**191,200**	249,046
USA and Canada	**112,891**	116,627
Vietnam	**30,707**	31,119
Australia	**9,303**	12,055
Europe	**4,051**	3,258
Other territories	**60,181**	51,065
	2,724,200	3,648,762

An analysis of the Group's non-current assets, other than financial instruments and deferred income tax assets, by geographical location is as follows:

	2020 HK$'000	2019 HK$'000
Hong Kong	**1,963,426**	2,167,818
USA and Canada	**834,487**	719,263
Mainland China	**65,118**	68,898
Taiwan	**3,368**	40,016
Other territories	**545**	728
	2,866,944	2,996,723

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 2019	1,324,854	63,663	2,683,462	1,575,442	49,772	5,697,193
Exchange differences	(1,211)	(126)	(479)	(257)	–	(2,073)
Additions	11,213	3,835	165,505	135,160	232	315,945
Disposals	–	(3,428)	(73,754)	(20,945)	(1,098)	(99,225)
Disposal of a subsidiary (Note 38)	(8,350)	–	–	–	–	(8,350)
At 31 December 2019	1,326,506	63,944	2,774,734	1,689,400	48,906	5,903,490
At 1 January 2020	1,326,506	63,944	2,774,734	1,689,400	48,906	5,903,490
Exchange differences	3,998	111	(286)	604	–	4,427
Additions	2,346	536	60,207	58,312	681	122,082
Transferred to investment properties	(4,001)	–	–	–	–	(4,001)
Disposals	(17,793)	(1,005)	(28,315)	(10,674)	(289)	(58,076)
At 31 December 2020	**1,311,056**	**63,586**	**2,806,340**	**1,737,642**	**49,298**	**5,967,922**
Accumulated depreciation and impairment						
At 1 January 2019	692,920	57,836	2,051,762	908,719	42,646	3,753,883
Exchange differences	(541)	(125)	(480)	(165)	–	(1,311)
Charge for the year (Note 25)	61,246	4,152	181,801	146,904	4,142	398,245
Written back on disposals	–	(3,427)	(73,279)	(20,647)	(1,098)	(98,451)
Disposal of a subsidiary (Note 38)	(2,804)	–	–	–	–	(2,804)
At 31 December 2019	750,821	58,436	2,159,804	1,034,811	45,690	4,049,562
At 1 January 2020	750,821	58,436	2,159,804	1,034,811	45,690	4,049,562
Exchange differences	1,887	92	(285)	378	–	2,072
Charge for the year (Note 25)	49,990	3,003	154,396	141,330	2,124	350,843
Transferred to investment properties	(1,811)	–	–	–	–	(1,811)
Written back on disposals	(4,043)	(770)	(28,054)	(10,543)	(289)	(43,699)
At 31 December 2020	**796,844**	**60,761**	**2,285,861**	**1,165,976**	**47,525**	**4,356,967**
Net book value						
At 31 December 2020	**514,212**	**2,825**	**520,479**	**571,666**	**1,773**	**1,610,955**
At 31 December 2019	575,685	5,508	614,930	654,589	3,216	1,853,928

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

	2020 HK$'000	2019 HK$'000
Right-of-use assets		
Properties	**29,677**	57,221
Equipment	**10,889**	14,073
Leasehold land and land use right	**164,723**	170,343
	205,289	241,637

Additions to the right-of-use assets during the year were HK$4,634,000 (2019: HK$20,015,000).

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2020 HK$'000	2019 HK$'000
Depreciation charge of right-of-use assets		
Properties	**29,918**	28,178
Equipment	**5,457**	3,282
Leasehold land and land use right	**7,525**	7,546
	42,900	39,006
Interest expenses (included in finance cost)	**1,872**	2,585
Expense relating to short-term leases (included in general and administrative expenses)	**16,267**	16,421
Expense relating to low-value assets that are not shown above as short-term leases (included in general and administrative expenses)	**17**	7

The total cash outflow for leases during the year was HK$39,366,000 (2019: HK$32,657,000).

(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 2019	39,967
Additions	306
Exchange differences	111
At 31 December 2019	40,384
At 1 January 2020	40,384
Transferred from property, plant and equipment	4,001
Disposals	(29,420)
Exchange differences	936
At 31 December 2020	**15,901**
Accumulated depreciation	
At 1 January 2019	10,600
Charge for the year (Note 25)	816
Exchange differences	(13)
At 31 December 2019	11,403
At 1 January 2020	11,403
Charge for the year (Note 25)	674
Transferred from property, plant and equipment	1,811
Written back on disposals	(6,877)
Exchange differences	443
At 31 December 2020	**7,454**
Net book value	
At 31 December 2020	**8,447**
At 31 December 2019	28,981
Fair values (note)	
At 31 December 2020	**14,060**
At 31 December 2019	53,233

Note:

The Group's investment properties were valued at 31 December 2020 and 2019 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 2020 and 2019, the fair value measurement of the investment properties is included in level 3.

8 INTANGIBLE ASSETS

	Software development cost HK$'000
Year ended 31 December 2019	
Opening net book amount	140,160
Additions	82,506
Amortisation charge (Note 25)	(31,076)
Exchange differences	26
Closing net book amount	191,616
At 31 December 2019	
Cost	235,445
Accumulated amortisation	(43,829)
Net book amount	191,616
Year ended 31 December 2020	
Opening net book amount	191,616
Additions	72,105
Amortisation charge (Note 25)	(44,260)
Exchange differences	147
Closing net book amount	**219,608**
At 31 December 2020	
Cost	307,728
Accumulated amortisation	(88,120)
Net book amount	**219,608**

9 INTERESTS IN JOINT VENTURES

	2020 HK$'000	2019 HK$'000
Non-current		
Investment costs (note)	**205,178**	205,988
Funds advanced to joint ventures	**20,231**	20,231
Less: accumulated share of losses	**(222,271)**	(224,010)
	3,138	2,209
Loan to a joint venture (note)	**576,869**	579,566
Interest receivable from a joint venture (note)	**258,199**	127,130
Less: impairment loss on receivables from a joint venture (note)	**(13,500)**	–
	821,568	706,696
	824,706	708,905
Current		
Interest receivable from a joint venture (note)	**–**	42,650
	824,706	751,555

	2020 HK$'000	2019 HK$'000
At 1 January	**751,555**	737,617
Add: investment costs and fund advanced to a joint venture	**150**	2,550
Less: repayment of fund advanced	**–**	(2,000)
Add: interest receivables from a joint venture	**89,252**	77,707
Less: impairment loss provided	**(13,500)**	–
Share of profits/(losses) for the year	**779**	(58,279)
Reclassification adjustments of exchange difference to profit or loss on liquidation of joint venture	**–**	(1,943)
Exchange differences	**(3,530)**	(4,097)
At 31 December	**824,706**	751,555

9 INTERESTS IN JOINT VENTURES (continued)

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. 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 2020 and 2019, the carrying amounts of the loan and receivables from ITT approximated their fair values. As there was no past due amount 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. 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 (2019: Nil) was recognised, 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. The maximum exposure to credit risk is the carrying values of the loan and receivables above.

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 2020			As at 31 December 2019		
	ITT$^{\Delta}$ HK$'000	**Others HK$'000**	**Total HK$'000**	ITT HK$'000	Others HK$'000	Total HK$'000
Assets						
Cash and cash equivalents	**329,060**	**9,277**	**338,337**	373,751	9,777	383,528
Other current assets (excluding cash and cash equivalents)	**245,290**	**3,124**	**248,414**	262,944	2,473	265,417
Total current assets	**574,350**	**12,401**	**586,751**	636,695	12,250	648,945
Total non-current assets	**–**	**–**	**–**	–	3,753	3,753
	574,350	**12,401**	**586,751**	636,695	16,003	652,698
Liabilities						
Current financial liabilities (excluding trade payables)	**–**	**(46,098)**	**(46,098)**	–	(38,498)	(38,498)
Other current liabilities (including trade payables)	**(92,929)**	**(442)**	**(93,371)**	(56,292)	(14,392)	(70,684)
Total current liabilities	**(92,929)**	**(46,540)**	**(139,469)**	(56,292)	(52,890)	(109,182)
Total non-current financial liabilities	**(793,829)**	**–**	**(793,829)**	(706,696)	–	(706,696)
	(886,758)	**(46,540)**	**(933,298)**	(762,988)	(52,890)	(815,878)
Net liabilities	**(312,408)**	**(34,139)**	**(346,547)**	(126,293)	(36,887)	(163,180)
Share of net liabilities in joint ventures	**(312,408)**	**(17,093)**	**(329,501)**	(126,293)	(18,022)	(144,315)
Add: Capitalised professional fees	**6,573**	**–**	**6,573**	6,604	–	6,604
Add: Unrecognised loss in excess of investment costs	**305,835**	**–**	**305,835**	119,689	–	119,689
Add: Funds advanced	**–**	**20,231**	**20,231**	–	20,231	20,231
Carrying value*	**–**	**3,138**	**3,138**	–	2,209	2,209

* 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 2020			For the year ended 31 December 2019		
	ITT HK$'000	Others HK$'000	Total HK$'000	ITT HK$'000	Others HK$'000	Total HK$'000
Revenue	3,194	–	3,194	392,062	469	392,531
Interest income	1,317	38	1,355	8,463	16	8,479
Depreciation	–	–	–	–	–	–
Interest expense	(89,252)	–	(89,252)	(60,747)	–	(60,747)
Loss from operations	(186,787)	–	(186,787)	(179,748)	(2,779)	(182,527)
Income tax	–	–	–	–	–	–
Post-tax loss for the year	(186,787)	(259)	(187,046)	(179,748)	(2,779)	(182,527)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss	(186,787)	(259)	(187,046)	(179,748)	(2,779)	(182,527)
Dividends received from joint ventures	–	–	–	–	–	–

10 INTERESTS IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Investment costs	174,000	174,000
Less: accumulated share of losses	(2,758)	(1,578)
Less: accumulated share of other comprehensive income/(loss)	626	(10,413)
	171,868	162,009

	2020 HK$'000	2019 HK$'000
At 1 January	162,009	162,129
Share of (losses)/profits for the year	(1,180)	3,328
Share of other comprehensive income/(loss)	11,039	(3,448)
At 31 December	171,868	162,009

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	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

The associate is a private company and there is no quoted market price available for its shares. It is all accounted for using the equity method.

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.

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 2020 HK$'000	As at 31 December 2019 HK$'000
Assets		
Current financial assets	**1,138**	1,138
Interest in an associate	**429,142**	404,495
	430,280	405,633
Liabilities		
Current financial liabilities	**(350)**	(350)
Net assets	**429,930**	405,283
Interest in associates (40%) and carrying value	**171,972**	162,113

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10 INTERESTS IN ASSOCIATES (continued)

Summarised consolidated statement of comprehensive income:

	For the year ended 31 December 2020 HK$'000	For the year ended 31 December 2019 HK$'000
Revenue	**–**	–
Share of (loss)/profit of associate	**(2,950)**	8,320
Post-tax (loss)/profit for the year	**(2,950)**	8,320
Other comprehensive income/(loss)	**27,597**	(8,620)
Total comprehensive income/(loss)	**24,647**	(300)
Dividends received from associate	**–**	–

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HK$'000	2019 HK$'000
At 1 January	**39,775**	39,775
Return of investment costs	**(27,723)**	–
At 31 December	**12,052**	39,775

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%

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 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.

12 BOND SECURITIES AT AMORTISED COST

	2020 HK$'000	2019 HK$'000
Non-current		
Bond securities at amortised cost:		
Unlisted	**509,197**	431,914
Listed in Hong Kong	**131,238**	441,351
Listed in other countries	**212,585**	670,950
Less: provision for impairment loss on bond securities (notes (b), (c) and (d))	**(412,125)**	(294,125)
	440,895	1,250,090
Current		
Bond securities at amortised cost:		
Listed in Hong Kong	**54,181**	125,624
Listed in other countries	**15,480**	–
	69,661	125,624
	510,556	1,375,714

Notes:

(a) The bond securities portfolio (excluding SMI Holdings Group Limited ("SMI") fixed coupon bonds and China Energy Reserve and Chemicals Group ("CERC") Bonds as detailed in Note 12(b) and Note 12(c) respectively) carry a weighted average yield to maturity of 4.2% (2019: 4.7%) per annum and have ranges of maturity dates with the last maturity date up to 1 October 2027. The largest fixed income securities from a single issuer, which is made up by a total of 13 (2019: 26) underlying issuers of fixed income securities, represented approximately 0.8% (2019: 2.5%) of the total assets of the Group as at 31 December 2020. 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$40,430,000 (2019: HK$93,293,000).

During the year, the Group disposed/redeemed bond securities at amortised cost with the aggregate carrying amount of HK$739,733,000 (2019: HK$781,431,000) with gain on disposal amounted to HK$22,097,000 (2019: HK$21,297,000).

The carrying amounts of the bond securities at amortised cost approximate their fair values. The maximum exposure to credit risk is the carrying values of the bond securities at amortised cost.

12 BOND SECURITIES AT AMORTISED COST (continued)

Notes:

(b) SMI Fixed Coupon Bonds

On 23 April 2018, the Group subscribed a US$23,000,000 9.5% unsecured redeemable fixed coupon bonds due 2020 (extendable to 2021) ("Fixed Coupon Bonds") issued by SMI. Trading in SMI's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 3 September 2018. The suspension of trading of SMI's shares for a period of more than ten consecutive trading days has triggered an event of default for Fixed Coupon Bonds in accordance with the subscription agreement. SMI has made announcements that since its trading suspension, SMI and certain of its subsidiaries have defaulted in certain borrowings. Pursuant to SMI's announcement dated 12 March 2019, it has commenced negotiation with the creditors concerning the debt restructuring process, including prospective conversion of outstanding debts into equity, and raising of capital by prospective subscription of new shares of SMI. However, no agreement or material terms in relation to the above arrangements have been entered into or agreed between the Group and its lenders or creditors.

In view of the above background, management performed an impairment assessment of the credit-impaired Fixed Coupon Bonds using a lifetime ECL model, which estimated the eventual shortfall of cash recoverable from the Fixed Coupon Bonds in 2018. Based on management's impairment assessment, a full impairment charge of the Fixed Coupon Bonds of HK$180,125,000 was recognised for the year ended 31 December 2018.

In 2020, SMI has released its unaudited annual results for the year ended 31 December 2018 but no audited results since 2017 are announced up to date. Management has adopted key inputs and assumptions based on financial information extracted from the 2017 audited financial statements and unaudited 2018 annual results of SMI Group and other forward looking factors in view of SMI's recent announcements up to the approval date of the respective set of financial statements and performed an updated impairment assessment for the year ended 31 December 2019 and 2020. Please refer the details to Note 13. The management considered full impairment of the Fixed Coupon Bonds was adequate but not excessive at 31 December 2019 and 2020.

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

On 24 December 2018, the Group had received coupon interests from CERC Bonds. Based on the review of the Report and the receipt of the bond interests, management believes that CERC has both the intention and ability to settle the outstanding balances in an extended schedule. The Group has approached the impairment assessment under the ECL model by way of discounting of the expected cashflow to be recovered over an eight-year period for calculation of the net present value of the CERC Bonds, taking into consideration comparable probability of default, recovery rate quoted from international credit-rating agencies after adjustments to specific/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.

12 BOND SECURITIES AT AMORTISED COST (continued)

Notes:

(c) CERC Bonds (continued)

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

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

Based on the revised proposals dated 8 November 2019 and 25 March 2020, management continues to believe that CERC has both the intention and ability to settle the outstanding balances under the revised repayment schedules. The Group has performed impairment assessment under the ECL model to estimate the loss allowance on the investment in CERC Bonds as at 31 December 2019 and no further impairment losses were made during the year ended 31 December 2019 and up to the period ended 30 June 2020.

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

(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 2020 was HK$1,308,246,000. During the year, the Group disposed/redeemed bond securities with a total carrying amount of HK$739,733,000. For the unlisted bond securities at amortised cost considered as credit-impaired as at 31 December 2019 and 2020, as a result of default events pursuant to the bond agreements, a lifetime ECL loss 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. With reference to the valuation performed by an independent professional valuer, 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$88 million (2019: HK$88 million) during the year. As at 31 December 2020, the net carrying amount of other securities at amortised costs after provision for impairment loss was HK$473,523,000 (31 December 2019: HK$1,308,246,000).

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

	2020 HK$'000	2019 HK$'000
At 1 January	–	330,015
Change in fair value	–	(330,015)
At 31 December	–	–

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) ("Convertible Bonds") issued by SMI on 7 May 2018. The Company may exercise its right to convert all or any part of the principal amount of the Convertible Bonds into new shares of SMI at any time during the period from and including the date falling six months from 7 May 2018 up to the close of the business on the maturity date of the Convertible Bonds at the initial conversion price of HK$3.85 per conversion share. None of them was converted up to 31 December 2020.

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 ("Share Charge") against 100% of the issued share capital of SMI International Cinemas Limited ("SMI International", an indirect wholly owned subsidiary of SMI) (the "Collateral"). 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 (together, the "Chengdu Runyun group") operates SMI's principal business as cinema operators in a number of cities in the Mainland China.

As at 31 December 2018, management performed a fair value assessment of the Convertible Bonds and the Group recognised a fair value loss of HK$320,000,000 on the Convertible Bonds for the year ended 31 December 2018.

On 3 July 2019, the Company served statutory demands dated 2 July 2019 to SMI in relation to the two SMI Bonds. No response has been received from SMI, despite a 30-day period had elapsed since the service of the statutory demands. On 12 August 2019, the Company applied to the High Court of Hong Kong to be the substituting petitioner for a winding up petition filed by HSBC, the original petitioner, which confirmed that it had reached a settlement with SMI and would no longer proceed with the winding-up petition against SMI. On 2 September 2019, a petition for winding up of SMI was filed in the High Court by the Company. On 7 May 2020, SMI was ordered to be wound up and joint and several liquidators of SMI were appointed on 12 May 2020. The Listing Committee of the Stock Exchange decided to cancel the listing of SMI's shares on 8 May 2020 and the listing of SMI's shares has been cancelled with effect from 14 December 2020.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

During the year ended 31 December 2019, it was noted that there were some other share pledges in the PRC, which were made without the knowledge or consent of the Company, may negatively impact the value of the security held by the Company. In addition, due to the fact that SMI is under liquidation petition from its creditors, and also given the outbreak of COVID-19 that halted its main cinema operating businesses in mainland China, management considered the value of the collateral is minimal and the Company would retrieve the highest value through liquidation of SMI Group. However, based on a waterfall analysis under liquidation basis with reference to the valuation performed by an independent firm of professionally qualified valuers, the management are of the view that any recovery of the remaining carrying value of the SMI Bonds through the winding up petition of SMI, is not likely. As such, the Group recognised a further fair value loss of HK$330,015,000 on the Convertible Bonds for the year ended 31 December 2019, reducing the carrying amount to zero at 31 December 2019.

As at 31 December 2020, 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.

14 STOCKS

At 31 December 2020 and 2019, all stocks were stated at the lower of cost and net realisable value.

15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2020 HK$'000	2019 HK$'000
Non-current		
Prepayments related to capital expenditure	**31,360**	51,284
Current		
Trade receivables from:		
Associates (Note 39(c))	**128**	693
Third parties (note)	**1,156,938**	1,239,994
	1,157,066	1,240,687
Less: provision for impairment loss on receivables from third parties	**(61,470)**	(51,750)
	1,095,596	1,188,937
Other receivables, prepayments and deposits	**537,593**	514,201
Contract acquisition and fulfilment costs	**13,568**	19,222
	1,646,757	1,722,360
	1,678,117	1,773,644

15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

Note:

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 PRC. Cash on delivery, advance payments or bank guarantees are required from other customers of the Group.

At 31 December 2020, the ageing of trade receivables, net of provision for impairment based on invoice dates was as follows:

	2020 HK$'000	2019 HK$'000
Up to 1 month	**594,594**	529,521
1-2 months	**154,637**	208,274
2-3 months	**69,060**	82,288
3-4 months	**41,256**	79,019
4-5 months	**31,446**	50,517
Over 5 months	**204,603**	239,318
	1,095,596	1,188,937

The percentages of amounts of trade receivables (before impairment loss) are denominated in the following currencies:

	2020 %	2019 %
Hong Kong dollars	**58**	75
Renminbi	**35**	17
US dollars	**3**	2
Malaysian Ringgit	**1**	3
Other currencies	**3**	3
	100	100

15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

Movements on the provision for impairment of trade receivables are as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	**51,750**	184,821
Provision for impairment loss – third parties	**20,594**	1,619
Reversal of provision for impairment loss – third parties	**(7,448)**	(67,549)
Receivables written off as uncollectible	**(3,656)**	(65,761)
Exchange differences	**230**	(1,380)
At 31 December	**61,470**	51,750

The Group applies the HKFRS 9 simplified approach to measuring 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 2020, the gross carrying amount of the trade receivables and the loss allowance provision analysed by ageing band are set out below.

	2020			2019		
	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	**913,984**	**22,991**	**3%**	972,972	23,354	2%
Over 5 months to 1 year	**122,051**	**6,221**	**5%**	232,369	17,958	8%
Over 1 year	**121,031**	**32,258**	**27%**	35,346	10,438	30%
	1,157,066	**61,470**		1,240,687	51,750	

As at 31 December 2019 and 2020, the expected credit losses in relation to the other receivables and deposits are not considered material.

The carrying amounts of trade and 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.

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16 MOVIE INVESTMENTS

	2020 HK$'000	2019 HK$'000
At 1 January	**66,992**	8,118
Additions	**–**	63,954
Losses on movie investments	**(33,101)**	(5,080)
Return of investments	**(14,437)**	–
At 31 December	**19,454**	66,992

17 BANK DEPOSITS MATURING AFTER THREE MONTHS AND CASH AND CASH EQUIVALENTS

	2020 HK$'000	2019 HK$'000
Bank deposits maturing after three months	**1,997,763**	79,137
Cash and cash equivalents	**1,337,635**	1,105,611
	3,335,398	1,184,748
Analysis of cash and cash equivalents		
Short-term bank deposits	**703,089**	699,528
Cash at bank and on hand	**634,546**	406,083
	1,337,635	1,105,611

17 BANK DEPOSITS MATURING AFTER THREE MONTHS AND CASH AND CASH EQUIVALENTS (continued)

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:

	2020 HK$'000	2019 HK$'000
US dollars	**2,490,506**	336,214
Renminbi	**476,727**	412,163
Hong Kong dollars	**258,248**	337,807
New Taiwan dollars	**86,323**	16,567
Other currencies	**23,594**	81,997
	3,335,398	1,184,748

18 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2019 and 31 December 2019 and 1 January 2020 and 31 December 2020	**438,000**	**664,044**

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19 OTHER RESERVES

	General reserve HK$'000	Capital reserve HK$'000	Legal reserve HK$'000	Share-based payment reserve HK$'000	Financial assets at FVOCI reserve HK$'000	Translation reserve HK$'000	Total HK$'000
Balance at 1 January 2019	70,000	(20,699)	112,193	24,125	(7,661)	(52,717)	125,241
Transferred from retained earnings	–	–	5,874	–	–	–	5,874
Exchange differences on translation of foreign operations:							
– Subsidiaries	–	–	–	–	–	(11,204)	(11,204)
– Joint ventures	–	–	–	–	–	1,195	1,195
Share of other comprehensive loss of an associate	–	–	–	–	(95)	(3,353)	(3,448)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	–	–	–	–	–	789	789
Reclassification adjustments of exchange differences to profit or loss on liquidation of a joint venture	–	–	–	–	–	(1,360)	(1,360)
Share-based payments	–	–	–	15,821	–	–	15,821
Balance at 31 December 2019	70,000	(20,699)	118,067	39,946	(7,756)	(66,650)	132,908
Balance at 1 January 2020	70,000	(20,699)	118,067	39,946	(7,756)	(66,650)	132,908
Transferred from retained earnings	–	–	2,372	–	–	–	2,372
Exchange differences on translation of foreign operations:							
– Subsidiaries	–	–	–	–	–	21,942	21,942
– Joint ventures	–	–	–	–	–	958	958
Share of other comprehensive income of an associate	–	–	–	–	–	11,039	11,039
Share-based payments	–	–	–	9,037	–	–	9,037
Lapse of share option	–	–	–	(2,612)	–	–	(2,612)
Balance at 31 December 2020	**70,000**	**(20,699)**	**120,439**	**46,371**	**(7,756)**	**(32,711)**	**175,644**

19 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).

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 the PRC, the PRC 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.

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.

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.

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.

20 TRADE AND OTHER PAYABLES AND ACCRUALS

	2020 **HK$'000**	2019 HK$'000
Trade payables to:		
Associates (Note 39(c))	**158**	–
Third parties	**146,578**	83,231
	146,736	83,231
Contract liabilities (note (a))	**147,666**	188,611
Provision for employee benefits and other expenses	**56,293**	97,333
Accruals and other payables	**273,697**	280,899
	624,392	650,074

Notes:

(a) On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK$121,697,000 was recognised as revenue in 2020 (2019: HK$120,516,000) that was included in the contract liabilities balance as at the beginning of the year.

20 TRADE AND OTHER PAYABLES AND ACCRUALS (continued)

Notes:

(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 2020. 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.

	2020 HK$'000	2019 HK$'000
Within 1 year	**488,221**	387,865
More than 1 year	**333,299**	472,957
	821,520	860,822

At 31 December 2020, the ageing of trade payables based on invoice dates was as follows:

	2020 HK$'000	2019 HK$'000
Up to 1 month	**110,363**	58,869
1-2 months	**13,333**	17,124
2-3 months	**11,208**	2,729
3-4 months	**5,182**	1,910
4-5 months	**4,354**	1,464
Over 5 months	**2,296**	1,135
	146,736	83,231

The percentages of amounts of trade payables are denominated in the following currencies:

	2020 %	2019 %
Hong Kong dollars	**40**	69
US dollars	**13**	24
Renminbi	**46**	6
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.

21 BORROWINGS

	2020 HK$'000	2019 HK$'000
Non-current		
Long-term bank borrowings	**1,934,958**	–
Notes, unsecured	**–**	1,865,660
	1,934,958	1,865,660
Current		
Notes, unsecured	**1,817,689**	–
Short-term bank borrowings	**–**	342,716
	1,817,689	342,716
	3,752,647	2,208,376

At 31 December 2020 and 2019, borrowings were repayable as follows:

	2020 HK$'000	2019 HK$'000
Within 1 year	**1,817,689**	342,716
Later than 1 year but not later than 5 years	**1,934,958**	1,865,660
	3,752,647	2,208,376

Note:

On 11 October 2016, the Group issued US$500,000,000 3.625% five-year notes due 2021 ("Notes"). Up to 31 December 2020, the Company purchased US$264,820,000 (2019: US$258,828,000) in aggregate nominal amount of the Notes issued by TVB Finance Limited.

During the year ended 31 December 2020, the Group's short-term bank borrowings with interest bearing at 2.4% per annum of HK$342,716,000 as at 31 December 2019 were fully repaid.

On 30 June 2020, the Group entered into a new 3-year term loan facility with the amount of USD250,000,000. 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% per annum as at 31 December 2020.

The carrying amounts of borrowings approximate their fair values.

22 LEASE LIABILITIES

At 31 December 2020 and 2019, the Group's lease liabilities recognised in the consolidated statement of financial position were as follows:

	2020 HK$'000	2019 HK$'000
Within 1 year	**30,276**	36,192
Later than 1 year but not later than 5 years	**9,505**	36,437
	39,781	72,629

23 DEFERRED INCOME TAX

Deferred income tax assets and deferred income tax liabilities on the consolidated statement of financial position are analysed as follows:

	2020 HK$'000	2019 HK$'000
Net deferred income tax assets recognised on the consolidated statement of financial position	**(144,169)**	(7,697)
Net deferred income tax liabilities recognised on the consolidated statement of financial position	**55,436**	68,592
	(88,733)	60,895

The movements in the deferred income tax (assets)/liabilities account are as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	**60,895**	125,500
Exchange differences	**150**	44
Recognised in the income statement	**(149,778)**	(64,581)
Disposal of a subsidiary	**–**	(68)
At 31 December	**(88,733)**	60,895

23 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. At 31 December 2020, the Group has unrecognised tax losses of HK$2,628,511,000 (2019: HK$2,675,406,000) to be carried forward against future taxable income. These tax losses will expire as follows:

	2020 **HK$'000**	2019 HK$'000
After the fifth year	**817**	4,362
No expiry date	**2,627,694**	2,671,044
At 31 December	**2,628,511**	2,675,406

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

	Accelerated tax depreciation HK$'000	**Others HK$'000**	**Total HK$'000**
At 1 January 2019	171,849	41,379	213,228
Recognised in the income statement	3,557	3,468	7,025
Disposal of a subsidiary (Note 38)	(68)	–	(68)
Exchange differences	–	(22)	(22)
At 31 December 2019	175,338	44,825	220,163
Recognised in the income statement	(8,431)	12,882	4,451
Exchange differences	(3)	257	254
At 31 December 2020	**166,904**	**57,964**	**224,868**

23 DEFERRED INCOME TAX (continued)

Deferred income tax assets

	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2019	72,174	15,554	87,728
Recognised in the income statement	74,672	(3,066)	71,606
Exchange differences	(1)	(65)	(66)
At 31 December 2019	146,845	12,423	159,268
Recognised in the income statement	156,144	(1,915)	154,229
Exchange differences	(1)	105	104
At 31 December 2020	**302,988**	**10,613**	**313,601**

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.

24 RETIREMENT BENEFIT OBLIGATIONS

No forfeited contribution was utilised during the years 2020 and 2019.

Contributions totalling HK$6,924,000 (2019: HK$7,288,000) were payable to the fund at the year end and are included in other payables and accruals.

25 LOSS BEFORE INCOME TAX

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

	2020 HK$'000	2019 HK$'000
Net exchange (gains)/losses	**(28,822)**	8,108
Gross rental income from investment properties	**(3,431)**	(3,538)
Direct operating expenses arising from investment properties	**508**	696
(Gain)/Loss on disposals of property, plant and equipment	**(59)**	61
Auditors' remuneration		
– Audit services	**5,412**	6,202
– Non-audit services	**1,972**	3,068
Cost of programmes and film rights	**1,370,505**	1,747,000
Cost of other stocks	**14,193**	27,347
Depreciation (Notes 6 and 7)	**351,517**	399,061
Amortisation of intangible assets (Note 8)	**44,260**	31,076
Short-term leases		
– Equipment and transponders	**6,299**	5,574
– Land and buildings	**9,985**	10,854
Employee benefit expense (excluding directors' emoluments) (Note 27(a))	**1,372,704**	1,554,059
Government subsidies from Employment Support Scheme	**(202,385)**	–

26 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remunerations of all Directors and the chief executive for the years ended 31 December 2020 and 2019 are set out below:

	2020					
Name of Director	Fees HK$'000	Salaries, leave pay and other benefit (note (vi)) HK$'000	Discretionary bonuses (note (vii)) HK$'000	Pension contributions HK$'000	Share-based payment (note (viii)) HK$'000	Total HK$'000
Thomas Hui To	716	–	–	–	1,088	1,804
Charles Chan Kwok Keung (note (i))	75	–	–	–	–	75
Mark Lee Po On (note (ii))	743	7,118	–	685	1,088	9,634
Li Ruigang	533	–	–	–	–	533
Anthony Lee Hsien Pin	513	–	–	–	–	513
Chen Wen Chi	277	–	–	–	–	277
William Lo Wing Yan	568	–	–	–	–	568
Caroline Wang Chia-Ling	445	–	–	–	–	445
Allan Zeman	315	–	–	–	–	315
Felix Fong Wo	548	–	–	–	–	548
Belinda Wong Ching Ying	371	–	–	–	–	371
Kenneth Hsu Kin (note (iii))	21	–	–	–	–	21
	5,125	7,118	–	685	2,176	15,104

26 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

	2019					
Name of Director	Fees HK$'000	Salaries, leave pay and other benefit (note (vi)) HK$'000	Discretionary bonuses (note (vii)) HK$'000	Pension contributions HK$'000	Share-based payment (note (viii)) HK$'000	Total HK$'000
Charles Chan Kwok Keung	810	–	–	–	–	810
Li Ruigang	540	–	–	–	–	540
Mark Lee Po On (note (ii))	260	7,026	1,350	669	1,846	11,151
Cheong Shin Keong (note (iv))	260	5,047	–	505	923	6,735
Thomas Hui To	260	–	–	–	1,846	2,106
Anthony Lee Hsien Pin	500	–	–	–	–	500
Chen Wen Chi	410	–	–	–	–	410
Raymond Or Ching Fai (note (iv))	655	–	–	–	–	655
William Lo Wing Yan	630	–	–	–	–	630
Caroline Wang Chia-Ling	445	–	–	–	–	445
Allan Zeman	315	–	–	–	–	315
Felix Fong Wo (note (v))	21	–	–	–	–	21
Belinda Wong Ching Ying (note (v))	21	–	–	–	–	21
	5,127	12,073	1,350	1,174	4,615	24,339

Notes:

(i) Mr. Charles Chan Kwok Keung resigned on 4 February 2020.

(ii) Mr. Mark Lee Po On assumed the functions of the chief executive of the Company.

(iii) Mr. Kenneth Hsu Kin was appointed as non-executive director with effect from 2 December 2020.

(iv) Mr. Cheong Shin Keong and Mr. Raymond Or Ching Fai resigned on 1 January 2020.

(v) Mr. Felix Fong Wo and Ms. Belinda Wong Ching Ying were appointed as independent non-executive directors with effect from 3 December 2019.

(vi) 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.

(vii) Discretionary bonuses are determined and approved in recognition of the Executive Director's performance and contributions to the Company.

(viii) As announced on 22 March 2018, the exercise price of share option is HK$25.84 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.

27 EMPLOYEE BENEFIT EXPENSE

(a) Employee benefit expense

	2020 HK$'000	2019 HK$'000
Wages and salaries	**1,293,649**	1,461,140
Share-based payment	**6,306**	10,736
Pension costs – defined contribution plans	**72,749**	82,183
	1,372,704	1,554,059

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2019: two) Director whose emoluments are reflected in the analysis presented in Note 26(a) above. The emoluments payable to the remaining four (2019: three) individuals during the year are as follows:

	2020 HK$'000	2019 HK$'000
Salaries and leave pay	**15,298**	11,892
Bonuses	**840**	1,230
Pension contributions	**500**	482
Share-based payment	**2,193**	2,801
	18,831	16,405

The aggregate emoluments paid to the four (2019: three) individuals are further analysed into the following bands:

Emolument bands	**Number of individuals in each band** **2020**	2019
HK$3,500,001– HK$4,000,000	**1**	–
HK$4,500,001– HK$5,000,000	**1**	–
HK$5,000,001– HK$5,500,000	**2**	2
HK$6,000,001– HK$6,500,000	**–**	1
	4	3

27 EMPLOYEE BENEFIT EXPENSE (continued)

(c) Senior management's emoluments

Details of emoluments (excluding directors' fees, if any) paid to members of senior management fell within the following bands:

Emolument bands	*Number of individuals in each band 2020	2019
HK$2,000,001– HK$2,500,000	**1**	–
HK$2,500,001– HK$3,000,000	–	1
HK$3,500,001– HK$4,000,000	**1**	–
HK$4,000,001– HK$4,500,000	–	1
HK$4,500,001– HK$5,000,000	**1**	–
HK$5,000,001– HK$5,500,000	–	1
HK$6,000,001– HK$6,500,000	–	1
HK$8,500,001– HK$9,000,000	**1**	–
HK$10,500,001– HK$11,000,000	–	1
	4	5

* the above emoluments included one (2019: two) Director of the Company

28 EMPLOYEE SHARE-BASED PAYMENTS

The establishment of the Share Option Scheme of the Company and Subsidiary Share Option Scheme of its subsidiary, Big Big Group 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/Big Big Group or its affiliate; a representative, manager, agent, contractor, advisor, consultant, distributor or supplier providing service or goods to the Company/Big Big Group or its affiliate; a customer or joint venture partner of the Company/Big Big Group or its affiliate; a trustee of any trust established for the benefit of employees of the Company/Big Big Group or its affiliate, any other class of participants which the board of the Company/Big Big Group 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/Big Big Group) to deliver long-term shareholder returns. Under the share option schemes, unless otherwise determined by the board of the Company/Big Big Group 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/Big Big Group's shares under the terms of the share option schemes.

The share option schemes shall commence 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/Big Big Group passing a resolution resolving to early terminate the Scheme, whichever is earlier.

No share options were granted, exercised, cancelled or lapsed under the Subsidiary Option Scheme since the Adoption Date and during the year.

28 EMPLOYEE SHARE-BASED PAYMENTS (continued)

As at 31 December 2020, 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
22 March 2018	17,000,000	HK$25.84

The validity period of the options is 5 years, from the 22 March 2018 (Date of Grant) up to 22 March 2023 (both days inclusive). The vesting period of the share options is as follows:

(i) 20% of the 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 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 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 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 Options shall be vested on 1 December 2022 and exercisable from 1 December 2022 to 22 March 2023 (both days inclusive).

Set out below are summaries of options granted under the Share Option Scheme:

	2020		2019	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
As at 1 January	**HK$25.84**	**17,000,000**	HK$25.84	17,000,000
Lapsed during the year	**HK$25.84**	**(1,000,000)**	N/A	–
As at 31 December	**HK$25.84**	**16,000,000**	HK$25.84	17,000,000
Vested and exercisable at 31 December	**HK$25.84**	**9,600,000**	HK$25.84	6,800,000

28 EMPLOYEE SHARE-BASED PAYMENTS (continued)

Share options outstanding at 31 December 2020 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	**31 December 2020**	31 December 2019
22 March 2018	22 March 2023	HK$25.84	**16,000,000**	17,000,000
Weighted average remaining contractual life of options outstanding at end of year			**2.22 years**	3.22 years

During the year, the equity-settled share-based payments relating to the Share Option Scheme recognised as an expense amounted to HK$9,037,000 (2019: HK$15,821,000).

29 OTHER GAINS, NET

	2020 HK$'000	2019 HK$'000
Net exchange gains/(losses)	**28,822**	(8,108)
Gain on disposal of properties	**26,931**	–
Losses on movie and drama investments	**(33,101)**	(737)
Gain on purchase of Notes	**1,133**	8,687
Gain from sales transaction	**–**	30,000
Gain on disposal of a subsidiary (Note 38)	**–**	21,049
	23,785	50,891

30 FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on bank loans and overdraft	**25,300**	2,914
Interest on Notes	**66,451**	94,226
Amortised amount of transaction costs on Notes	**7,226**	7,226
Interest expense on lease liabilities	**1,872**	2,585
	100,849	106,951

31 INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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:

	2020 HK$'000	2019 HK$'000
Current income tax:		
– Hong Kong	**35,053**	37,314
– Overseas	**24,189**	7,230
– Under provisions in prior years	**2,958**	1,764
Total current income tax expense	**62,200**	46,308
Deferred income tax:		
– Origination and reversal of temporary differences	**(149,524)**	(70,112)
– (Over)/under provisions in prior years	**(254)**	5,531
Total deferred income tax credit (Note 23)	**(149,778)**	(64,581)
	(87,578)	(18,273)

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:

	2020 HK$'000	2019 HK$'000
Loss before income tax	**(344,686)**	(296,939)
Calculated at a taxation rate of 16.5% (2019: 16.5%)	**(56,873)**	(48,995)
Effect of different taxation rates in other countries	**9,367**	(5,800)
Tax effect on the share of results of associates and joint ventures	**(24,328)**	(6,423)
Income not subject to taxation	**(40,172)**	(31,427)
Expenses not deductible for taxation purposes	**37,342**	88,177
Tax losses not recognised	**994**	5,817
Utilisation of previously unrecognised tax losses	**(21,260)**	(13,442)
Tax credit allowance	**(10,319)**	(17,823)
Withholding tax on overseas dividend	**12,040**	6,736
Others	**2,927**	(2,388)
Under provisions in prior years	**2,704**	7,295
	(87,578)	(18,273)

32 LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK$280,881,000 (2019: HK$294,925,000) and 438,000,000 shares in issue throughout the years ended 31 December 2020 and 2019.

During the years ended 31 December 2020 and 2019, no fully diluted loss per share was presented as the basic and diluted loss per shares are of the same amount. This is because the assumed exercise of the share options would result in a decrease in loss per share.

33 DIVIDENDS

	2020 **HK$'000**	2019 HK$'000
2019 interim dividend paid of HK$0.30 per ordinary share	–	131,400
Proposed 2019 final dividend of HK$0.20 per ordinary share	–	87,600
	–	219,000

The Directors did not recommend a dividend for the year ended 31 December 2020.

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

Reconciliation of loss before income tax to cash generated from operations:

	2020 HK$'000	2019 HK$'000
Loss before income tax	**(344,686)**	(296,939)
Adjustments for:		
Depreciation and amortisation	**395,777**	430,137
Provision for impairment loss on trade receivables	**20,594**	1,619
Reversal of provision for impairment loss on trade receivables	**(7,448)**	(67,549)
Fair value loss on financial assets at fair value through profit or loss	**–**	330,015
Impairment loss net of gain on other financial assets at amortised cost	**95,903**	36,703
Losses on movie investments	**33,101**	5,080
Non-cash share-based payments	**9,037**	15,821
Share of (profits)/losses of joint ventures	**(779)**	60,222
Impairment loss on receivables from a joint venture	**13,500**	–
Share of losses/(profits) of associates	**1,180**	(3,328)
Gain on purchase of Notes	**(1,133)**	(8,687)
Gain on disposal of a subsidiary	**–**	(21,049)
Gain on disposal of properties	**(26,931)**	–
(Gain)/loss on disposal of property, plant and equipment	**(59)**	61
Interest income	**(160,585)**	(179,971)
Finance costs	**100,849**	106,951
Exchange differences	**8,433**	(7,226)
	136,753	401,860
Increase in programmes, film rights and stocks	**(143,396)**	(140,101)
Decrease in trade and other receivables, prepayments and deposits	**68,454**	606,669
Decrease in trade and other payables and accruals	**(27,675)**	(51,191)
Cash generated from operations	**34,136**	817,237

(b) Non-cash investing and financing activities

As disclosed in Note 9, the Group's capital contribution into ITT of US$7,742,000 (approximately HK$60,489,000) was converted into loan during the year ended 31 December 2019, which was a non-cash transaction.

34 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Net debt reconciliation

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	**1,337,635**	1,105,611
Bank deposits maturing after three months	**1,997,763**	79,137
Short-term bank borrowings and Notes (Note 21)	**(1,817,689)**	(342,716)
Long-term bank borrowings and Notes (Note 21)	**(1,934,958)**	(1,865,660)
Lease liabilities (Note 22)	**(39,781)**	(72,629)
Net debt	**(457,030)**	(1,096,257)

		Liabilities from financing activities			
	Cash and cash equivalents HK$'000	Bank deposits maturing after three months HK$'000	Borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
Net debt as at 1 January 2019	1,184,510	56,928	(3,016,923)	–	(1,775,485)
Recognised on adoption of HKFRS 16	–	–	–	(82,754)	(82,754)
Addition in lease liabilities	–	–	–	(20,015)	(20,015)
Cash flows	(73,855)	22,209	798,414	30,125	776,893
Foreign exchange adjustments	(5,044)	–	8,672	15	3,643
Other non-cash movements	–	–	1,461	–	1,461
Net debt as at 31 December 2019	1,105,611	79,137	(2,208,376)	(72,629)	(1,096,257)
Addition in lease liabilities	–	–	–	(4,634)	(4,634)
Cash flows	205,495	1,918,626	(1,546,831)	37,494	614,784
Foreign exchange adjustments	26,529	–	8,653	(12)	35,170
Other non-cash movement	–	–	(6,093)	–	(6,093)
Net debt as at 31 December 2020	**1,337,635**	**1,997,763**	**(3,752,647)**	**(39,781)**	**(457,030)**

35 FINANCIAL GUARANTEES

The amounts of financial guarantees are as follows:

	2020 HK$'000	2019 HK$'000
Guarantees for banking facilities granted to an investee company	–	7,754

The banking facilities granted to an investee company expired during the year. Therefore, no financial guarantee contract is entered by the Group as at 31 December 2020.

As at 31 December 2019, the Directors have assessed the fair value of the above and consider that they are not material to the Group. Therefore, no financial liability has been recognised in the consolidated statement of financial position. The expected credit loss for outstanding financial guarantees are also assessed to be not material to the Group.

36 COMMITMENTS

(a) Capital commitments

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

	2020 HK$'000	2019 HK$'000
Contracted for but not provided for	**56,026**	94,103

(b) Contractual programme rights and programme contents commitments

The amounts of commitments for programme rights and programme contents are as follows:

	2020 HK$'000	2019 HK$'000
Programme rights and programme contents commitments	**263,448**	296,759

37 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 renewed 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. 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. In accordance with the standard procedure, the renewed licence of the Company will be subject to a mid-term review in 2021. On 4 March 2020, the direction issued by the Government on the requirement to broadcast RTHK programmes has been revoked.

38 DISPOSAL OF A SUBSIDIARY

On 27 September 2019, the Group disposed of 100% of the equity interest of Long Wisdom Limited, which is principally engaged in holding the property located in Hong Kong.

Details of net gain on disposal of a subsidiary are summarised as follows:

	2019 HK$'000
Total consideration satisfied by:	
Cash received	27,336
Less: Professional fees and other expenses	(773)
	26,563
Less: net assets disposed	
Property, plant and equipment (Note 6)	(5,546)
Prepayments and deposits	(26)
Tax recoverable	(10)
Deferred income tax liabilities (Note 23)	68
	(5,514)
Gain on disposal of a subsidiary	21,049

39 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 the affiliated companies of an associate of Shine Investment Limited, which is an associate of the Group in the normal course of its business:

	2020 **HK$'000**	2019 HK$'000
Sales of services/goods:		
Associates		
Talent fees	**615**	7,920
Computer graphic service fees	**950**	3,058
	1,565	10,978
Purchases of services:		
Associates		
Programme licensing fees	**(11,234)**	(8,789)
Talent fees	**(5,416)**	(2,557)
	(16,650)	(11,346)

During the year ended 31 December 2019, a movie investment of HK$12,000,000 was paid to an associate of Shine Investment Limited.

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.

(b) Key management compensation

	2020 **HK$'000**	2019 HK$'000
Salaries and other short-term employee benefits	**17,271**	24,537
Share-based payments	**2,459**	5,104
	19,730	29,641

39 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties arising from sales/purchases of services

	2020 HK$'000	2019 HK$'000
Receivables from associates	**128**	693
Payables to associates	**(158)**	–

(d) Fund advanced/loan to joint ventures

	2020 HK$'000	2019 HK$'000
Fund advanced to joint ventures		
Beginning of the year	**20,231**	29,755
Fund advanced	–	2,500
Repayment of fund advanced	–	(2,000)
Liquidation of a joint venture	–	(9,506)
Exchange differences	–	(518)
End of the year	**20,231**	20,231
Loan to a joint venture (including interest receivables)		
Beginning of the year	**749,346**	615,127
Conversion from equity contribution	–	60,489
Interest accrued	**89,252**	77,707
Exchange differences	**(3,530)**	(3,977)
End of the year	**835,068**	749,346

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

40 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 2020 and 2019, or on the Group's loss for the years ended 31 December 2020 and 2019.

41 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2020 HK$'000	2019 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**1,239,993**	1,385,696
Intangible assets	**61,270**	59,919
Interests in subsidiaries	**1,530,240**	1,508,183
Interests in joint ventures	**4,781**	4,781
Interests in associates	**174,000**	174,000
Financial assets at fair value through profit or loss	**–**	–
Bond securities at amortised cost	**440,895**	3,255,747
Deferred income tax assets	**131,765**	–
Prepayments	**18,700**	44,383
Total non-current assets	**3,601,644**	6,432,709
Current assets		
Programmes and film rights	**1,037,814**	976,261
Stocks	**13,953**	29,535
Trade and other receivables, prepayments and deposits	**1,268,928**	1,366,294
Movie investments	**19,454**	66,992
Bond securities at amortised cost	**2,117,544**	125,624
Bank deposits maturing after three months	**1,938,188**	–
Cash and cash equivalents	**449,353**	401,922
Total current assets	**6,845,234**	2,966,628
Total assets	**10,446,878**	9,399,337

41 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (continued)

(a) Statement of financial position of the Company (continued)

	2020 HK$'000	2019 HK$'000
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**664,044**	664,044
Other reserves (Note 41(b))	**116,371**	109,946
Retained earnings (Note 41(b))	**3,297,242**	3,584,109
Total equity	**4,077,657**	4,358,099
LIABILITIES		
Non-current liabilities		
Lease liabilities	**6,247**	22,824
Deferred income tax liabilities	**–**	22,151
Borrowings	**1,934,958**	–
Loan due to a subsidiary	**–**	3,881,671
Total non-current liabilities	**1,941,205**	3,926,646
Current liabilities		
Trade and other payables and accruals	**539,497**	752,881
Borrowings	**–**	342,716
Lease liabilities	**17,747**	18,995
Loan due to a subsidiary	**3,870,772**	–
Total current liabilities	**4,428,016**	1,114,592
Total liabilities	**6,369,221**	5,041,238
Total equity and liabilities	**10,446,878**	9,399,337

The statement of financial position of the Company was approved by the Board of Directors on 24 March 2021 and was signed on its behalf.

Thomas Hui To
Director

Mark Lee Po On
Director

41 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$'000	Total HK$'000
At 1 January 2019	4,482,024	70,000	24,125	4,576,149
Loss for the year	(459,915)	–	–	(459,915)
Share-based payments	–	–	15,821	15,821
Dividends paid	(438,000)	–	–	(438,000)
At 31 December 2019	3,584,109	70,000	39,946	3,694,055
At 1 January 2020	**3,584,109**	**70,000**	**39,946**	**3,694,055**
Loss for the year	**(201,879)**	–	–	**(201,879)**
Share-based payments	–	–	**9,037**	**9,037**
Lapse of share option	**2,612**	–	**(2,612)**	–
Dividends paid	**(87,600)**	–	–	**(87,600)**
At 31 December 2020	**3,297,242**	**70,000**	**46,371**	**3,413,613**

42 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 24 March 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 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
TVB New Wings 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
Big Big e-Commerce Group Limited (Formerly known as "Big Big Channel Holdings 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
The Voice Entertainment Group Limited	1	HK$1	100	–	Production, licensing and sales of sound recordings
The Voice 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	–	Provision of subscription television programmes in overseas markets

43 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Incorporated in other territories

Name	Place of incorporation	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	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
广东采星坊演艺咨询服务有限公司 (note (a))	The People's Republic of China	Not applicable	RMB10,000,000	100	100	Provision of consultancy, management and agency services to artistes
上海翡翠东方传播有限公司 (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 (formerly known as Liann Yee Asset Co., Ltd.)	Taiwan	3,000,000	NT$30,000,000	100	–	Property investment and production, licensing and sales of sound recordings and musical works

43 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Incorporated in other territories (continued)

Name	Place of incorporation	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 Macau Company Limited	Macau	Not applicable	MOP25,000	100	–	Provision of services for programme productions
TVB (Overseas) Holdings Limited (note (a))	British Virgin Islands	50,000	US$50,000	70	–	Programme licensing
TVB Satellite Platform, Inc. (note (a))	USA	300,000	US$3,000,000	100	–	Provision of satellite and subscription television programmes
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

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 2020.

(d) Represented ordinary share capital, unless otherwise stated.

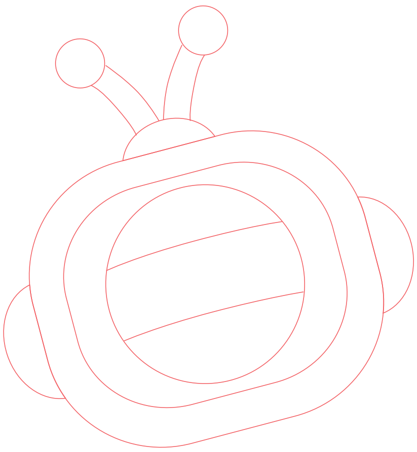
(e) All principal subsidiaries are limited liability companies.

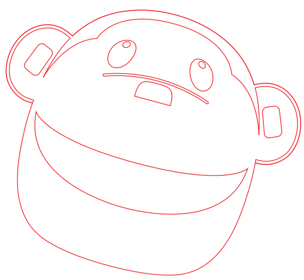
BUSINESS STRUCTURE

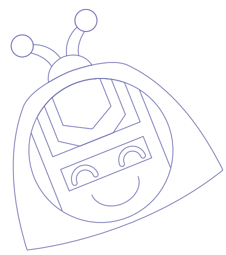
TVB
(Stock Code: 00511)

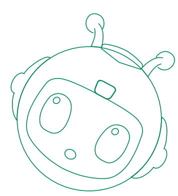
Segment	Business Model	Product / Brand	Market
TV Broadcasting (100%)	Free-to-air broadcasting of five terrestrial TV channels Co-production of programmes	Terrestrial channels (Jade, J2, TVB News, Pearl, TVB Finance & Information)	Hong Kong and Mainland China
myTV SUPER (100%)	Operation of myTV SUPER OTT service and website	myTV SUPER, www.tvb.com and a range of mobile apps	Hong Kong
Big Big Channel and E-Commerce Business (100%)	Operation of online social media platform, Big Big Channel, Big Big Shop, live events and music entertainment	Big Big Channel, Big Big Shop and Voice Entertainment	Hong Kong and rest of the world
Programme Licensing and Distribution (100%, except TVBC)	Licensing of TVB produced channels and programmes to TV operators for exhibition on pay TV services and online	TVB programmes and channels (in Cantonese or dubbed soundtracks)	Key markets: Mainland China Malaysia Singapore Canada
Overseas Pay TV and TVB Anywhere (100%)	Subscription pay TV service and operation of TVB Anywhere OTT service	TVB channels bundled with TV operators in USA Operation of TVB Anywhere OTT	Global

Associate	Joint Venture
Shaw Brothers Holdings (Stock: 00953) (11.98%)	Imagine Tiger Television (50%)









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