

TVB 2022

INTERIM REPORT 中期報告



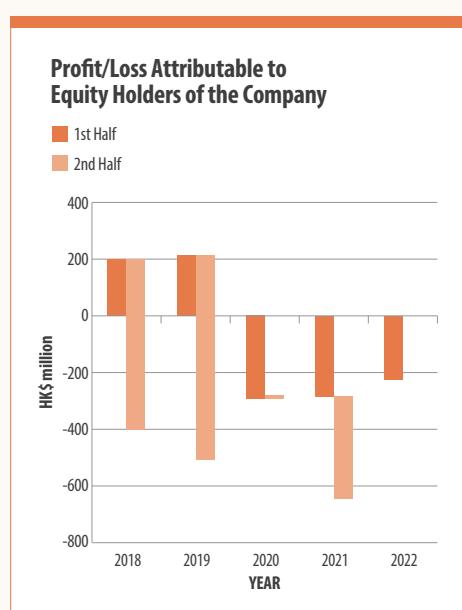
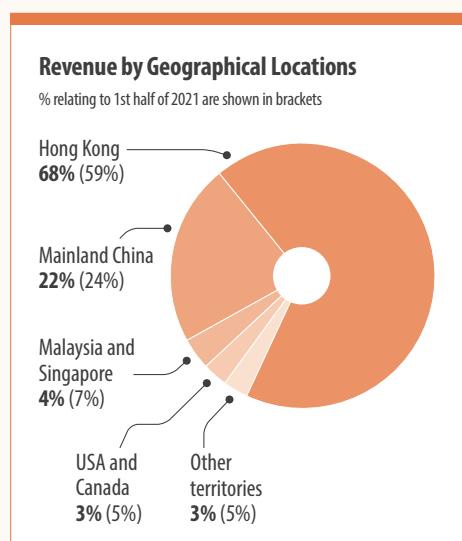
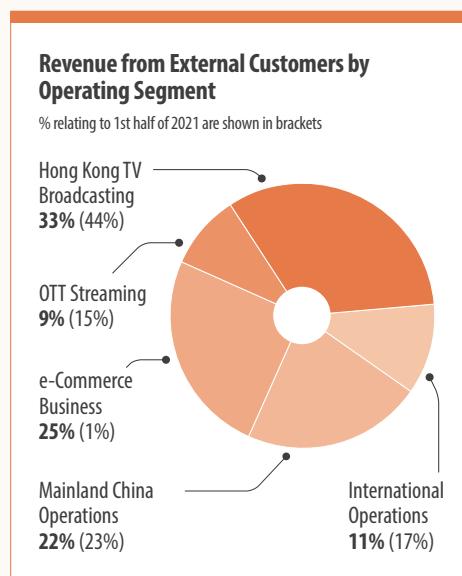
Television Broadcasts Limited

電視廣播有限公司

Stock Code 股份代號 : 00511



FINANCIAL HIGHLIGHTS



	Six months ended 30 June		
	2022	2021	Change
Performance			
Loss per share	HK\$(0.51)	HK\$(0.65)	22%
Interim dividends per share	–	–	–
	HK\$'mil	HK\$'mil	
Revenue from external customers			
- Hong Kong TV Broadcasting	596	544	10%
- OTT Streaming	169	189	-11%
- e-Commerce Business	461	17	2,612%
- Mainland China Operations	403	284	42%
- International Operations	191	214	-11%
	1,820	1,248	46%
Segment EBITDA			
- Hong Kong TV Broadcasting	(210)	(271)	23%
- OTT Streaming	26	8	225%
- e-Commerce Business	(41)	(12)	N/A
- Mainland China Operations	115	99	16%
- International Operations	38	36	6%
	(72)	(140)	49%
Total expenses ^Δ	2,111	1,597	32%
Loss attributable to equity holders	(224)	(284)	21%
	30 June 2022 HK\$'mil	31 December 2021 HK\$'mil	
Total assets	7,640	7,650	0%
Total liabilities	3,353	3,057	10%
Total equity	4,287	4,593	-7%
Number of issued shares	438,000,000	438,000,000	
Ratios			
Current ratio	3.3	1.4	
Gearing	30.0%	19.2%	

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

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CORPORATE INFORMATION

CHAIRMAN EMERITUS

The late Sir Run Run SHAW GBM

BOARD OF DIRECTORS

CHAIRMAN

Thomas HUI To

NON-EXECUTIVE DIRECTORS

Thomas HUI To

LI Ruigang

Anthony LEE Hsien Pin

Kenneth HSU Kin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. William LO Wing Yan JP

Dr. Allan ZEMAN GBM, GBS, JP

Felix FONG Wo BBS, JP

Belinda WONG Ching Ying

BOARD COMMITTEES

EXECUTIVE COMMITTEE

Thomas HUI To Chairman

LI Ruigang

Eric TSANG Chi Wai General Manager
(Content Operations)

SIU Sai Wo General Manager (Business Operations)

AUDIT COMMITTEE

Dr. William LO Wing Yan Chairman

Anthony LEE Hsien Pin

Felix FONG Wo

Belinda WONG Ching Ying

REMUNERATION COMMITTEE

Belinda WONG Ching Ying Chairperson

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

Kenneth HSU Kin

Dr. William LO Wing Yan

INVESTMENT COMMITTEE

Anthony LEE Hsien Pin Chairman

Thomas HUI To

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

REGULATORY COMMITTEE

Felix FONG Wo Chairman

Dr. William LO Wing Yan

Desmond CHAN Shu Hung Deputy General Manager
(Legal and International Operations) and Acting
Company Secretary

SENIOR MANAGEMENT

Eric TSANG Chi Wai General Manager
(Content Operations)

SIU Sai Wo General Manager (Business Operations)

Desmond CHAN Shu Hung Deputy General Manager
(Legal and International Operations) and Acting
Company Secretary

Rex CHING Chit Group Chief Technology Officer

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

ACTING COMPANY SECRETARY

Desmond CHAN Shu Hung

Email: companysecretary@tvb.com.hk

Fax: +852 2358 1337

REGISTERED OFFICE

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Freshfields Bruckhaus Deringer
Stephenson Harwood

PRINCIPAL BANKERS

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

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

AMERICAN DEPOSITORY RECEIPTS

BNY Mellon Shareowner Services
P.O. Box 30170
College Station
TX 77842-3170
USA

INVESTOR RELATIONS

Winnie FAN Wing Yu
Email: ir@tvb.com.hk
Fax: + 852 2358 1337

WEBSITE

<https://corporate.tvb.com>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS HIGHLIGHTS

During the six months ended 30 June 2022 (the "Period"), we delivered better performance across all financial metrics. Our Group revenue grew by HK\$572 million or 46% from HK\$1,248 million to HK\$1,820 million, driven mainly by the new e-Commerce revenue contribution from Ztore Group, which we acquired in late August 2021, the ongoing recovery of our flagship Hong Kong TV Broadcasting business, and continued growth of our Mainland China business.

Group EBITDA improved by HK\$68 million or 49% from negative HK\$140 million to negative HK\$72 million for the Period. Loss attributable to equity holders of the Company was HK\$224 million (2021: Loss of HK\$284 million), a reduction of 21% or HK\$60 million.

BUSINESS HIGHLIGHTS

With 2022 being both the 25th year of the founding of the HKSAR as well as the TVB's own 55th anniversary, we are celebrating this momentous year by bringing ever more engaging, high-quality content to our viewers in Hong Kong, Mainland China and around the world. Playing to our strength in content creation, we have produced a sumptuous offering of dramas, documentaries and variety shows that has captivated millions so far in 2022.

In particular, the 25th anniversary of Hong Kong's return to China this year has heightened the enthusiasm for Hong Kong music, culture and artistes among Mainland audiences. As a key conduit for Hong Kong content to Mainland China, TVB has played a high-profile role in this phenomenon. *Infinity and Beyond* (聲生不息), a singing show we co-produced with Mango TV earlier this year featuring Hong Kong artistes and music, was among China's top variety shows in 2022. Our flagship TV channels remain Hong Kong's most watched by a large margin. During the Period, our aggregate prime time rating of our five terrestrial TV channels maintained at 25.4 TVRs (2021: 25.2 TVRs), corresponding to a 77% share of viewership.

Despite an intense Covid wave earlier this year, which dampened commercial activity in Hong Kong for several months during the Period, our Hong Kong TV Broadcasting business which accounted for 33% of the Group revenue achieved 10% top-line growth from HK\$544 million to HK\$596 million. This was driven mainly by higher advertising income, which saw weakness from February to April, but rebounded strongly in May and June once the government began relaxing pandemic restrictions.

Following our acquisition of Ztore Group in 2021, e-Commerce contributed 25% of the Group revenue with income surged over 26 times from HK\$17 million to HK\$461 million during the Period, helped by the Covid wave which drove homebound consumers to shop online. By promoting e-Commerce on our TV programmes and advertising slots, we capitalized on the opportunity to achieve strong sales. Our Neigbuy platform, which runs on a flash sales model, was especially popular with our audience who flocked in to buy everyday necessities such as masks, personal hygiene products and foods that they saw on our TV programmes.

Mainland China Operations was another key growth driver representing 22% of the Group revenue. Revenue jumped 42% from HK\$284 million to HK\$403 million during the Period, fueled by higher co-production revenue and digital income, including our direct-to-consumer video streaming business which contributed income of HK\$95 million for the Period.

myTV SUPER OTT advertising income improved 19% to HK\$31 million, but subscription revenue declined 15% to HK\$133 million due to expiry of certain bundled sports packages. Segment revenue therefore declined 11% to HK\$169 million, but EBITDA improved to HK\$26 million with lower sports content cost. MAU was stable at 1.8 million.

International Operations revenue decreased by 11% from HK\$214 million to HK\$191 million mainly due to weaker fees from our pay-TV licensees in Malaysia, Singapore and North America; however, EBITDA improved to HK\$38 million helped by lower operating costs. Growth in revenue from Vietnam and social media also helped mitigate the declines in fee income elsewhere. Meanwhile, our aggregate users on TVB Anywhere and TVB's YouTube channels was 10.8 million.

OUTLOOK

We remain committed to our long-term strategy in three key areas: (1) creating and distributing high quality content across multiple channels, both traditional TV and also digital media; (2) increasing direct touch points with viewers and consumers, both through content and e-Commerce; and (3) further leveraging our brand, content and artistes in Mainland China and around the world.

With TVB's 55th anniversary celebrations coming up in November this year, we have a robust pipeline of flagship programmes to air later this year, including the *Miss Hong Kong Pageant* which will also be in its 50th year.

Hong Kong's economy is expected to recover further in second half of 2022 with the further relaxation of social and travel restrictions, and increasing vaccination rates among the local population. As business and household spending strengthen further, our advertising and direct-to-consumer businesses should benefit. In due course, the eventual reopening of our border with Mainland China will bring a further boost.

In TV advertising business in Hong Kong, we expect an ongoing recovery as pandemic restrictions are progressively eased, and advertising clients start to spend more to attract consumer dollars.

For our e-Commerce Business, we aim to grow our GMV further this year by continuing to integrate e-Commerce ever more closely into our TV programmes and platform resources. We shall also begin shipping e-Commerce orders into Mainland China in the second half of this year, through our cross-border commerce site on the Douyin platform.

In Mainland China, the occasion of the 25th anniversary of Hong Kong's return to China continues to drive enthusiasm among Mainland audiences for Hong Kong music, culture, and artistes. Despite the uncertainty due to continuing pandemic measures, we continue to satisfy the strong demand we see for TVB's content, whether in drama or variety co-production programmes, or digital and social media.

HONG KONG TV BROADCASTING

For the six months ended 30 June	2022 HK\$ million	2021 HK\$ million	Period-on-period change
Segment revenue	596	544	10%
Segment EBITDA	(210)	(271)	23%

This segment mainly comprises advertising revenue derived from TV broadcasting and digital media business in Hong Kong. Segment revenue improved from HK\$544 million to HK\$596 million, up HK\$52 million or 10% from the prior period.

Income from advertisers increased by HK\$39 million from HK\$509 million to HK\$548 million, from the prior period, while music entertainment and other income contributed an increase of HK\$13 million from HK\$35 million to HK\$48 million.

MANAGEMENT DISCUSSION AND ANALYSIS

TV ADVERTISING

After rebounding in 2021, the Hong Kong economy contracted 4% in the first quarter of 2022 when an intense Covid wave hit the city. The harshest restrictions ever imposed by Hong Kong to contain the spread of the highly contagious Omicron variant weighed heavily on the local economy, with retail and food services sectors being the hardest hit. The labor market also came under severe pressure, with the unemployment rate climbing to 5% in the first quarter. As the Omicron situation began to improve in April, local consumption began to recover, supported by a new round of the Hong Kong government's Consumption Voucher Scheme.

Despite the austere market conditions from February to April, our income from advertisers exhibited a growth of 8% to HK\$548 million in the first half of 2022, driven by a robust rebound in advertising revenue in May and June, once the government began relaxing pandemic restrictions.

Among advertisers, pharmaceutical and healthcare companies remain our largest contributor, with TV advertising income from this category growing about 20% from the prior period. Growth was also seen in most of our other major advertising categories, including Bank/Finance, Property, Personal Care & Beauty, NGO & Social Services. We also continue our efforts to diversify our advertising client base, with new first-time advertisers contributing 9% of our TV advertising income in the first half of 2022.

We expect an ongoing recovery as pandemic restrictions are progressively eased, and advertising clients start to spend more to attract consumer dollars. Our earlier efforts to reorganize and streamline advertising sales teams to forge closer ties with our advertisers will continue to bring about positive impact in the second half. We will focus on developing creative advertising products and packages, including cross-platform and digitally-oriented products, to better serve advertisers.

TERRESTRIAL TV CHANNELS

As Hong Kong's largest TV content creator and broadcaster, TVB informs, entertains, touches and cheers millions of viewers every day. During the Period, our digital terrestrial TV channels, on average, reached¹ 5.3 million in-home-viewers in Hong Kong every week and in aggregate scored an average prime time rating of 25.4 TVRs² (2021: 25.2 TVRs), corresponding to a 77% audience share³ of all TV channels in Hong Kong. We also maintained our substantial lead in the market with over 80% audience share⁴ in both young audience group and high-income group viewership.

Each of our channels has a clear brand and market position. Jade, our flagship service carries a rich slate of entertainment programmes for the entire family. J2, our channel for young audiences, offers vibrant and creative alternative genres. Pearl airs English and Putonghua programmes. TVB News provides 24-hour live coverage on local, national and global news, while TVB Finance & Information Channel focuses on Hong Kong's investment markets. Our Jade and Pearl channels also have landing rights in Guangdong, enabling us to reach a population of 126 million there.

During the Period, demand for TV entertainment was strong as Hong Kong experienced its worst Covid wave, which drove up viewership of our channels as audiences stayed at home. And with Hong Kong celebrating the 25th anniversary of its return to China in 2022, our content pipeline this year is filled with special programmes to mark the event. It has thus been a busy year for TVB, and we are proud of how our content teams have met the challenge despite the many pandemic restrictions earlier this year.

CONTENT CREATION

We produce an extensive content slate across all genres, including drama series, variety and infotainment, news and financial information, documentary, sports, and children's programmes.

Content creation is our core strength, underpinned by our deep understanding of audiences in Hong Kong and other markets that we distribute content to. As we diversify our businesses beyond traditional broadcasting to digital media platforms and formats, it is this capacity for content creation that enables us to capture multiple revenue streams, i.e.: advertising, subscription, licensing and e-Commerce.

Drama

Original drama is our signature genre and occupies primetime slots on our flagship Jade channel. On weeknights, TVB's rich and entertaining dramas are what brings many Hong Kong families back to their homes and their TV screens.

During the Period, we released three blockbuster drama titles concurrently in Hong Kong and Mainland China. The first, *The Righteous Fists* (鐵拳英雄) is an action-filled production set in Chinatown of 1960s Bangkok, and tells the story of a group of martial artists bringing justice for victims of oppression. The second, *Big White Duel 2* (白色強人II) is the much-anticipated season two of a medical drama involving power struggle, friendships and romance among medical professionals in a top-tier hospital. The third, *Brutally Young 2.0* (十八年後的終極告白2.0), is a suspense thriller about the uncovering of mysteries with confessions from 18 years ago. Also in its second season, this series was praised for its gripping storyline and strong characterization.

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

² Rating represents the size of the audience expressed as a percentage of the total TV population in consideration of viewing intensity. For 2022, total TV population comprises 6,497,000 viewers, and, 1 TVR represents 64,970 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 live ratings of all TV channels, including free TV, pay TV, OTT and satellite channels. The audience share figure quoted covers inside home only. Data source: CSM Media Research.

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

MANAGEMENT DISCUSSION AND ANALYSIS

To celebrate the HKSAR's 25th anniversary this year, we also produced a special collection of dramas under the *Communion* (回歸光影頌) umbrella title. Created by our select team of producers, screenwriters and actors, it consists of (i) five individual episodes of mini-stories namely *Touch the Sky* (究竟天有幾高), *My Mom, My Ping Pong* (母親的乒乓球), *My Pride* (我的驕傲), *You Light Me Up* (神奇的燈泡) and *Silver Lining* (曙光); and (ii) *Communion* (回歸) a 15-episode drama series. This drama collection brought to life the stories of individual Hong Kongers as they lived through the changes of the past 25 years. Released in July 2022, this special series told of the hard work, determination and can-do spirit of our city's people, which resonated powerfully with audiences.

Variety, Music and Infotainment Programmes

The HKSAR's 25th anniversary celebration was also a major theme in our non-drama production slate during the Period. To celebrate Hong Kong pop culture and music we co-produced *Infinity and Beyond* (聲生不息), a multi-episode singing show, with Mango TV. This sumptuous production brought together over 20 stars from Hong Kong and Mainland China, with established singers taking on young up-and-coming artistes in entertaining sing-offs of Cantopop songs. Aired simultaneously in Hong Kong and the Mainland, *Infinity and Beyond* was one of China's top-viewed programmes of 2022 so far.

On the night of the handover anniversary itself, TVB also produced the *Grand Variety Show in Celebration of the 25th Anniversary of Hong Kong's Return to the Motherland* (慶祝香港回歸祖國二十五周年文藝晚會) which was staged at the Hong Kong Coliseum with more than 700 performers, including famous artistes, bands, choirs and dance groups drawn from all parts of Hong Kong society. Commissioned by the HKSAR government, this marquee event was broadcast by TVB and other free TV operators. On our Jade channel, it scored an impressive rating of 24.9 TVRs⁵, corresponding to 88% audience share⁶ among all the channels that aired the same programme.

Other handover-themed programmes we produced and released during the Period include *Hong Kong 25 Best* (香港25個第一), *Financial Review of the Past Twenty-Five Years* (回歸25周年財經大事回顧), and *Inheriting The Past Twenty-Five Years* (承先啟後廿五載) which all paid tribute to Hong Kong's rich and eventful journey during the past two and half decades.

There was also *Big Big Old World II* (尋人記II), a docuseries where TVB tracks down and reconnects with people we first interviewed decades ago, to retrace the arc of their lives since then. Now in its second season, this amusing series on the vicissitudes of human lives attracts a wide spectrum of audiences.

In the coming second half of 2022, we have a rich line-up of upcoming programmes to mark TVB's 55th anniversary. Popular past show formats such as *Super Trio Returns* (開心無敵獎門人) and *Celebrity Minute To Fame* (全城一叮) are making a return. And our *Miss Hong Kong Pageant* (香港小姐競選) will be in its 50th year. Meanwhile, the second season of our successful *Stars Academy* (聲夢傳奇) singing talent show is also airing in the second half over 15 episodes, with a shorter Malaysia version of the show, airing over two episodes in August on our TVB Jade channel on Astro.

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

⁶ Audience share (%) is the percentage of ratings of particular channel(s) over the total ratings of the free TV channels in Hong Kong that telecasted the same programme. The audience share figure quoted covers inside home only. Data source: CSM Media Research.

Another successful series now in its second season is *No Poverty Land* (無窮之路), our award-winning documentary. Following the critical acclaim won from the last series, which highlighted China's efforts to alleviate rural poverty, *No Poverty Land II – A Treasure Trove* (無窮之路II – 無價之保) will now showcase China's efforts in environmental protection.

News, Finance and Information, Sports and Greater Bay Area (GBA) Programmes

TVB News Channel is Hong Kong's most watched news channel and also the only news channel that provides 24-hour live news coverage and commentary on major events in Hong Kong. Our weekly reach has increased from 3.8 million to 4.0 million in-home viewers from a year ago.

In the midst of Hong Kong's worst Covid outbreak earlier this year, audiences tuned in for comprehensive coverage and critical information across our news services and featured expert programmes. We aired programmes and public service announcements to alert and educate viewers on the city's pandemic situation, government policies, and best practices for maintaining personal health.

So far, 2022 is proving to be another eventful year. Not only is the global pandemic still with us, but there are big changes and developments, whether locally in Hong Kong, nationally across China, and on a global level. Political and socio-economic transitions, war and conflict, climate change, these large themes continue to affect the world, often with a direct impact locally in Hong Kong. We continue on our mission to provide timely and accurate reporting of the most impactful news and developments to our viewers.

In terms of finance and GBA programme offering, our Cantonese and Putonghua speaking viewers have plenty choices to follow the Hong Kong stock market and global financial information during trading hours. *Finance at 10* (十點無綫財經), *A Property A Day* (日日有樓睇), *Closer Look at Property* (樓市點睇), and Putonghua financial programme *Fintalk* (財經演義) also share useful insights and expert analysis on property and capital market. Extensive coverage of the *Olympic Winter Games Beijing 2022*, exclusive broadcast of selected live matches from the *FA Cup* served sports fans well.

J2 channel and programmes

Earlier in 2022, we relaunched our J2 channel for younger audiences. Under a new leadership team, J2 is tasked with reinventing the channel with brave ideas that resonate with our young audiences.

Working with a new group of artistes (dubbed "J2ers"), our J2 team works with outside producers, directors and script writers to create programmes to engage our younger, more adventurous viewers. Genres include talk shows, reality shows, travelogues and drama based on such diverse themes as horror, metaphysics, dream jobs, emerging technology, modern art and literature.

MANAGEMENT DISCUSSION AND ANALYSIS

OTT STREAMING

For the six months ended 30 June	2022 HK\$ million	2021 HK\$ million	Period-on-period change
Segment revenue	169	189	-11%
Segment EBITDA	26	8	225%

Our myTV SUPER streaming service is our key touch point with Hong Kong audiences who want to watch TVB content and acquired programmes when, where and how they choose. myTV SUPER operates on a combination of advertising and subscription revenue, generating a segment revenue of HK\$169 million in the first half of 2022. Advertising revenue increased 19% from HK\$26 million to HK\$31 million. However, subscription income dropped 15% from HK\$157 million to HK\$133 million due to expiry of certain bundled sports packages, though growth in myTV Gold top-tier subscription helped mitigate some of this decline. EBITDA improved to HK\$26 million with lower sports content cost.

SUBSCRIPTION

myTV SUPER is a leading streaming platform in Hong Kong with a registered user base of 10.3 million. Our free-tier service gives viewers access to our free-TV channels and limited content; meanwhile our Basic and myTV Gold paid tiers provide a much richer choice of content, including original programmes we produce exclusively for streaming only, and back-catalog. In June 2022, our MAU was stable at 1.8 million with paying subscribers of over 1 million.

In 2022, we remain focus on driving the growth of subscription in myTV Gold tier plan. We have strengthened our content offering, as well as developed marketing campaigns and pricing strategy to attract the large pool of free-tier users to premium service. As of 30 June 2022, myTV Gold has a subscriber base of nearly 144,000, representing a 23% increase from a year ago, with a monthly ARPU of HK\$73 in the first half of 2022.

High-impact content is always the key to drawing in subscriptions. So, we look to curate the richest and most engaging content choices for our subscribers. As the fifth wave of the pandemic kept Hong Kongers at home in the first quarter of 2022, we released new blockbuster Chinese dramas like *Modern Dynasty* (家族榮耀) and *Royal Feast* (尚食) to attract new subscribers. In terms of sports coverage, our extensive coverage of the *Olympic Winter Games Beijing 2022* and exclusive broadcast of all live matches from the FA Cup attracted sports fans as well. myTV SUPER Original programmes, such as comedy *OPM* and talk show *Mindfulness Sleep* (夢中 · 情 · 人) also made their debut. At the same time, we also aggregated favorite dramas from Mainland China, Korea and Japan for simultaneous release in Hong Kong.

To promote our subscription services, we conduct regular marketing campaigns, both directly and also through our telco distribution partners. During the Period, we used a "Free 1-month Gold" campaign to attract free-tier users to upgrade to our myTV Gold service plan, which brought in over 10,000 users to try out this premium service.

ADVERTISING

During the Period, advertisers in the banking, financial products, luxury brands and property categories contributed to the growth in ad sales. Growth momentum was moderated by the fifth wave of pandemic, but gaining more strength in June and July as situation improved. A streamlined sales team that looks after both traditional TV and streaming platforms has helped to capitalize on opportunities. We also work with supply side platforms and ad networks to draw in more demand and drive better sell-through-rate of our

inventory through closely tracking the programmatic performance and making timely adjustments to inventory supplies and eCPM.

With our sizeable MAU base, myTV SUPER will step up efforts to drive synergies with TVB e-Commerce Group, leveraging on the customer base of our Ztore and Neigbuy platforms to generate more precise targeting and delivery of advertisers. We believe this will boost returns on advertising investment for our customers.

e-COMMERCE BUSINESS

For the six months ended 30 June	2022 HK\$ million	2021 HK\$ million	Period-on-period change
Segment revenue	461	17	2,612%
Segment EBITDA	(41)	(12)	N/A

With our consolidation of the Ztore Group acquisition since August 2021, our total e-Commerce revenue for the Period surged 26 times from HK\$17 million to HK\$461 million. GMV on order intake also soared over 6 times from HK\$65 million to HK\$509 million.

During the Period, online retail sales in Hong Kong were very strong overall due to the intense Covid wave keeping consumers at home between February and April. In particular, health and personal care products including pandemic-related masks, test kits and cleaning products were very much in demand. We took this opportunity to promote our e-Commerce platforms on our TV channels, and to sell products through programme placements and other forms of content integration. For example, we featured our own-brand KF94 "Pro-Clean" face masks in our daily *Scoop* (東張西望) programme, resulting in explosive sales take-up of the product on our Neigbuy platform, which operates on a flash sales model.

Our strategy of using TV platforms and content to promote and sell products to our audience has been validated by this recent pandemic wave, and we will further expand this strategy going forward. In particular, we will build on the success of our Neigbuy flash-sales model to promote additional products in partnership with brand owners and suppliers, with focus on the food, groceries, health and beauty categories. In due course, we will also move beyond our current self-owned inventory model to welcome third party merchants onto our platforms.

Furthermore, in the second half of 2022, we are expanding our e-Commerce services into Mainland China through cross-border live-streaming on the different online platforms. We believe the brand influence of TVB will provide us a unique advantage to sell local products to our social media audiences in Mainland China (see next section "Mainland China Operations").

MANAGEMENT DISCUSSION AND ANALYSIS

GMV	For the six months ended 30 June 2022	For the six months ended 30 June 2021	Period-on-period change
Gross Merchandise Value (GMV) on order intake (HK\$ million)	HK\$509 million	HK\$65 million (Big Big Shop only)	683%
		Proforma GMV HK\$256 million	
Monthly data	June 2022	December 2021	Change
Monthly GMV on order intake	HK\$70 million	HK\$57 million	23%
Average daily orders	8,283	5,539	50%
Average order value	Home delivery HK\$806 Self pick-up HK\$135	Home delivery HK\$800 Self pick-up HK\$160	N/A N/A
Monthly active customers (rounded to nearest thousand)	107,000	80,000	34%

MAINLAND CHINA OPERATIONS

For the six months ended 30 June	2022 HK\$ million	2021 HK\$ million	Period-on-period change
Segment revenue	403	284	42%
Segment EBITDA	115	99	16%

Our Mainland China business mainly comprises co-production of programmes with Mainland Chinese partners, and distribution of content through our own and various third-party video platforms. We have also built up a large social media following through different Chinese platforms, enabling us to pursue a multi-channel network (MCN) strategy to monetize our content and artistes. With the recent opening of an e-shop on our Douyin official account, we will begin to leverage our follower base to drive live-stream e-Commerce.

During the Period, segment revenue increased by HK\$119 million or 42% from HK\$284 million to HK\$403 million, mainly fueled by higher co-production and digital income. Revenue from digital platforms jumped by HK\$109 million or 60% from HK\$182 million to HK\$291 million. This was mainly driven by growth in our direct-to-consumer video streaming business, which contributed HK\$95 million in the first half of 2022.

Co-production

Co-production income increased by HK\$11 million or 12% from HK\$91 million to HK\$102 million as a brand-new project, *Narcotics Heroes* (破毒強人) entered production phase during the Period. Co-produced with Youku, *Big White Duel 2* (白色強人II) was released concurrently in Mainland China and other markets in June 2022. TVB's medical dramas have always been a popular genre, and season two of this successful IP was once more well received.

Forensic Heroes V (法證先鋒V) and *Narcotics Heroes* (破毒強人), are in various stages of production with Youku, and we anticipate these new titles, once approved by China censorship authorities, can be released in late 2022 and 2023 respectively. Beyond these, we are pursuing active discussions with multiple Chinese video platforms on drama production, and expect to put more new dramas into production next year.

Third Party Content Distribution

This year, we continued to supply a selection of our first-run and back-catalog original programmes into the Mainland China market, working with platforms such as Youku, Tencent Video, BesTV, Migu and Bilibili. In the first half of 2022, *Brutally Young 2.0* (十八年後的終極告白2.0) was premiered on Migu. This season 2 of TVB's mystery-thriller series, which themed around Chinese viewers' lately sought-after genre made it one of the most popular titles on Migu platform, attracted 1.7 billion stream views.

TVB Own Digital Media Business

While we work through various local partners to co-produce and distribute our content in Mainland China, we are also committed to building up our own digital presence in this immense market, leveraging our strong brand and rich content to build direct relationships with viewers and consumers. We continue to take a multi-prong approach, using both proprietary and third-party platforms to reach and touch viewers where they are.

During the Period, we further expanded our touchpoints with Mainland viewers by leveraging our rich resources in artiste management and e-Commerce, bringing more diversified content and products to users and establishes a more direct and frequent interaction.

In our direct-to-consumer video streaming business, which had 6.7 million MAU mainly in southern China and the Yangtze delta as of 30 June 2022. We work with smart TV manufacturers such as Huawei, TCL, Hisense, Skyworth and Xiaomi to pre-load our video streaming app in their TV sets.

Also, after patient seeding work in the past few years, we have also built up a substantial social media following on China's major social media platforms using TVB's content and artistes as a key draw. As of 30 June 2022, the official social media accounts of TVB and those of artistes and KOLs we manage on Sina Weibo, Wechat, Douyin, Kuaishou and Xiaohongshu have a total follower base of over 130 million, a big jump of 217% from 41 million a year ago.

Having attained this critical mass of followers, we began in 2022 to execute on our MCN strategy, which is to monetize our follower base through celebrity endorsements, content marketing and e-Commerce. We use hit reality series, *Top Sales* (識貨), to drive traffic to our social media accounts. At the recent 618 Shopping Festival, we gained some initial success in cross-border live stream e-Commerce through our launch of TVB's first e-shop on Douyin platform, which we have more than 11 million followers on the TVB official account. We are going to shipping more e-Commerce orders into Mainland China in the second half of this year.

Grand Variety Show in Celebration of the 25th Anniversary of Hong Kong's Return to the Motherland was also broadcast on our direct-to-consumer video streaming service, attracted more than 100 million discussions on Weibo. In the second half of 2022, we will bring more music and culture content to the Mainland viewers through different platforms, as part of our key strategies to grow digital media business.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERNATIONAL OPERATIONS

For the six months ended 30 June	2022 HK\$ million	2021 HK\$ million	Period-on-period change
Segment revenue	191	214	-11%
Segment EBITDA	38	36	6%

Our International Operations comprise content licensing and digital media business, which includes our TVB Anywhere streaming service and also social media business operated on third-party platforms. During the Period, we continued to diversify from conventional B2B licensing to D2C digital business to broaden our global coverage. TVB Anywhere, together with users from social media platforms currently has an aggregated user base of around 10.8 million, up 42% from 7.6 million a year ago.

Segment revenue softened by 11% from HK\$214 million to HK\$191 million, mainly owing to weaker fees from our pay-TV licensees in Malaysia, Singapore and North America while growth in revenue from Vietnam and social media helped mitigate the declines in fee income elsewhere. EBITDA improved to HK\$38 million helped by lower operating cost.

Malaysia

In Malaysia, we have a long-standing licensing partnership with the nation's dominant pay-TV operator, Astro. We also have a content partnership with 8TV, the Chinese-language free TV channel operated by Malaysia's largest free-to-air TV group Media Prima. Our licensing and other income from Malaysia has been weak in the past few years due to the pandemic, with recurring lockdowns hurting consumer incomes hence affordability of pay-TV services. Due to weak business sentiment, the advertising market has also been soft.

Malaysia has always been an important part of TVB's international business as we enjoy a strong brand recognition in this market. As the country began to transition to endemic phase from early April, we see 2022 as a good time to strengthen our local presence in this major market. In June 2022, we announced our plans to open a local office, and create more customized content offerings for our Malaysian audience. We will also cooperate with more partners on different media including print and radio. Following the success of *Stars Academy*, our signature singing talent show in Hong Kong, we also produced a Malaysian version that was aired in August with impressive viewership. Our aim is to discover and groom young Malaysian talents. Thus, we have recruited 15 young talents to become our artistes on the ground. In the second half of the year, in addition to the weekly infotainment programme *What's On City* (都市特搜), we also plan to produce more local programmes geared towards young audiences. By strengthening our team and presence on the ground, we aim to create more customized and relevant content offerings for our Malaysian audience.

Since April 2021, we have launched a full OTT service, TVBAnywhere+ (for smart TVs and mobile devices) in Malaysia featuring a wide range of inspiring genres from favorite dramas, music, talk shows to reality shows out from our latest releases and back-catalog. The service can be conveniently subscribed via in-app purchases, online portal and through our business partners such as Astro, TM Net, Shopee Malaysia and Qoo10 Global. Going forward, we will broaden our distribution network by working with more partners. We will also continue to strengthen our new media content by including more "TVB Anywhere Original" programmes to draw subscription and other monetization opportunities.

Singapore

Singapore is a wealthy and sophisticated TV market with a large local demand for Chinese-language content. We have ongoing programme supply agreements with major media and telco players namely Singtel, StarHub and Mediacorp. These partnerships contribute most of our revenue from Singapore and enable us to achieve high viewership penetration in the pay and free-to-air TV markets. Our TVB Anywhere+ app is also distributed online and carried by all the major telcos, including StarHub, SingTel, M1 and MyRepublic.

Vietnam

The Vietnamese government announced a phased plan to reopen the economy and actively markets the country as a favorable investment destination, especially for foreign business owners and investors that are looking for supply chain diversification. Vietnam sees promising growth in the local economy as recovery powers on in the aftermath of the pandemic.

TVB is a well-recognized brand in Vietnam. Strong demand for high quality content in the media market has contributed to higher licensing revenue in the first half of 2022. Our new releases of signature dramas and game shows are well-received by Vietnamese audiences with outstanding ratings. New media platforms have seen a surge in demand for imported content which presented us an exciting prospect to broaden our presence in the digital space there. In the second half of 2022, we expect our sales to go up with more content being supplied to new media operators. Our key priority is to grow our new media business there with local operators. Longer term, we may consider launching co-production programmes, and customize our TVB Anywhere service for Vietnamese viewers.

North America

Operations in North America mainly cover licensing of programmes to pay-TV platforms, including DISH Network in the USA and Fairchild Television in Canada. In addition, TVB Anywhere provides both subscription and ad-supported services in this territory.

During the Period, TVB Anywhere service maintained a steady growth, but the traditional pay TV business faced challenging conditions as viewers continued to shift away from high premium TV subscriptions to low-cost streaming services, which had an adverse knock-on effect on advertising income.

In the second half of 2022, we will focus on growing our digital revenue. More local promotional events will be held after the lifting of Covid restrictions to broaden the viewer base on digital platforms, such as connected TV devices with high accessibility like Apple TV, Amazon Fire TV, and Roku. This will help increase the penetration of TVB content within the Chinese community. Furthermore, we will continue to recruit top performing programmatic ad partners for premium direct buy opportunities and create versatile bundled advertising packages for retail advertisers by leveraging on our massive audience base.

Social Media

YouTube has become an important source of our overseas income. Leveraging on the significant audience base of YouTube around the world, we use this platform to promote TVB content to our global fan base.

In the first half of 2022, our YouTube revenue increased 28% from a year ago. We are now operating 33 YouTube channels (including Mei Ah movie as a new addition) with a total subscriber base of 9.1 million, an increase of 46% from 30 June 2021. MAU also grew 103% to 26.7 million, mainly fueled by rapid growth in Vietnamese and Mandarin speaking markets.

To further increase our audience base and monetization on social media platforms, we are deploying search engine optimization services to connect with more targeted viewers. Moreover, additional resources will be allocated to develop the Vietnamese-speaking market in the coming months. We will strive to broaden our audience base to non-Chinese speaking markets by provision of English subtitles and synopsis to our programmes.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue of the Group grew from HK\$1,248 million to HK\$1,820 million, an increase of HK\$572 million or 46%, which was mainly driven by:

- (a) expansion of e-Commerce revenue from HK\$17 million to HK\$461 million with the consolidation of the post-acquisition results of Ztore, representing an increase of HK\$444 million;
- (b) improvement in income from advertisers from the Hong Kong TV Broadcasting segment by HK\$39 million or 8%, from HK\$509 million to HK\$548 million;
- (c) growth in revenue of Mainland China Operations by HK\$119 million or 42%, from HK\$284 million to HK\$403 million; offset by
- (d) decrease in revenue from OTT Streaming and International Operations amounted to HK\$43 million, from HK\$403 million to HK\$360 million.

Cost of sales increased from HK\$936 million to HK\$1,269 million, an increase of 36%. Included in cost of sales were the cost of programmes and film rights (both self-produced and acquired) which amounted to HK\$793 million (2021: HK\$639 million). In addition to the aforementioned content costs, our cost of sales in 2022 also has a cost of goods sold component of HK\$347 million (2021: HK\$8 million) mainly arising from the consolidation of Ztore Group, whose sales currently consists of nearly 100% self-owned inventory.

Selling, distribution and transmission costs increased from HK\$299 million to HK\$335 million, an increase of 12%. This increase was mainly attributable to the higher overheads for the growing e-Commerce Business.

General and administrative expenses increased from HK\$362 million to HK\$507 million, an increase of 40%. The increase was mainly driven by the consolidation of Ztore Group's operating costs and the additional cost associated with the growing of digital media businesses in Mainland China.

Overall, total costs (comprising cost of sales, selling and distribution costs and general and administrative expenses) increased from HK\$1,597 million to HK\$2,111 million, an increase of 32%, after acquisition of Ztore Group and continuous investments in our content offerings and talent pool.

Other revenues increased from HK\$9 million to HK\$32 million, mainly reflected the one-off Government's wage subsidies of HK\$24 million in 2022.

Other net losses were HK\$31 million (2021: other net gains of HK\$1 million), which mainly comprised exchange losses (2021: exchange gains) recognised during the Period.

Due to the above factors, EBITDA for the Period improved from negative HK\$140 million to negative HK\$72 million.

SEGMENT RESULTS

Hong Kong TV Broadcasting

Segment revenue from Hong Kong TV Broadcasting improved from HK\$544 million to HK\$596 million, up HK\$52 million or 10% from prior reporting period. Income from advertisers increased by HK\$39 million from HK\$509 million to HK\$548 million while income generated from digital media and music and other activities contributed an increase of HK\$13 million from HK\$35 million to HK\$48 million. With the increase in income from advertisers and decrease in content cost, this segment reported an improvement of EBITDA by HK\$61 million from a negative HK\$271 million in 2021 to a negative HK\$210 million in 2022.

OTT Streaming

Segment revenue from OTT Streaming decreased by HK\$20 million or 11%, from HK\$189 million to HK\$169 million. The decrease was mainly due to expiry of certain bundled sports packages, which was partially offset by the increase in advertising revenue and the subscription revenue from myTV Gold top-tier service. Growth in the subscribers of myTV Gold top-tier service and lower content cost contributed to the improvement in EBITDA from HK\$8 million to HK\$26 million.

e-Commerce Business

Segment revenue from e-Commerce Business surged 26 times from HK\$17 million to HK\$461 million after acquisition of Ztore Group in late August 2021. Despite the post-acquisition results of Ztore increased the loss of e-Commerce Business segment, Ztore has already been generating synergies with rest of the Group's businesses. This segment reported a negative EBITDA of HK\$41 million (2021: a negative EBITDA of HK\$12 million).

Mainland China Operations

Segment revenue from Mainland China Operations increased by HK\$119 million or 42% from HK\$284 million to HK\$403 million, mainly driven by higher revenue from programme co-production and digital media businesses. Revenue from digital media increased by 60% from HK\$182 million to HK\$291 million, mainly contributed by our growing direct-to-consumer streaming business. This segment recorded an EBITDA of HK\$115 million during the Period, representing an increase of HK\$16 million or 16% from HK\$99 million.

International Operations

Segment revenue from International Operations softened by 11% from HK\$214 million to HK\$191 million, mainly due to lower licensing fees income from traditional markets like Malaysia, Singapore and North America, partially offset by higher income from Vietnam and social media. Despite the drop in licence fees income, this segment recorded an improvement of EBITDA from HK\$36 million to HK\$38 million due to lower operating cost.

LOSS ATTRIBUTABLE TO EQUITY HOLDERS

The Group's loss attributable to equity holders for the Period totalled HK\$224 million (2021: loss of HK\$284 million), representing an improvement of HK\$60 million or 21%.

LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$224 million (2021: HK\$284 million) and 438,000,000 ordinary shares in issue throughout the six months ended 30 June 2022 and 2021, giving a basic and diluted loss per share of HK\$0.51 respectively (2021: loss per share of HK\$0.65).

DIVIDENDS PER SHARE

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: nil).

INTEREST INCOME

Interest income totalled HK\$61 million for the Period (2021: HK\$78 million), which comprised interest income from the Company's investment portfolio and fixed bank deposits as well as interest income from the promissory note to Imagine Tiger Television ("ITT").

FINANCE COSTS

Finance costs mainly comprised of interest expense incurred for the US\$250 million term loan drawn down in July 2020. Finance costs decreased from HK\$60 million to HK\$26 million, mainly attributable to the maturity of the US\$500 million 3.625% notes in October 2021 ("TVB Notes").

INCOME TAX

The Group recorded an income tax credit of HK\$24 million (2021: HK\$53 million), arising mainly from deferred income tax assets arising from the tax losses of the Hong Kong TV Broadcasting segment during the Period. Whilst TVB's main business in Hong Kong is subject to a profits tax rate at 16.5%, the Group's major overseas subsidiaries whose effective tax rates vary from 0% to 30%.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a strong financial position as at 30 June 2022 despite a loss recorded during the Period. Total equity stood at HK\$4,287 million (31 December 2021: HK\$4,593 million). There had been no change in the share capital of the Company, with 438,000,000 ordinary shares in issue.

The Group had unrestricted bank and cash balances of HK\$969 million (31 December 2021: HK\$1,177 million). About 43% of the unrestricted bank and cash balances (approximately HK\$418 million) were maintained in overseas subsidiaries for their daily operations. Unrestricted bank deposits and cash balances held by the Group were denominated mainly in Hong Kong dollars, Renminbi, US dollars and New Taiwan dollars.

At 30 June 2022, the Group's net current assets amounted to HK\$2,986 million (31 December 2021: HK\$1,243 million). The current ratio, expressed as the ratio of current assets to current liabilities, was 3.3 at 30 June 2022 (31 December 2021: 1.4).

Borrowings at 30 June 2022 totalled HK\$2,184 million (31 December 2021: HK\$2,009 million) which composed a bank loan of HK\$1,961 million, bank overdrafts of HK\$187 million and other borrowings of HK\$36 million. At 30 June 2022, the Group's gearing ratio, expressed as a ratio of net debt to total equity, was 30.0% (31 December 2021: 19.2%).

BOND PORTFOLIO

As at 30 June 2022, the Company's portfolio of fixed income securities amounted to HK\$97 million (31 December 2021: HK\$234 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 5.7% per annum (31 December 2021: 3.8%) and have ranges of maturity dates with the last maturity date of 26 January 2024. As at 30 June 2022, the investment portfolio is made up of a total of 6 (31 December 2021: 8) issuers of fixed income securities. The largest investment in fixed income securities from a single issuer within the portfolio represented approximately 0.5% (31 December 2021: 0.7%) of the total assets of the Group. The interest income recognised during the Period from the bond securities at amortised cost amounted to HK\$3 million (2021: HK\$9 million). Around HK\$120 million of bond securities were disposed of or redeemed during the Period which recorded a gain of HK\$1 million (2021: loss of HK\$1 million).

A non-cash impairment loss of HK\$19 million (2021: HK\$5 million) were made for the legacy bond portfolio, taking into account the weakened global economic condition and Mainland China property market. These impairment losses were made after considering the gradual increase in credit risk of the bond portfolio under the COVID-19 environment and the latest development of certain credit-impaired bond securities.

ADDITIONAL INFORMATION

SHARE OPTION SCHEME

The Company and its subsidiary, TVB e-Commerce Group Limited (formerly known as Big Big e-Commerce Group Limited) ("TVBECGL") adopted the Share Option Scheme and the Subsidiary 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. 17,700,000 options were granted by the Company under the Share Option Scheme during the Period and no options had been granted by TVBECGL under the Subsidiary Option Scheme. As a result of the resignation of a grantee, 600,000 options under the Share Option Scheme lapsed during the Period. Together with the 9,250,000 options granted in 2018 and outstanding at the beginning of the Period, 26,350,000 options under the Share Option Scheme remained outstanding at the end of the Period.

HUMAN RESOURCES

At the end of Period, the Group employed a total of 3,907 full-time employees (31 December 2021: 3,870), 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 TVBECGL.

From time to time, the Group organises, either in-house or with other vocational institutions, seminars, courses, and workshops on subjects of technical interests, such as industrial safety, management skills and other related studies, apart from sponsorship of training programmes that employees may enrol on their own initiatives. To sustain the long term steady supply of human resources for production, the Group has implemented a number of new initiatives during the Period targeting recruitment, training and development of talents and staff for TV production in the areas of design and construction of settings for production, make-up and costume design, with a view to ensure that the necessary skills sets are appropriately retained and developed within our business.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

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

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

All Directors 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 the Period.

CHANGES IN DIRECTORS' INFORMATION

Subsequent to the provision of the biographical details of the Directors in the latest published 2021 Annual Report of the Company and up to the date of this Interim Report, the following change in Directors' information took place which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Ms. Belinda Wong Ching Ying has been appointed as an independent non-executive director of Canada Goose Holdings Inc. on 17 March 2022, the shares of which are listed on the New York Stock Exchange and the Toronto Stock Exchange.

BOARD OF DIRECTORS AND ITS COMMITTEES

The Company is headed by an effective Board which is charged with the duty of promoting the success of the Company by directing and supervising its affairs in a responsible manner.

The Board is the highest governing body of the Company and is supported by 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. Each of them has defined terms of reference covering its authority, duties and functions.

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

On 4 July 2022

- Investment Committee Mr. Ian Lee Hock Lye was appointed as a new member of the committee and Ms. Kitty Fung Kit Yi ceased to act as a member of the committee.
-

At the date of this Interim Report, the Board and its Committees comprised:

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		C	-	-	C	-	M	-
Non-executive Directors								
Li Ruigang		M	-	M	-	-	-	-
Anthony Lee Hsien Pin		-	M	-	M	-	C	-
Kenneth Hsu Kin		-	-	-	-	M	-	-
Independent Non-executive Directors								
William Lo Wing Yan		-	C	-	-	M	-	M
Allan Zeman		-	-	-	M	-	-	-
Felix Fong Wo		-	M	M	M	C	-	C
Belinda Wong Ching Ying		-	M	C	M	-	-	-
Senior Management								
Eric Tsang Chi Wai		M	-	-	-	-	-	-
Siu Sai Wo		M	-	-	-	-	-	-
Desmond Chan Shu Hung		-	-	-	-	-	-	M
Ian Lee Hock Lye		-	-	-	-	-	M	-

C: Chairman of the committee

M: Member of the committee

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES

At 30 June 2022, the interests and short positions of the Directors and chief executive in the shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

Long Positions in the Shares of the Company

Name of Director	Number of ordinary shares held					Percentage of issued shares ^(a)
	Personal interests	Family interests	Corporate interests	Other interests	Total interests	
Kenneth Hsu Kin	–	–	96,817,527 ^(b)	–	96,817,527	22.10%
Li Ruigang	–	–	96,817,527 ^(c)	–	96,817,527	22.10%

Notes:

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

- (a) Percentage of issued shares was based on 438,000,000 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 "Substantial Shareholders' Interests in Shares" for details).
- (c) Mr. Li Ruigang was deemed to be interested in these 96,817,527 shares held by Shaw Brothers Limited. Such interests were held indirectly through CMC M&E Acquisition Co. Ltd. (see below Note (d) under the sub-heading of "Substantial Shareholders' Interests in Shares" for details).

Long Positions in the Underlying Shares of the Company

Name of Director	Number of underlying shares held					Percentage of issued shares ^(a)
	Personal interests	Family interests	Corporate interests	Other interests	Total interests	
Thomas Hui To	6,000,000 ^(b)	–	–	–	6,000,000	1.37%

Notes:

- (a) Percentage of issued shares was based on 438,000,000 ordinary shares of the Company in issue.
- (b) These interests in the underlying shares of the Company represented interests in share options granted to the Director under the share option scheme of the Company, details of which are set out on pages 24 to 26 in this Interim Report.

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	
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 30 June 2022, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 30 June 2022, the interests or short positions of the persons (other than the Directors and chief executive of the Company), being 5% or more of the Company's issued shares, in the shares and the underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO are set out below:

Long Positions in the Shares of the Company

Name	Number of shares held	Percentage of issued shares ^(a)
Shaw Brothers Limited ^(b)	96,817,527 ^{(c)(e)}	22.10%
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%
CMC Group Corporation	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' Interests in Shares".

- (a) Percentage of issued shares was based on 438,000,000 ordinary shares of the Company in issue.
- (b) Shaw Brothers Limited ("SBL") was the registered shareholder of 96,817,527 shares of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (c) SBL was a wholly-owned subsidiary of Young Lion Acquisition Co. Limited ("YLA"), which was in turn a wholly-owned subsidiary of Young Lion Holdings Limited ("YLH"). YLH was controlled by Ever Port Limited ("EPL"), which was in turn wholly-owned by Mr. Kenneth Hsu Kin, a Non-executive Director of the Company ("Mr. Hsu"). Therefore, YLA, YLH and EPL were deemed to be interested in the same 96,817,527 shares held by SBL.
- (d) CMC M&E Acquisition Co. Ltd. ("CMC M&E Acquisition") was deemed to be interested in the same 96,817,527 shares held by SBL. Such interests were held through its interest in YLH. CMC M&E Acquisition was a wholly-owned subsidiary of CMC M&E Holdings Limited, which was in turn a wholly-owned subsidiary of CMC Group Corporation. CMC Group Corporation was wholly-owned by Brilliant Spark Holdings Limited, which was in turn wholly-owned and controlled by Mr. Li Ruigang.
- (e) Mr. Hsu, EPL, CMC M&E Acquisition, YLH, YLA and SBL were the parties of an agreement ("Agreement") to hold the interest in these 96,817,527 shares of the Company. The Agreement was an agreement to which Section 317 of the SFO applied.
- (f) The interests were held in the capacity of investment managers.

Save for the information disclosed above, at 30 June 2022, no other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION 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).

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

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

The maximum entitlement of each eligible participant (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.

During the Period, a total of 17,700,000 options were granted under the TVB Option Scheme, of which 600,000 options were lapsed upon resignation of an employee. As 30 June 2022, options exercisable into a total of 26,350,000 shares of the Company (including fully-vested options exercisable into 7,400,000 shares of the Company) remained outstanding. 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). 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.

The movement of the options granted during the Period are set out below:

Name of grantee	Date of grant	Number of options held						Exercise price per share	Closing price of the Company's shares at the date of grant	Exercise period
		Outstanding at 1 January 2022	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding at 30 June 2022			
Director										
Thomas Hui To ^(a)	22 March 2018	2,000,000	–	–	–	–	2,000,000	HK\$25.84	HK\$25.60	Note (a)
	25 May 2022	–	4,000,000	–	–	–	4,000,000	HK\$4.65	HK\$4.45	Note (b)
Employees (In aggregate)										
	22 March 2018	7,250,000	–	–	–	–	7,250,000	HK\$25.84	HK\$25.60	Note (a)
	25 May 2022	–	13,700,000	–	–	600,000	13,100,000	HK\$4.65	HK\$4.45	Note (b)
Total		9,250,000	17,700,000	–	–	600,000	26,350,000			

Notes:

- (a) The validity period of the options granted on 22 March 2018 ("2018 Options") is 5 years, from 22 March 2018 up to 22 March 2023 (both dates inclusive). The vesting periods of the 2018 Options are set out below:
 - (i) 20% of the 2018 Options shall be exercisable from 1 December 2018 to 22 March 2023 (both dates inclusive);
 - (ii) 20% of the 2018 Options shall be exercisable from 1 December 2019 to 22 March 2023 (both dates inclusive);
 - (iii) 20% of the 2018 Options shall be exercisable from 1 December 2020 to 22 March 2023 (both dates inclusive);
 - (iv) 20% of the 2018 Options shall be exercisable from 1 December 2021 to 22 March 2023 (both dates inclusive); and
 - (v) 20% of the 2018 Options shall be exercisable from 1 December 2022 to 22 March 2023 (both dates inclusive).
- (b) The validity period of the options granted on 25 May 2022 ("2022 Options") is 10 years, from 25 May 2022 up to 24 May 2032 (both dates inclusive). The vesting periods of the 2022 Options are set out below:
 - (i) 25% of the 2022 Options shall be exercisable from 25 May 2023 to 24 May 2032 (both dates inclusive);
 - (ii) 25% of the 2022 Options shall be exercisable from 25 May 2024 to 24 May 2032 (both dates inclusive);
 - (iii) 25% of the 2022 Options shall be exercisable from 25 May 2025 to 24 May 2032 (both dates inclusive); and
 - (iv) 25% of the 2022 Options shall be exercisable from 25 May 2026 to 24 May 2032 (both dates inclusive).
- (c) The 2018 Options and the 2022 Options granted to Mr. Thomas Hui To, the Chairman and Non-executive Director had been approved by the Board of Directors (including all Independent Non-executive Directors) at its meetings on 22 March 2018 and 25 May 2022 respectively.

Save as the above, no options were granted, exercised, cancelled or lapsed in accordance with the terms of the TVB Option Scheme during the Period. Further details of the TVB Option Scheme is set out in Note 20 to the condensed consolidated financial information.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Subsidiary Share Option Scheme of TVB e-Commerce Group Limited ("TVBECGL")

The Company approved the adoption of a share option scheme of its subsidiary, TVBECGL (formerly known as Big Big e-Commerce Group Limited) ("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 TVBECGL, thereby encouraging the grantees of such options to work towards enhancing the value of TVBECGL and for the benefit of TVBECGL 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 TVBECGL ("TVBECGL Board") or its delegated committee may at its discretion grant share options to eligible participants (including a director, an employee of TVBECGL or its affiliate; a representative, manager, agent, contractor, advisor, consultant, distributor or suppliers to provide service or goods to TVBECGL or its affiliate; a customer or joint venture partner of TVBECGL or its affiliate; a trustee of any trust established for the benefit of employees of TVBECGL or its affiliate, any other class of participants which TVBECGL Board or its delegated committee considers to have contributed or may contribute by way of different forms of cooperation for development and growth of TVBECGL).

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 the Period was the Company, its parent company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURES PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

SMI Holdings Group Limited

As at 30 June 2022, the Group had provided the following financial assistance to SMI Holdings Group Limited ("SMI"), a company previously listed on the Stock Exchange (stock code: 00198) and the listing of its shares was cancelled on 14 December 2020 and an independent third party of the Group, which in aggregate exceeded 8% under the assets ratio (as defined under Chapter 14 of the Listing Rules) and hence constituted an advance to an entity under Rule 13.13 of the Listing Rules:

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

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

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

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

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

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

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

For details and the latest development of the above advances to SMI, please refer to the Company's announcement dated 2 May 2018 and Notes 10(b) and 11(b) to the condensed consolidated financial information. As at 30 June 2022, the outstanding principal of the above advances remained as US\$106,000,000.

Imagine Tiger Television LLC

As at 30 June 2022, 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 30 June 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of the Company's affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30 June 2022 are presented as follows:

	Combined statement of financial position HK\$'000	The Group's attributable interest HK\$'000
Non-current assets	—	—
Current assets	588,602	585,479
Current liabilities	(210,076)	(190,574)
Net current assets	378,526	394,905
Total assets less current liabilities	378,526	394,905
Non-current liabilities	(899,954)	(899,954)
Less: unrecognised share of loss	—	482,016
Net liabilities	(521,428)	(23,033)

REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the Period has not been audited, but has been reviewed by PricewaterhouseCoopers, the independent auditor of the Company, whose report is set out on page 59 of this Interim Report. The Audit Committee of the Board has reviewed with Management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed consolidated financial information and this Interim Report.

INTERIM DIVIDEND

No interim dividend was declared by the Board for the six months ended 30 June 2022.

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

The Company had not redeemed, and neither had the Company nor any of its subsidiaries, purchased or sold any of the Company's listed securities during the Period.

INTERIM REPORT

This Interim Report containing the information required by the Listing Rules is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <https://corporate.tvb.com>.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	30 June 2022 Unaudited HK\$'000	31 December 2021 Audited HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,309,085	1,396,753
Investment properties	7	4,411	5,710
Intangible assets	7	271,128	284,874
Goodwill	8	85,131	85,131
Interests in joint ventures	9	984,311	928,154
Interests in associates		169,759	177,963
Financial assets at fair value through other comprehensive income		17,052	17,052
Bond securities at amortised cost	10	94,172	205,270
Financial assets at fair value through profit or loss	11	17,259	17,259
Deferred income tax assets		333,964	283,917
Prepayments		85,806	48,798
Total non-current assets		3,372,078	3,450,881
Current assets			
Programmes and film rights		1,460,232	1,326,003
Stocks		101,749	83,605
Trade receivables	12	1,123,680	1,001,696
Other receivables, prepayments and deposits		516,110	556,013
Movie investments		73,582	18,152
Tax recoverable		20,910	7,752
Bond securities at amortised cost	10	2,825	28,434
Bank deposits maturing after three months		58,490	2,536
Cash and cash equivalents		910,098	1,174,718
Total current assets		4,267,676	4,198,909
Total assets		7,639,754	7,649,790
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	13	664,044	664,044
Other reserves	14	35,248	47,872
Retained earnings		3,416,881	3,647,038
Non-controlling interests		4,116,173	4,358,954
Total equity		4,286,686	4,593,160

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	30 June 2022 Unaudited HK\$'000	31 December 2021 Audited HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	1,976,516	15,934
Lease liabilities	17	37,947	18,038
Deferred income tax liabilities		56,503	66,801
Total non-current liabilities		2,070,966	100,773
Current liabilities			
Trade and other payables and accruals	15	885,900	768,198
Written put option liabilities	18	140,000	140,000
Current income tax liabilities		15,854	22,927
Borrowings	16	207,038	1,992,687
Lease liabilities	17	33,310	32,045
Total current liabilities		1,282,102	2,955,857
Total liabilities		3,353,068	3,056,630
Total equity and liabilities		7,639,754	7,649,790

The notes on pages 35 to 58 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Unaudited Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Revenue	6	1,820,123	1,248,222
Cost of sales		(1,268,530)	(935,775)
Gross profit		551,593	312,447
Other revenues		32,210	8,844
Interest income		60,566	78,450
Selling, distribution and transmission costs		(335,298)	(299,083)
General and administrative expenses		(507,475)	(361,946)
Other (losses)/gains, net		(30,746)	710
Gain/(loss) on disposal of bond securities at amortised cost		856	(746)
Impairment loss on financial assets at amortised cost, net		(13,892)	(8,294)
Finance costs	21	(25,930)	(60,438)
Share of profits/(losses) of joint ventures		493	(3)
Impairment loss on receivables from a joint venture	9	(3,800)	–
Share of losses of associates		(458)	–
Loss before income tax	19	(271,881)	(330,059)
Income tax credit	22	24,190	52,959
Loss for the period		(247,691)	(277,100)
(Loss)/profit attributable to:			
Equity holders of the Company		(224,293)	(283,508)
Non-controlling interests		(23,398)	6,408
Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the period	23	HK\$(0.51)	HK\$(0.65)

The notes on pages 35 to 58 form an integral part of this condensed consolidated financial information.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Loss for the period	(247,691)	(277,100)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations		
– Subsidiaries	(18,168)	6,437
– Joint ventures	(1,295)	(271)
Share of other comprehensive (loss)/income of an associate	(7,746)	1,269
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	31	–
Other comprehensive (loss)/income for the period, net of tax	(27,178)	7,435
Total comprehensive loss for the period	(274,869)	(269,665)
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(244,099)	(277,487)
Non-controlling interests	(30,770)	7,822
Total comprehensive loss for the period	(274,869)	(269,665)

The notes on pages 35 to 58 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Unaudited					
		Attributable to equity holders of the Company					Non-controlling interests HK\$'000
		Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
Balance as at 1 January 2021		664,044	175,644	4,286,413	5,126,101	171,914	5,298,015
Comprehensive income/(loss):							
Loss for the period		–	–	(283,508)	(283,508)	6,408	(277,100)
Other comprehensive income/(loss):							
Exchange differences on translation of foreign operations							
– Subsidiaries		–	5,023	–	5,023	1,414	6,437
– Joint ventures		–	(271)	–	(271)	–	(271)
Share of other comprehensive income of an associate		–	1,269	–	1,269	–	1,269
Total comprehensive loss, net of tax, for the period ended 30 June 2021		–	6,021	(283,508)	(277,487)	7,822	(269,665)
Transactions with owners:							
Share-based payments	14	–	(8,875)	7,510	(1,365)	–	(1,365)
Transferred to legal reserve	14	–	6,869	(6,869)	–	–	–
Total transactions with owners		–	(2,006)	641	(1,365)	–	(1,365)
Balance at 30 June 2021		664,044	179,659	4,003,546	4,847,249	179,736	5,026,985
Balance as at 1 January 2022		664,044	47,872	3,647,038	4,358,954	234,206	4,593,160
Comprehensive income/(loss):							
Loss for the period		–	–	(224,293)	(224,293)	(23,398)	(247,691)
Other comprehensive income/(loss):							
Exchange differences on translation of foreign operations							
– Subsidiaries		–	(10,796)	–	(10,796)	(7,372)	(18,168)
– Joint ventures		–	(1,295)	–	(1,295)	–	(1,295)
Share of other comprehensive loss of an associate		–	(7,746)	–	(7,746)	–	(7,746)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries		–	31	–	31	–	31
Total comprehensive loss, net of tax, for the period ended 30 June 2022		–	(19,806)	(224,293)	(244,099)	(30,770)	(274,869)
Transactions with owners:							
Share-based payments	14	–	1,300	18	1,318	–	1,318
Transferred to legal reserve	14	–	5,882	(5,882)	–	–	–
Capital contribution to non-controlling interests		–	–	–	–	4,039	4,039
Dividend to non-controlling interests		–	–	–	–	(36,962)	(36,962)
Total transactions with owners		–	7,182	(5,864)	1,318	(32,923)	(31,605)
Balance at 30 June 2022		664,044	35,248	3,416,881	4,116,173	170,513	4,286,686

The notes on pages 35 to 58 form an integral part of this condensed consolidated financial information.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Unaudited Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Cash flows from operating activities			
Cash used in operations	25	(233,227)	(127,179)
Hong Kong tax paid		(13,056)	(39,125)
Overseas tax paid		(42,820)	(32,731)
Overseas tax refunded		7	–
Net cash used in operating activities		(289,096)	(199,035)
Cash flows from investing activities			
Purchases of property, plant and equipment		(37,045)	(32,562)
Additions of intangible assets		(29,123)	(41,390)
Proceeds from disposal/redemption of bonds securities at amortised cost		96,646	100,003
Investment in financial assets at fair value through other comprehensive income		–	(5,000)
Increase in bank deposits maturing after three months		(55,954)	(3,037)
Proceeds from disposal of property, plant and equipment		257	488
Decrease in movie investments		6,059	1,302
Interest received		9,131	33,107
Net cash (used in)/generated from investing activities		(10,029)	52,911
Cash flows from financing activities			
Repayment of borrowings		(25,000)	–
Interest paid		(25,834)	(57,144)
Principal elements of lease payments		(26,230)	(18,487)
Dividend paid to non-controlling interests		(36,962)	–
Net cash used in financing activities		(114,026)	(75,631)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		(413,151)	(221,755)
Effect of foreign exchange rate changes		1,174,718	1,337,635
		(38,507)	4,750
Cash and cash equivalents at 30 June		723,060	1,120,630
Analysis of cash and cash equivalents:			
Cash at bank and on hand		545,159	354,593
Short-term bank deposits maturing within three months		364,939	766,037
Bank overdrafts		(187,038)	–
		723,060	1,120,630

The notes on pages 35 to 58 form an integral part of this condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The Company is a limited liability company incorporated and listed in Hong Kong. Its registered office is at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong.

This condensed consolidated financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated financial information was approved for issue on 24 August 2022.

The financial information relating to the year ended 31 December 2021 that is included in the condensed consolidated financial information for the six months ended 30 June 2022 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. For the year ended 31 December 2021, the auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) and (3) of the Hong Kong Companies Ordinance (Cap. 622).

This condensed consolidated financial information has not been audited, but has been reviewed by the Audit Committee of the Company, and by PricewaterhouseCoopers, our Auditor, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2 BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICIES

The accounting policies applied and methods of computation used in the preparation of these interim accounts are consistent with those used in the financial statements for the year ended 31 December 2021.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of amendments to HKFRSs became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) Impact of standards issued but not yet applied by the Group

The Group has not early adopted new or revised standards, amendments to standards and interpretations that have been issued but are not yet effective for the accounting period ending 31 December 2022. The Group is in the process of making an assessment of the likely impact of these new or revised standards, amendments to standards and interpretations to the Group's results and financial position in the period of initial application.

4 ESTIMATES

The preparation of condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

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

5.2 Credit risk

Compared to the year end, except bond securities at amortised costs as described in Note 10, there was no material change in the Group's credit risk.

5.3 Fair value estimation

Financial instruments that are measured in the condensed consolidated statement of financial position at fair value are analysed by below valuation method. The different methods have been defined as follows:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 30 June 2022 and 31 December 2021, the fair value measurement of the Group's financial assets at fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("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 11.

The Group's policy is to recognise transfer into and out of fair value hierarchy levels as at the end of the reporting period. There was no transfer between categories during the period.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in terrestrial television broadcasting with programme production, OTT Streaming, e-Commerce Business, Mainland China Operations and International Operations, and other activities.

For management purposes and in a manner consistent with the way in which information is reported internally to the Group's Senior Management and Board of Directors for the purposes of making decisions about resource allocation and performance assessment, the Group presents its operating segment information based on these core businesses.

The Group has following reportable segments:

- (a) Hong Kong TV Broadcasting
 - broadcasting of television programmes, commercials on terrestrial TV platforms, production of programmes, online social media platform, music entertainment, event and digital marketing
- (b) OTT Streaming
 - operation of myTV SUPER OTT service and website portals
- (c) e-Commerce Business
 - operation of three e-Commerce platforms, namely Ztore, Neigbuy and Big Big Shop
- (d) Mainland China Operations
 - co-produced dramas, distribution of television programmes and channels to telecast, video and new media operators in Mainland China
- (e) International Operations
 - distribution of television programmes and channels to telecast, video and new media operators and provision of pay television and OTT services to subscribers in Malaysia, Singapore and other countries of the world targeting Chinese and other Asian audiences

The segments are managed separately according to the nature of products and services provided. Segment performance is evaluated based on a measure of adjusted earnings before interest income, finance costs, income tax, depreciation and amortisation, impairment loss net of gain/loss on disposal of financial assets at amortised cost, impairment loss on receivables from a joint venture, share of profits/losses of joint ventures and associates (EBITDA, see below) to assess the performance of the operating segments which in certain respects, as explained in the table below, is measured differently from the results before income tax in the condensed consolidated financial information.

Revenue comprises income from advertisers net of agency deductions, licensing income, subscription income, e-Commerce income, co-production income, as well as other income from digital marketing and event income, music entertainment income, talent management fee income, facility rental income and other service fee income.

The Group's inter-segment transactions mainly consist of licensing of programmes and film rights and provision of services. Licensing of programmes and film rights were entered into at similar terms as that contracted with third parties. The services provided are charged on a cost plus basis or at similar terms as that contracted with third parties.

6 REVENUE AND SEGMENT INFORMATION (continued)

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

	Six months ended 30 June											
	Hong Kong TV Broadcasting		OTT Streaming		e-Commerce Business		Mainland China Operations		International Operations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue												
Timing of revenue recognition:												
At a point in time	7,958	3,614	990	2,062	460,473	16,791	110,108	82,410	9,757	7,324	589,286	112,201
Over time	588,454	540,602	168,079	187,352	115	87	292,930	201,332	181,259	206,648	1,230,837	1,136,021
External customers	596,412	544,216	169,069	189,414	460,588	16,878	403,038	283,742	191,016	213,972	1,820,123	1,248,222
Reportable segment EBITDA	(209,621)	(270,606)	25,914	7,864	(40,844)	(12,187)	115,024	98,974	37,517	35,564	(72,010)	(140,391)
Additions to non-current assets*	83,718	88,768	38,852	8,117	20,529	–	1,026	8,034	2,217	501	146,342	105,420

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

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

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Reportable segment EBITDA		(72,010) (140,391)
Depreciation and amortisation		(212,881) (201,931)
Finance costs		(25,930) (60,438)
Interest income		7,147 31,152
Interest income from joint ventures		53,419 47,298
Impairment loss on receivables from a joint venture		(3,800) –
Impairment loss net of gain/loss on disposal of financial assets at amortised cost		(17,861) (5,746)
Share of profits/(losses) of joint ventures		493 (3)
Share of losses of associates		(458) –
Loss before income tax		(271,881) (330,059)

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6 REVENUE AND SEGMENT INFORMATION (continued)

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

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Hong Kong	1,230,565	742,335
Mainland China	405,697	298,346
Malaysia and Singapore	81,722	88,027
USA and Canada	53,781	57,223
Vietnam	18,047	16,700
Macau	6,938	11,710
Australia	7,859	6,841
Europe	4,786	4,413
Other territories	10,728	22,627
	1,820,123	1,248,222

7 CAPITAL EXPENDITURE

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Intangible assets HK\$'000
As at 1 January 2021	1,610,955	8,447	219,608
Additions	72,221	–	41,390
Disposals	(2,402)	–	–
Depreciation and amortisation (Note 19)	(172,823)	(389)	(28,719)
Exchange differences	315	67	22
 As at 30 June 2021	 1,508,266	 8,125	 232,301
 As at 1 January 2022	 1,396,753	 5,710	 284,874
Additions	80,211	–	29,123
Transfer from investment properties to property, plant and equipment	791	(791)	–
Lease modification	3,448	–	–
Disposals	(652)	–	–
Depreciation and amortisation (Note 19)	(169,864)	(288)	(42,729)
Exchange differences	(1,602)	(220)	(140)
 As at 30 June 2022	 1,309,085	 4,411	 271,128

7 CAPITAL EXPENDITURE (continued)

Notes:

(a) Leases

The condensed consolidated statement of financial position shows the following amounts recognised in the property, plant and equipment relating to leases:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Right-of-use assets		
Properties	66,806	42,961
Equipment	6,159	8,290
Leasehold land and land use right	150,464	157,757
	223,429	209,008

Additions to the right-of-use assets during the period ended 30 June 2022 were HK\$43,058,000 (2021: HK\$31,468,000).

8 GOODWILL

Goodwill that arose on the acquisition of subsidiaries is allocated to and monitored by management at e-Commerce Business segment, which comprises groups of cash-generating units that are expected to benefit from synergies of combination with the acquired businesses.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 INTERESTS IN JOINT VENTURES

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Non-current		
Investment costs (note)	207,484	206,189
Funds advanced to joint ventures	17,731	17,731
Less: accumulated share of losses	(223,864)	(223,061)
	1,351	859
Loan to a joint venture (note)	583,919	580,273
Interest receivable from a joint venture (note)	416,341	360,522
Less: impairment loss on receivables from a joint venture (note)	(17,300)	(13,500)
	982,960	927,295
	984,311	928,154

Note:

In July 2017, the Group entered into the agreement with Imagine Holding Company LLC ("Imagine") in relation to the formation of a joint venture company, namely Imagine Tiger Television, LLC ("ITT"), on a 50:50 basis between both parties. The purpose of ITT is to finance the development and production of a slate of television projects whether developed and/or produced by Imagine alone or with third-party co-financiers/co-production partners. The Group has contributed to the capital of ITT in an amount of US\$33,333,000 as to 50% of the equity interests in ITT and has provided a loan to ITT in an amount of US\$66,667,000 in the form of the Promissory Note. The Promissory Note is unsecured and bears an interest rate of 12% per annum and will mature in July 2032. Interest and principal of the Promissory Note will not become payable unless ITT has distributable cash as defined in the agreement. Imagine shall not be making any capital contribution to ITT but shall contribute in-kind in the form of production expertise as it has the duty to manage and control the business and affairs of ITT and all creative and production decisions with respect to the television projects financed by ITT. With reference to this capital contribution arrangement, the Group would share 100% of ITT's result until ITT has accumulated a positive balance of retained earnings. When the Group's equity interests in ITT has reduced to zero, the Group would not recognise further losses. With effect from 1 July 2019, a conversion of the Group's equity contribution of US\$7,742,000 into a loan to ITT was executed, which accumulated the loan to ITT with an amount of US\$74,409,000.

As at 30 June 2022 and 31 December 2021, the carrying amounts of the loan and receivables from ITT approximated their fair values. The receivables are not yet due from ITT and management do not expect deterioration in the operating results of ITT based on its cash flow forecast, the Group considered the credit risk of default for ITT was low. The maximum exposure to credit risk is the carrying values of the loan and receivables above. In addition, management is closely monitoring the development of the COVID-19 outbreak and evaluate its possible impact on ITT's operating results. As at 30 June 2022, provision of 12-month ECL is HK\$17,300,000 (31 December 2021: HK\$13,500,000), 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.

10 BOND SECURITIES AT AMORTISED COST

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Non-current		
Bond securities at amortised cost:		
Unlisted	427,210	504,901
Listed in Hong Kong	–	39,147
Listed in other countries	103,087	150,347
Less: provision for impairment loss on bond securities (notes (b), (c) and (d))	(436,125)	(489,125)
	94,172	205,270
Current		
Bond securities at amortised cost:		
Unlisted	–	5,001
Listed in other countries	23,542	23,433
Less: provision for impairment loss on bond securities (note (d))	(20,717)	–
	2,825	28,434
	96,997	233,704

Notes:

- (a) The bond securities portfolio carry a weighted average yield to maturity of 5.7% (31 December 2021: 3.8%) per annum and have ranges of maturity dates with the last maturity date up to 26 January 2024. The largest fixed income securities from a single issuer within the portfolio, which is made up by a total of 6 (31 December 2021: 8) issuers of fixed income securities, represented approximately 0.5% (31 December 2021: 0.7%) of the total assets of the Group as at 30 June 2022. The underlying securities are denominated in Hong Kong dollars and US dollars. The interest received and receivable during the period from the bond securities at amortised cost amounted to HK\$3,132,000 (2021: HK\$8,714,000).

During the period ended 30 June 2022, the Group disposed/redeemed bond securities at amortised cost with the aggregate carrying amount of HK\$119,653,000 (2021: HK\$100,749,000) with gain on disposal amounted to HK\$856,000 (2021: loss of HK\$746,000).

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 BOND SECURITIES AT AMORTISED COST (continued)

Notes: (continued)

(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. The listing of SMI's shares has been cancelled with effect from 14 December 2020.

Based on the impairment assessment as detailed in Note 11, the management considered full impairment of the Fixed Coupon Bonds was adequate but not excessive at 30 June 2022 and 31 December 2021.

(c) CERC Bonds

The Group had purchased the CERC Bonds totalling US\$12 million nominal amount (2018 Bond US\$6 million and 2019 Bond US\$6 million). On 11 May 2018, CERC had defaulted the principal payment of the 2018 CERC Bond due in May 2018 and as a result, this triggered a cross default for the 2019 CERC Bond.

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

On 24 December 2018, the Group had received coupon interests from CERC Bonds. Based on the review of the Report and the receipt of the bond interests, management believes that CERC has both the intention and ability to settle the outstanding balances in an extended schedule. The Group has approached the impairment assessment under the ECL model by way of discounting of the expected cashflow to be recovered over an eight-year period for calculation of the net present value of the CERC Bonds, taking into consideration comparable probability of default, recovery rate quoted from international credit-rating agencies after adjustments to specific conditions/financial conditions and current creditworthiness of CERC and its restructuring progress. On this basis, an impairment loss of HK\$26 million was made during the year ended 31 December 2018.

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.

10 BOND SECURITIES AT AMORTISED COST (continued)

Notes: (continued)

(c) CERC Bonds (continued)

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 continued to believe that CERC had both the intention and ability to settle the outstanding balances under the revised repayment schedules. The Group 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.

On 30 April 2022, the bond issuer announced a revised restructuring proposal with the details of (i) partial payment of the principal amount of the CERC bonds as full and final settlement of any and all outstanding amounts due under the CERC bonds; and (ii) full payment of the principal amount of the CERC bonds following a 10-year extension.

As at 30 June 2022, the Group continued to closely monitor the situation and performed impairment assessment under the ECL model, after taking reference to the valuation performed by an independent valuer, which concluded the accumulated lifetime ECL provision of HK\$56,000,000 as at period end was adequate but not excessive. As such, no further impairment losses were made during the period ended 30 June 2022.

(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 2022 was HK\$196,122,000. During the period, the Group disposed/redeemed bond securities with a total carrying amount of HK\$119,653,000. For the unlisted bond securities at amortised cost considered as credit-impaired as at 30 June 2022 and 31 December 2021, as a result of default events pursuant to the bond agreements, a lifetime ECL allowance has been assessed. For other bond securities considered not credit-impaired, the Group would measure the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises a lifetime ECL. 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\$18,717,000 (2021: HK\$5,000,000) during the period. As at 30 June 2022, the net carrying amount of other securities at amortised costs after provision for impairment loss was HK\$58,827,000 (31 December 2021: HK\$196,122,000).

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11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Beginning of the period/year	17,259	–
Acquisition of subsidiaries	–	17,259
	17,259	17,259

(a) Pursuant to the share purchase agreement entered into between Sunrise Investments Global Limited ("Sunrise Investments") and Ztore Investment Limited ("Ztore"), Sunrise Investments has a call option to purchase all of the shares held by any and all the existing shareholders of Ztore on certain terms and conditions, where the right to exercise such call option is linked to the gross merchandise value (the "GMV") and the Contribution Margin percentage of the GMV ("Contribution Margin %") per financial quarter.

Management has engaged an independent firm of professionally qualified valuers to perform a valuation of the call option using the Monte Carlo Simulation model. Based on the fair value assessment, the fair value of the call option remains unchanged as at 30 June 2022.

(b) In addition to the Fixed Coupon Bonds described in Note 10, the Group subscribed a US\$83,000,000 7.5% secured redeemable convertible bonds due 2020 (extendable to 2021 by mutual agreement) ("Convertible Bonds") issued by SMI on 7 May 2018. The Company may exercise its right to convert all or any part of the principal amount of the Convertible Bonds into new shares of SMI at any time during the period from and including the date falling six months from 7 May 2018 up to the close of the business on the maturity date of the Convertible Bonds at the initial conversion price of HK\$3.85 per conversion share. None of them was converted up to 30 June 2022.

Under the subscription agreement of the Convertible Bonds and a related share charge agreement with Campbell Hall Limited, a wholly-owned subsidiary of SMI, dated 7 May 2018, the Convertible Bonds are secured by way of a priority charge against 100% of the issued share capital of SMI International Cinemas Limited ("SMI International", an indirect wholly-owned subsidiary of SMI). SMI International is an investment holding company that owns 41.34% of the registered capital of Chengdu Runyun Culture Broadcasting Limited ("Chengdu Runyun"). Chengdu Runyun and its subsidiaries operate SMI's principal business as cinema operators in a number of cities in the Mainland China.

On 7 May 2020, SMI was ordered to be wound up and joint and several liquidators of SMI were appointed on 12 May 2020. The Listing Committee of the Stock Exchange decided to cancel the listing of SMI's shares on 8 May 2020 and the listing of SMI's shares has been cancelled with effect from 14 December 2020.

As at 30 June 2022, after considering the latest development of SMI, management is of the same view that any recovery from SMI Bonds is not likely, resulting in the carrying amount of the SMI Bonds to remain at nil (31 December 2021: Nil).

12 TRADE RECEIVABLES

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade receivables from:		
Associates	335	–
Third parties (note)	1,164,865	1,049,955
	1,165,200	1,049,955
Less: provision for impairment loss on receivables from third parties	(41,520)	(48,259)
	1,123,680	1,001,696

Note:

Except the e-Commerce Business, the Group operates a controlled credit policy to the majority of the Group's customers who satisfy the credit evaluation. The Group generally allows an average credit period of 40-60 days to advertisers, 14-180 days to subscribers and 60 days in respect of programme licensees in Mainland China. Cash on delivery, advance payments or bank guarantees are required from other customers of the Group.

The e-Commerce Business trade with its customers on terms of pay in advance. The trade receivables represented proceeds received by service providers of electronic payment platforms. The trade receivables are not past due and the Group does not hold any collateral over these balances.

At 30 June 2022 and 31 December 2021, the ageing of trade receivables, net of provision for impairment based on invoice dates was as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Up to 1 month	768,647	567,264
1-2 months	138,875	180,884
2-3 months	72,528	50,796
3-4 months	33,495	48,961
4-5 months	24,735	29,423
Over 5 months	85,400	124,368
	1,123,680	1,001,696

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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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK\$'000
Ordinary shares, issued and fully paid: At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	438,000	664,044

14 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 2021	70,000	(20,699)	120,439	46,371	(7,756)	(32,711)	175,644
Transferred from retained earnings	-	-	6,869	-	-	-	6,869
Exchange differences on translation of foreign operations:							
– Subsidiaries	–	–	–	–	–	5,023	5,023
– Joint ventures	–	–	–	–	–	(271)	(271)
Share of other comprehensive income of an associate	–	–	–	–	–	1,269	1,269
Share-based payments	–	–	–	(1,365)	–	–	(1,365)
Lapse of share options	–	–	–	(7,510)	–	–	(7,510)
Balance at 30 June 2021	70,000	(20,699)	127,308	37,496	(7,756)	(26,690)	179,659
Balance at 1 January 2022	70,000	(160,699)	127,308	29,636	(7,756)	(10,617)	47,872
Transferred from retained earnings	–	–	5,882	–	–	–	5,882
Exchange differences on translation of foreign operations:							
– Subsidiaries	–	–	–	–	–	(10,796)	(10,796)
– Joint ventures	–	–	–	–	–	(1,295)	(1,295)
Share of other comprehensive loss of an associate	–	–	–	–	–	(7,746)	(7,746)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	–	–	–	–	–	31	31
Share-based payments	–	–	–	1,318	–	–	1,318
Lapse of share options	–	–	–	(18)	–	–	(18)
Balance at 30 June 2022	70,000	(160,699)	133,190	30,936	(7,756)	(30,423)	35,248

15 TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade payables to:		
Associates	780	523
A joint venture	608	609
Third parties	260,227	178,868
Contract liabilities	261,615	180,000
Provision for employee benefits and other expenses	242,542	171,381
Accruals and other payables	62,856	90,121
	318,887	326,696
	885,900	768,198

At 30 June 2022 and 31 December 2021, the ageing of trade payables based on invoice dates was as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Up to 1 month	106,584	124,404
1–2 months	62,649	27,086
2–3 months	22,643	12,551
3–4 months	22,914	2,472
4–5 months	2,757	1,558
Over 5 months	44,068	11,929
	261,615	180,000

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 BORROWINGS

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Non-current		
Bank borrowings, unsecured (note (a))	1,960,582	–
Other borrowings, unsecured	15,934	15,934
	1,976,516	15,934
Current		
Bank borrowings, unsecured	–	1,947,687
Bank overdrafts, unsecured	187,038	–
Other borrowings, unsecured	20,000	45,000
	207,038	1,992,687
	2,183,554	2,008,621

At 30 June 2022 and 31 December 2021, borrowings were repayable as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 1 year	207,038	1,992,687
Later than 1 year but not later than 5 years	1,976,516	15,934
	2,183,554	2,008,621

Note:

- (a) Subsequent to the period end, on 22 August 2022, the Group entered into a supplementary agreement with Shanghai Commercial Bank in relation to the loan facility of USD250 million principal amount, pursuant to which the maturity date for a USD200 million portion of that loan was extended from 6 July 2023 to 6 July 2025 and a USD50 million portion would be repaid upon original maturity.

17 LEASE LIABILITIES

At 30 June 2022 and 31 December 2021, the Group's lease liabilities recognised in the condensed consolidated statement of financial position were as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 1 year	33,310	32,045
Later than 1 year but not later than 5 years	37,947	18,038
	71,257	50,083

18 WRITTEN PUT OPTION LIABILITIES

Pursuant to the share purchase agreement entered into between Sunrise Investments and Ztore, provided that the call option granted to Sunrise Investments has not previously been exercised, the existing shareholders shall be granted a put option to sell all of the shares held in Ztore to Sunrise Investments on certain terms and conditions, where the right to exercise such put option is subject to the GMV and the Contribution Margin % per quarter. The existing shareholders may exercise the put option at the price of HK\$140,000,000 depending on the certain threshold of GMV and Contribution Margin % per quarter being met.

19 LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Depreciation (Note 7)	170,152	173,212
Amortisation of intangible assets (Note 7)	42,729	28,719
Cost of programmes and film rights	792,591	639,097
Cost of other stocks	358,687	9,155
Net exchange losses/(gains)	30,746	(710)
Employee benefit expense (excluding directors' emoluments)	754,960	680,397
Government subsidies from Employment Support Scheme	(23,656)	–

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 EMPLOYEE SHARE-BASED PAYMENTS

The establishment of the Share Option Scheme of the Company and Subsidiary Share Option Scheme of its subsidiary, TVB e-Commerce Group Limited (formerly known as Big Big e-Commerce Group Limited) ("TVBECGL") were approved by shareholders at the 2017 annual general meeting. The share option schemes are designed to provide long-term incentives for scheme participants (including a director, an employee of the Company/TVBECGL or its affiliate; a representative, manager, agent, contractor, advisor, consultant, distributor or supplier providing service or goods to the Company/TVBECGL or its affiliate; a customer or joint venture partner of the Company/TVBECGL or its affiliate; a trustee of any trust established for the benefit of employees of the Company/TVBECGL or its affiliate, any other class of participants which the board of the Company/TVBECGL or its delegated committee considers to have contributed or may contribute by way of different forms of cooperation for development and growth of the Company/TVBECGL) to deliver long-term shareholder returns. Under the share option schemes, unless otherwise determined by the board of the Company/TVBECGL at its sole discretion, there is no minimum period for which an option must be held and there is no performance target which must be satisfied or achieved before such an option can be exercised and acquire the Company's/TVBECGL's shares under the terms of the share option schemes.

The share option schemes commenced on the Adoption Date (i.e. 29 June 2017) and shall continue in force until the date that falls on the expiry of 10 years after the Adoption Date or the date on which the shareholders or the board of the Company/TVBECGL passing a resolution resolving to early terminate the Scheme, whichever is earlier.

During the period ended 30 June 2022, a total of 17,700,000 options was granted under the share option schemes, of which 600,000 options were lapsed upon resignation of an employee.

As at 30 June 2022, the following share options were offered to grantees of the Company under the Share Option Scheme:

Date of grant	Number of share options	Exercise price (HK\$)
22 March 2018 ("2018 Options")	17,000,000	25.84
25 May 2022 ("2022 Options")	17,700,000	4.65

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

- (i) 20% of the share options shall be vested on 1 December 2018 and exercisable from 1 December 2018 to 22 March 2023 (both days inclusive);
- (ii) 20% of the share options shall be vested on 1 December 2019 and exercisable from 1 December 2019 to 22 March 2023 (both days inclusive);
- (iii) 20% of the share options shall be vested on 1 December 2020 and exercisable from 1 December 2020 to 22 March 2023 (both days inclusive);
- (iv) 20% of the share options shall be vested on 1 December 2021 and exercisable from 1 December 2021 to 22 March 2023 (both days inclusive); and
- (v) 20% of the share options shall be vested on 1 December 2022 and exercisable from 1 December 2022 to 22 March 2023 (both days inclusive).

20 EMPLOYEE SHARE-BASED PAYMENTS (continued)

The validity period of the share options granted on 25 May 2022 ("2022 Options") is 10 years, from 25 May 2022 (Date of Grant) up to 24 May 2032 (both days inclusive). The vesting period of the 2022 Options is as follows:

- (i) 25% of the share options shall be vested on 25 May 2023 and exercisable from 25 May 2023 to 24 May 2032 (both days inclusive);
- (ii) 25% of the share options shall be vested on 25 May 2024 and exercisable from 25 May 2024 to 24 May 2032 (both days inclusive);
- (iii) 25% of the share options shall be vested on 25 May 2025 and exercisable from 25 May 2025 to 24 May 2032 (both days inclusive); and
- (iv) 25% of the share options shall be vested on 25 May 2026 and exercisable from 25 May 2026 to 24 May 2032 (both days inclusive).

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

	30 June 2022		31 December 2021	
	Average exercise price per share options	Number of options	Average exercise price per share options	Number of options
Beginning of the period/year	HK\$25.84	9,250,000	HK\$25.84	16,000,000
Granted during the period/year	HK\$4.65	17,700,000	N/A	–
Lapsed during the period/year	HK\$4.65	(600,000)	HK\$25.84	(6,750,000)
End of the period/year	HK\$12.09	26,350,000	HK\$25.84	9,250,000
Vested and exercisable at the end of the period/year	HK\$25.84	7,400,000	HK\$25.84	7,400,000

Share options outstanding at 30 June 2022 and 31 December 2021 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	30 June 2022	31 December 2021
22 March 2018	22 March 2023	HK\$25.84	9,250,000	9,250,000
25 May 2022	24 May 2032	HK\$4.65	17,100,000	–
Weighted average remaining contractual life of options outstanding at end of period/year			6.68 years	1.22 years

During the period ended 30 June 2022, the equity-settled share-based payments relating to the Share Option Scheme of HK\$1,318,000 was charged to the condensed consolidated income statement (2021: a credit of HK\$1,365,000).

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 FINANCE COSTS

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Interest on bank loans, overdrafts and other borrowings	24,937	23,031
Interest on TVB Notes	–	33,166
Amortised amount of transaction costs on TVB Notes	–	3,613
Interest on lease liabilities	993	628
	25,930	60,438

22 INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Income tax is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The amount of income tax (credited)/charged to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Current income tax:		
– Hong Kong	460	19,677
– Overseas	36,805	12,282
– (Over)/under provisions in prior periods	(942)	2,823
Total current income tax expense	36,323	34,782
Deferred income tax:		
– Origination and reversal of temporary differences	(60,513)	(87,741)
	(24,190)	(52,959)

23 LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$224,293,000 (2021: HK\$283,508,000) and 438,000,000 ordinary shares in issue throughout the six months ended 30 June 2022 and 2021.

During the six months ended 30 June 2022 and 2021, no fully diluted loss per share was presented as the basic and diluted loss per share are of the same amount. This is because the assumed exercise of the share options would result in a decrease in loss per share.

24 DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2022 and 2021.

25 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss before income tax to cash used in operations:

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Loss before income tax	(271,881)	(330,059)
Adjustments for:		
Depreciation and amortisation	212,881	201,931
Net (reversal of)/impairment loss on trade receivables	(4,825)	3,294
(Gain)/loss on disposal of bond securities at amortised cost	(856)	746
Impairment loss on bond securities at amortised cost	18,717	5,000
Impairment loss on receivables from a joint venture	3,800	–
Losses on movie investments	11	–
Non-cash share-based payments	1,318	(1,365)
Share of (profits)/losses of joint ventures	(493)	3
Share of losses of associates	458	–
Write-off of prepayments	1,904	–
Losses on disposal of property, plant and equipment	395	577
Interest income	(60,566)	(78,450)
Finance costs	25,930	60,438
Exchange differences	25,227	6,083
	(47,980)	(131,802)
Increase in programmes, film rights and stocks	(152,373)	(43,516)
(Increase)/decrease in trade receivables	(116,705)	133,956
Decrease/(increase) in other receivables, prepayments and deposits	1,348	(28,435)
Increase/(decrease) in trade and other payables and accruals	82,483	(57,382)
Cash used in operations	(233,227)	(127,179)

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

26 CAPITAL COMMITMENTS

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Contracted for but not provided for	69,336	100,781

27 OBLIGATIONS UNDER TELEVISION BROADCASTING LICENCE

The Company operates under the terms of a domestic free television programme service licence granted by the Government of the HKSAR ("Government") which runs for a period of twelve years to 30 November 2027. Under the licence conditions, the Company is required to (i) make a programming and capital investment of HK\$6,336 million in total for the six-year period from 2016 to 2021; (ii) provide at least 12,000 hours of local productions each year; (iii) provide an additional four hours per week of positive programmes (including current affairs programmes, documentaries, arts and culture programmes and programmes for young persons) on the Company's digital channels; (iv) provide independent local productions on an incremental basis from 20 hours per year in 2016 to 60 hours per year by 2020; and (v) make a programming and capital investment of HK\$6,660 million for the six-year period from 2022 to 2027. In addition, the Company is granted more flexibility to schedule the broadcast of RTHK programmes and an additional 5% non-designated language allowance for the English channel. On 4 March 2020, the direction issued by the Government on the requirement to broadcast RTHK programmes has been revoked.

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the condensed consolidated financial information, the Group had the following material transactions with related parties during the period:

(a) Transactions with related parties

The following is a summary of significant related party transactions during the period carried out between the Group and the affiliated companies of an associate of Shine Investment Limited, which is an associate of the Group in the normal course of its business:

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Sales of services/goods:		
<i>Associates</i>		
Computer graphic service fee	–	240
Talent fees	372	2,144
	372	2,384
Purchases of services:		
<i>Associates</i>		
Programme licensing fees	(15,244)	(1,793)
Talent fees	(8,196)	(2,519)
	(23,440)	(4,312)

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

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Salaries and other short-term employee benefits	8,247	9,509
Share-based payments	205	(1,370)
	8,452	8,139

FINANCIAL INFORMATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

28 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Receivables from associates	335	–
Payables to associates	(780)	(523)
Payables to a joint venture	(608)	(609)

(d) Funds advanced/loan to joint ventures

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Funds advanced to joint ventures		
Beginning of the period/year	17,731	20,231
Repayment of fund advanced by a joint venture	–	(2,369)
Impairment of receivables from a joint venture	–	(131)
	17,731	17,731
Loan to a joint venture (including interest receivables)		
Beginning of the period/year	927,295	821,568
Interest accrued	53,419	100,492
Exchange differences	6,046	5,235
Impairment of receivables from a joint venture	(3,800)	–
	982,960	927,295

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.

29 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation. These reclassifications have no impact on the Group's total equity as at 30 June 2022, 31 December 2021 and 30 June 2021, or on the Group's results for the six months ended 30 June 2022 and 2021.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF TELEVISION BROADCASTS LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 58, which comprises the interim condensed consolidated statement of financial position of Television Broadcasts Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 August 2022

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchhk.com



Television Broadcasts Limited
電視廣播有限公司

TVB CITY, 77 CHUN CHOI STREET
TSEUNG KWAN O INDUSTRIAL ESTATE
KOWLOON, HONG KONG

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