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## **Television Broadcasts Limited**

### **電視廣播有限公司**

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

## **ANNOUNCEMENT OF 2024 INTERIM RESULTS**

### **RESULTS HIGHLIGHTS**

For the six months ended 30 June 2024 (the “Period”)

- Total revenue of core TV-related businesses (excluding e-Commerce Business segment) increased by HK\$156 million or 12% from HK\$1,289 million to HK\$1,445 million for the Period, driven mainly by 20% revenue growth in our Hong Kong TV Broadcasting segment and 22% revenue growth in our Mainland China Operations segment.
- Total Group revenue, including our e-Commerce Business segment, for the Period fell slightly by HK\$47 million or 3% from HK\$1,560 million to HK\$1,513 million, as revenue growth in our core TV-related businesses was offset by the decline arising from the downsizing of our e-Commerce Business segment.
- The Group achieved positive EBITDA of HK\$47 million for the Period, representing a HK\$233 million improvement compared to the EBITDA loss of HK\$186 million in the same period last year. This marks the Group’s return to positive EBITDA for the first half period since 2019.
- Hong Kong TV Broadcasting, our largest business segment, achieved positive EBITDA of HK\$9 million during the Period, representing an improvement of HK\$223 million compared to an EBITDA loss of HK\$214 million in the same period of 2023.
- Loss attributable to equity holders of the Company was HK\$143 million for the Period, which represents a substantial reduction from the loss of HK\$407 million in the same period last year.
- Loss per share was HK\$0.33 (2023: HK\$0.93).
- The Board did not recommend the payment of an interim dividend for the Period (2023: nil).

## **BUSINESS HIGHLIGHTS**

- Our terrestrial TV channels maintained a 79% market share of viewership in Hong Kong, reflecting our continued status as the go-to terrestrial TV platform for the people of Hong Kong to be entertained and informed. In fact, our market share has remained stable throughout our transition in April 2024 from originally operating five self-produced channels, to now four namely Jade, Pearl, TVB News and our newly-created TVB Plus.
- On 22 April 2024, we formally launched our new channel TVB Plus on terrestrial channel 82. Featuring a broad range of live shows, sports and information content, TVB Plus has an interactive element in many of its programmes that sets it apart from traditional linear TV channels. Since launch, TVB Plus has achieved a prime-time TV rating of 2.1 on average, with its popular live talk show on supernatural topics *You Are Not Alone* (直播靈接觸) achieving 5.7 rating points for its top episode.
- During the Period, we have expanded our presence on social media platforms in order to better promote our programmes and enhance our overall visibility. In Hong Kong-based social media platforms, we received well over 20 million monthly active users on average during the Period, and over 6 million monthly online engagements from internet users. As at 30 June 2024, there were over 6 million followers on our official Hong Kong-based accounts on Facebook, Instagram and YouTube, representing a double digit percentage growth over the past 12 months.
- Our Hong Kong TV Broadcasting segment achieved 20% revenue growth during the Period. This was driven mainly by a 21% increase in advertising income as we brought new clients on board and welcomed back more clients, including blue chip financial groups and consumer brands who had not advertised on our platform for some time.
- Adjacent to Hong Kong, we further expanded our presence in the Greater Bay Area market during the Period. With our Jade and Pearl channels seen by over 27 million average monthly viewers in Guangdong province, we launched new cross-border advertising products that enable our advertising clients on both sides of the border to reach this lucrative market. Meanwhile, in Macau we received significant new business from the territory's government agencies and resort groups during the Period, both in terms of large-scale entertainment events and TV programme sponsorships.

- Our Mainland China Operations segment logged a 22% year-on-year revenue increase, driven mainly by our drama co-production business. Drama co-production revenue more than doubled during the Period as we expanded our co-production deals with our two key platform partners Youku and Tencent Video. During the Period, we completed filming of four (4) co-production titles namely *Forensic Heroes VI: Redemption* (法證先鋒 VI: 倖存者的救贖); *No Room For Crime* (反黑英雄); *Darkside of the Moon* (黑色月光); and *No Return* (巾幗梟雄之懸崖). Meanwhile, we commenced filming of three (3) co-production titles namely *D.I.D. 12* (刑偵12), *The Queen of Castle* (巨塔之后), and *The Fading Gold* (金式森林). Separately, our MCN business and livestreaming commerce operations in mainland China also contributed to revenue growth in this segment.
- In our OTT segment, digital advertising income jumped 39% as more advertisers took advantage of the broad reach of our myTV SUPER platform, which had 2 million monthly active users during the Period. This helped to offset a decline in our subscription income which was impacted by adjustments in the bundling arrangements with our telco partners. In this regard, subscribers of our myTV Gold premium service, which at 193,000 as at 30 June 2024 was 4% higher than 12 months ago, provided some stability to our subscription revenue base. Overall OTT segment revenue saw a decline of 4% during the Period.
- On the cost side, our continued cost saving efforts in 2024 resulted in the Group's total operating costs falling by HK\$305 million or 16% compared to last year, to HK\$1,622 million during the Period.

## OUTLOOK

- While Hong Kong's advertising market remains difficult, we expect our advertising business to grow further in 2024, as we continue to demonstrate to advertisers the value and reach of our TV platforms, including in the Greater Bay Area of Guangdong province, where now offer advertisers on both sides of the border access to our substantial viewership base there. Macau also continues to be a key growth area, as government agencies and resorts there continue their promotion and branding efforts.
- Digital advertising revenue, notably in our OTT segment, is primed for further growth in the second half of 2024, as we continue to strengthen our lower-tier and mobile service offerings to boost viewership and advertising revenue opportunities. We expect this, together with firmer revenues from subscription in the second half, will drive overall top-line improvement in our OTT segment in the remainder of 2024.
- In Mainland China, drama co-production will continue to drive top-line growth for the remainder of 2024, as we commence filming of an expanded number of co-production titles for Youku and Tencent Video. On the MCN front, we continue to gradually expand our livestream sessions on Taobao and Douyin this year, leveraging our TVB brand and artistes to create new consumer shopping experiences for our mainland audience. We expect this business to contribute further revenue growth in 2024.
- On the cost side, we continue to optimize our operating cost, including in content and other areas, over the remainder of 2024. On top of reductions already made in 2023, we expect to reduce our total costs by a further 8–10% this year, other than in areas such as drama co-production where costs will rise as a result of increased business volume.
- Based on the current business momentum, we expect to achieve a significantly positive EBITDA for the full year of 2024 and a net profit for the second half of 2024 before extraordinary one-off items (if any).

## KEY FINANCIALS

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	<b>1,512,689</b>	1,560,274
– Hong Kong TV Broadcasting	<b>755,564</b>	628,567
– OTT Streaming	<b>162,242</b>	167,627
– e-Commerce Business	<b>68,484</b>	271,140
– Mainland China Operations	<b>382,691</b>	312,644
– International Operations	<b>143,708</b>	180,296
<b>Total operating costs</b>	<b>(1,622,374)</b>	(1,927,384)
– Cost of sales	<b>(948,235)</b>	(1,160,959)
– Selling, distribution and transmission costs	<b>(271,624)</b>	(323,748)
– General and administrative expenses	<b>(402,515)</b>	(442,677)
<b>EBITDA</b>	<b>47,350</b>	(185,953)
– Hong Kong TV Broadcasting	<b>9,124</b>	(214,152)
– OTT Streaming	<b>27,451</b>	36,343
– e-Commerce Business	<b>(20,000)</b>	(21,689)
– Mainland China Operations	<b>44,679</b>	(12,453)
– International Operations	<b>(13,904)</b>	25,998
<b>Reconciliation from EBITDA to loss before income tax:</b>		
<b>EBITDA</b>	<b>47,350</b>	(185,953)
Depreciation and amortisation	<b>(154,949)</b>	(195,663)
Finance costs	<b>(74,304)</b>	(70,018)
Interest income	<b>49,031</b>	45,737
Impairment loss	<b>(44,000)</b>	(41,600)
Others	<b>(3,735)</b>	1,078
<b>Loss before income tax</b>	<b>(180,607)</b>	(446,419)
Income tax expense	<b>(4,431)</b>	(4,163)
<b>Loss for the period</b>	<b>(185,038)</b>	(450,582)
<b>Loss attributable to equity holders of the Company</b>	<b>(143,457)</b>	(406,723)
<b>Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the period</b>	<b>HK\$(0.33)</b>	HK\$(0.93)

## FINANCIAL REVIEW

Revenue of the Group's core television-related business segments increased by HK\$156 million or 12% to HK\$1,445 million during the Period. Among these, our Hong Kong TV Broadcasting and Mainland China Operations segments grew by 20% and 22% respectively, or HK\$128 million and HK\$70 million respectively, while revenue of our OTT Streaming and International Operations segments saw declines of 4% and 20% respectively, or HK\$6 million and HK\$36 million respectively, compared to the same period last year. Meanwhile, following our downsizing of this business segment, our e-Commerce revenue shrank substantially by HK\$203 million to HK\$68 million for the Period. Overall, total revenue of the Group declined by 3% or HK\$47 million during the Period, from HK\$1,560 million to HK\$1,513 million.

Cost of sales decreased from HK\$1,161 million to HK\$948 million during the Period, representing a decline of HK\$213 million or 18%. This was mainly due to the decline in sales of our e-Commerce business, which led to a reduction in the cost of goods sold. Additionally, with our continuing implementation of cost-saving initiatives during the Period, which included the merger of our J2 and TVB Finance, Sports & Information channels to create our new TVB Plus channel, we were able to further reduce our content costs during the Period.

Selling, distribution and transmission costs for the Period declined by HK\$52 million or 16% from HK\$324 million to HK\$272 million. This was primarily driven by lower distribution costs in the e-Commerce business in line with a smaller transaction volume, and also a reduction in our depreciation and amortisation expenses. The decrease was partially offset by an increase in selling expenses, mainly sales commissions linked to the growth in advertising revenue at our Hong Kong TV Broadcasting and OTT Streaming segment.

General and administrative expenses for the Period declined by HK\$40 million or 9% from HK\$443 million to HK\$403 million due to various cost-saving initiatives within our administrative and back office functions.

As a result of all the above, total operating costs (comprising cost of sales, selling, distribution and transmission costs and general and administrative expenses) decreased by HK\$305 million or 16% from HK\$1,927 million to HK\$1,622 million.

Other revenues for the Period were HK\$8 million (2023: HK\$6 million), mainly comprising various sundry income.

Other net losses for the Period were HK\$10 million (2023: HK\$20 million), mainly comprising net exchange losses and changes in the fair values of a financial liability at fair value through profit or loss recognised during the Period.

Due to the above factors, we achieved a positive EBITDA for the Period of HK\$47 million, representing a year-on-year improvement of HK\$233 million compared to the EBITDA loss of HK\$186 million incurred in the first half of 2023.

## OUTLOOK

- While Hong Kong's advertising market remains difficult, we expect our advertising business to grow further in 2024, as we continue to demonstrate to advertisers the value and reach of our TV platforms, including in the Greater Bay Area of Guangdong province, where we now offer advertisers on both sides of the border access to our substantial viewership base there. Macau also continues to be a key growth area, as government agencies and resorts there continue their promotion and branding efforts.
- Digital advertising revenue, notably in our OTT segment, is primed for further growth in the second half of 2024, as we continue to strengthen our lower-tier and mobile service offerings to boost viewership and advertising revenue opportunities. We expect this, together with firmer revenues from subscription in the second half, will drive overall top-line improvement in our OTT segment in the remainder of 2024.
- In Mainland China, drama co-production will continue to drive top-line growth for the remainder of 2024, as we commence filming of an expanded number of co-production titles for Youku and Tencent Video. On the MCN front, we continue to gradually expand our livestream sessions on Taobao and Douyin this year, leveraging our TVB brand and artistes to create new consumer shopping experiences for our mainland audience. We expect this business to contribute further revenue growth in 2024.
- On the cost side, we continue to optimize our operating cost, including in content and other areas, over the remainder of 2024. On top of reductions already made in 2023, we expect to reduce our total costs by a further 8–10% this year, other than in areas such as drama co-production where costs will rise as a result of increased business volume.
- Based on the current business momentum, we expect to achieve a significantly positive EBITDA for the full year of 2024 and a net profit for the second half of 2024 before extraordinary one-off items (if any).



## SEGMENT RESULTS

### Hong Kong TV Broadcasting

<b>For the six months ended 30 June (unaudited)</b>	<b>2024 HK\$ million</b>	2023 HK\$ million	<b>Year-on-year change</b>
Segment revenue	<b>756</b>	628	20%
Segment EBITDA	<b>9</b>	(214)	N/A

Hong Kong TV Broadcasting segment mainly comprises our broadcast television, digital media and music businesses.

Segment revenue from Hong Kong TV Broadcasting increased from HK\$628 million to HK\$756 million, representing a growth of HK\$128 million or 20%. This was mainly driven by income from advertisers which grew by HK\$118 million or 21% from HK\$567 million to HK\$685 million during the Period. At the same time, we continued to reduce our operating costs through various initiatives over the past year, such as the merger of our J2 and TVB Finance, Sports & Information channels to create TVB Plus. With growth in revenue and reduction in cost, this segment achieved a positive EBITDA of HK\$9 million, representing an improvement of HK\$223 million from the EBITDA loss of HK\$214 million in the same period last year. This marks a return to positive EBITDA for this business segment over a first-half period since 2019.

### OTT Streaming

<b>For the six months ended 30 June (unaudited)</b>	<b>2024 HK\$ million</b>	2023 HK\$ million	<b>Year-on-year change</b>
Segment revenue	<b>162</b>	168	(4%)
Segment EBITDA	<b>27</b>	36	(25%)

OTT Streaming segment represents myTV SUPER streaming service in Hong Kong, which earns both advertising and subscription revenue. During the Period, the number of subscribers of our premium service pack, myTV Gold, increased by 4% to 193,000 as at 30 June 2024, compared to 185,700 as at 30 June 2023.

Segment revenue from OTT Streaming declined slightly by HK\$6 million or 4% compared to the same period last year. This was primarily due to the impact of changes made to our bundled subscription plans with local telco partners, which led to a decrease in subscription revenue. However, advertising revenue for this segment, which is digital in nature, registered a 39% growth which partially offset the decline in subscription revenue.

EBITDA declined from HK\$36 million to HK\$27 million in the Period, mainly due to the decrease in segment revenue.



### e-Commerce Business

<b>For the six months ended 30 June (unaudited)</b>	<b>2024 HK\$ million</b>	2023 HK\$ million	<b>Year-on-year change</b>
Segment revenue	<b>68</b>	271	(75%)
Segment EBITDA	<b>(20)</b>	(22)	9%

In December 2023, in view of the continued structural challenges to the Hong Kong retail market, we downsized our e-Commerce business by merging our Ztore platform with Neigbuy. We also integrated Neigbuy's activities more closely with our TV contents and programmes to create more selling opportunities while giving our viewers an enhanced shopping experience. Nevertheless, revenue from this segment declined from HK\$271 million to HK\$68 million, a decrease of HK\$203 million or 75%. However, EBITDA loss from this segment also fell slightly from HK\$22 million to HK\$20 million in the Period.

### Mainland China Operations

<b>For the six months ended 30 June (unaudited)</b>	<b>2024 HK\$ million</b>	2023 HK\$ million	<b>Year-on-year change</b>
Segment revenue	<b>383</b>	313	22%
Segment EBITDA	<b>45</b>	(12)	N/A

Mainland China Operations mainly comprises drama co-production with Youku and Tencent Video, and licensing of our simulcast drama and library content to major streaming platforms in mainland China including Youku, Tencent Video and others. In addition, we operate our own direct-to-consumer (DTC) content streaming service and multichannel network (MCN) business, which includes e-commerce livestreaming on online platforms such as Taobao and Douyin.

Segment revenue from Mainland China Operations increased by HK\$70 million or 22%, from HK\$313 million to HK\$383 million. This was driven mainly by our drama co-production activities, where we have a robust co-production pipeline arising from multi-year content supply partnerships with Youku and Tencent Video. As a result, this segment achieved a positive EBITDA of HK\$45 million during the Period, compared to a loss of HK\$12 million in the same period last year.

## International Operations

<b>For the six months ended 30 June (unaudited)</b>	<b>2024 HK\$ million</b>	<b>2023 HK\$ million</b>	<b>Year-on-year change</b>
Segment revenue	<b>144</b>	180	(20%)
Segment EBITDA	<b>(14)</b>	26	N/A

International Operations refers to our business activities around the world outside of Hong Kong and mainland China. This segment comprises programme licensing to pay-TV partners, our TVB Anywhere streaming service, and our social media channels and accounts that serve our international audience.

Segment revenue from International Operations decreased by 20% from HK\$180 million to HK\$144 million during the Period, it was primarily driven by the decline in traditional licensing income from our pay-TV partners. Segment EBITDA was a loss of HK\$14 million, compared to a profit of HK\$26 million in the previous period.

## INTEREST INCOME

Interest income amounted to HK\$49 million for the Period (2023: HK\$46 million), primarily being interest income of HK\$46 million (2023: HK\$42 million) derived from the promissory note with Imagine Tiger Television, LLC (“ITT”), as well as interest income obtained from fixed bank deposits during the Period.

## FINANCE COSTS

Finance costs mainly comprised interest expense on (i) our HK\$1,567 million term loan with Shanghai Commercial Bank, and (ii) our other bank loans, convertible bonds and other borrowings. Finance costs slightly increased from HK\$70 million to HK\$74 million, due to changes in interest rates and our borrowing levels during the Period compared to the same period last year.

## IMPAIRMENT LOSS ON RECEIVABLES FROM A JOINT VENTURE

As at 30 June 2024, the gross amount of the promissory note in ITT was HK\$835 million (31 December 2023: HK\$790 million), inclusive of the interest income of HK\$46 million recognised during the Period. In 2023, we applied a 39.4% rate of expected credit loss (ECL) on the gross amount of the promissory note, in view of industry disruptions in the United States that impacted the ability of ITT to conduct its normal business of providing deficit financing for scripted TV dramas and documentaries. During the Period, considering that overall production activity of ITT remains at a lower level than expected, we have considered it appropriate to increase our ECL rate on the promissory note to 42.4%, thereby resulting in an additional provision of HK\$44 million for the Period and a corresponding increase in the accumulated lifetime ECL provision on the gross amount of the promissory note to HK\$356 million.

## **INCOME TAX**

The Group recorded an income tax expense of HK\$4 million (2023: HK\$4 million) for the Period.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 operated.

## **LOSS ATTRIBUTABLE TO EQUITY HOLDERS**

The Group incurred a loss attributable to equity holders for the Period totalled HK\$143 million (2023: HK\$407 million), representing a reduction in loss of HK\$264 million or 65%.

## **LOSS PER SHARE**

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$143 million (2023: HK\$407 million). The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share throughout the six months ended 30 June 2024 was 439,851,000 (2023: 438,109,000), giving a basic and diluted loss per share of HK\$0.33 (2023: HK\$0.93).

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the six months ended 30 June 2024.

## **DIVIDENDS PER SHARE**

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2024, the total equity of the Group was HK\$2,528 million (31 December 2023: HK\$2,739 million). The share capital of the Company increased from 438,218,000 to 446,961,836 ordinary shares in issue due to 8,743,836 new shares have been allotted and issued by the Company during the Period.

As at 30 June 2024, the Group had unrestricted bank and cash balances of HK\$602 million (31 December 2023: HK\$714 million). About 63% of the unrestricted bank and cash balances (approximately HK\$377 million) were maintained in mainland China and overseas subsidiaries for their daily operations. Unrestricted bank deposits and cash balances held by the Group were denominated mainly in Hong Kong dollars, Renminbi and US dollars.

As at 30 June 2024, the Group's net current assets amounted to HK\$419 million (31 December 2023: HK\$2,037 million). The decrease was mainly due to the re-classification of the HK\$1,567 million term loan with Shanghai Commercial Bank Limited ("SCBL") from non-current liabilities to current liabilities as at period end. As at 30 June 2024, the Group's current ratio, expressed as the ratio of current assets to current liabilities, was 1.1 (31 December 2023: 2.2).

As at 30 June 2024, bank borrowings totalled HK\$1,826 million (31 December 2023: HK\$1,731 million) which mainly consisted of the HK\$1,567 million term loan with SCBL. Additionally, there were other borrowings and convertible bonds of HK\$308 million and HK\$98 million respectively (31 December 2023: HK\$464 million and HK\$93 million respectively). As at 30 June 2024, the Group's gearing ratio, expressed as a ratio of net debt to total equity, was 65.9% (31 December 2023: 59.0%).

## **BOND PORTFOLIO**

As at 30 June 2024, the Company's portfolio of fixed income securities, net of expected credit losses amounted to HK\$24 million (31 December 2023: HK\$24 million), which were classified under "Bond securities at amortised cost". Issuers of these securities include listed or unlisted companies in Hong Kong and overseas.

As at 30 June 2024, the investment portfolio consisted of fixed income securities of four separate issuers (31 December 2023: four), of which the bonds issued by Master Glory Group Limited and SMI Holding Group Limited had been fully impaired in prior years.

The Board of Directors (“Board”) of Television Broadcasts Limited (“Company” or “TVB”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, “Group”) for the six months ended 30 June 2024 (“Period”) as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>1,512,689</b>	1,560,274
Cost of sales		<u>(948,235)</u>	<u>(1,160,959)</u>
<b>Gross profit</b>		<b>564,454</b>	399,315
Other revenues		<b>7,872</b>	5,585
Interest income		<b>49,031</b>	45,737
Selling, distribution and transmission costs		<b>(271,624)</b>	(323,748)
General and administrative expenses		<b>(402,515)</b>	(442,677)
Other losses, net		<b>(9,740)</b>	(20,091)
Finance costs	4	<b>(74,304)</b>	(70,018)
Impairment loss on receivables from a joint venture	9	<b>(44,000)</b>	(41,600)
Share of profits of joint ventures		<b>27</b>	56
Share of profits of associates		<u><b>192</b></u>	<u>1,022</u>
<b>Loss before income tax</b>	5	<b>(180,607)</b>	(446,419)
Income tax expense	6	<u><b>(4,431)</b></u>	<u>(4,163)</u>
<b>Loss for the period</b>		<u><b>(185,038)</b></u>	<u>(450,582)</u>
<b>Loss attributable to:</b>			
Equity holders of the Company		<b>(143,457)</b>	(406,723)
Non-controlling interests		<u><b>(41,581)</b></u>	<u>(43,859)</u>
		<u><b>(185,038)</b></u>	<u>(450,582)</u>
<b>Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the period</b>	7	<u><b>HK\$(0.33)</b></u>	<u>HK\$(0.93)</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss for the period</b>	<b>(185,038)</b>	<b>(450,582)</b>
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations		
– Subsidiaries	<b>(19,464)</b>	(18,396)
– Joint ventures	<b>86</b>	(773)
Share of other comprehensive loss of an associate	<b>(4,006)</b>	(3,481)
Change in fair value of financial assets at fair value through other comprehensive income (“FVOCI”)	<b>(32,579)</b>	–
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	<b>–</b>	26
<b>Other comprehensive loss for the period, net of tax</b>	<b>(55,963)</b>	<b>(22,624)</b>
<b>Total comprehensive loss for the period</b>	<b>(241,001)</b>	<b>(473,206)</b>
Total comprehensive loss attributable to:		
Equity holders of the Company	<b>(195,240)</b>	(422,604)
Non-controlling interests	<b>(45,761)</b>	(50,602)
<b>Total comprehensive loss for the period</b>	<b>(241,001)</b>	<b>(473,206)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	<b>30 June 2024 Unaudited HK\$'000</b>	31 December 2023 Audited HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		985,504	1,071,781
Investment properties		1,519	1,653
Intangible assets		188,284	211,448
Goodwill		85,131	85,131
Interests in joint ventures	9	480,434	479,289
Interests in associates		29,796	33,591
Financial assets at FVOCI		117,800	150,364
Bond securities at amortised cost	10	24,190	24,238
Financial assets at fair value through profit or loss		28	28
Deferred income tax assets		381,351	381,447
Prepayments		32,257	33,757
		<b>2,326,294</b>	<b>2,472,727</b>
<b>Current assets</b>			
Programmes and film rights		1,548,792	1,579,245
Stocks		21,673	30,720
Trade receivables	11	747,002	867,598
Other receivables, prepayments and deposits		586,138	508,104
Movie investments		73,582	73,582
Tax recoverable		4,985	3,458
Bank deposits maturing after three months		53,490	54,863
Cash and cash equivalents		548,798	658,832
		<b>3,584,460</b>	<b>3,776,402</b>
<b>Total assets</b>		<b>5,910,754</b>	<b>6,249,129</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		693,726	665,227
Other reserves		(61,056)	(11,886)
Retained earnings		1,953,746	2,098,193
		<b>2,586,416</b>	<b>2,751,534</b>
<b>Non-controlling interests</b>		<b>(58,115)</b>	<b>(12,354)</b>
<b>Total equity</b>		<b>2,528,301</b>	<b>2,739,180</b>



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)  
AS AT 30 JUNE 2024

	Notes	<b>30 June 2024 Unaudited HK\$'000</b>	31 December 2023 Audited HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	12	<b>15,934</b>	1,583,134
Convertible bonds	13	<b>97,699</b>	92,893
Financial liability at fair value through profit or loss	13	<b>34,660</b>	30,706
Lease liabilities		<b>17,053</b>	8,585
Deferred income tax liabilities		<b>51,840</b>	55,714
		<hr/>	<hr/>
Total non-current liabilities		<b>217,186</b>	1,771,032
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables and accruals	14	<b>885,044</b>	947,145
Written put option liabilities		<b>140,000</b>	140,000
Current income tax liabilities		<b>1,771</b>	6,785
Borrowings	12	<b>2,118,473</b>	612,283
Lease liabilities		<b>19,979</b>	32,704
		<hr/>	<hr/>
Total current liabilities		<b>3,165,267</b>	1,738,917
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>3,382,453</b>	3,509,949
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>5,910,754</b>	6,249,129
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. Independent review

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2024 has been reviewed by the Company's auditor, PricewaterhouseCoopers, 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 ("HKICPA"). An unmodified review report is included in the interim report to be sent to shareholders. The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2024 has also been reviewed by the Audit Committee of the Company.

### 2. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information for the six months ended 30 June 2024 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 2023, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 31 December 2023 that is included in the condensed consolidated financial information for the six months ended 30 June 2024 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 2023 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 2023, 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).

The accounting policies applied and methods of computation used in the preparation of these interim financial information are consistent with those used in the financial statements for the year ended 31 December 2023.

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

During the six months ended 30 June 2024, the Group incurred a loss of HK\$185 million (2023: HK\$451 million).

## **2. Basis of preparation and accounting policies (continued)**

During the year ended 31 December 2023, the Company was unable to comply with a bank covenant in relation to the ratio of consolidated net debt to consolidated EBITDA (“EBITDA covenant”) under its loan agreement with Shanghai Commercial Bank Limited (“SCBL”) for a term loan facility with the outstanding amount of HK\$1,567,200,000 maturing in July 2025. The Group has obtained a written confirmation from SCBL that SCBL is aware of this non-compliance, but will not demand immediate repayment of the loan on account of this non-compliance up to the end of 31 March 2025. Considering that this date of 31 March 2025 is less than 12 months from 30 June 2024, the date of the condensed consolidated financial information, the outstanding amount of HK\$1,567,200,000 was therefore reclassified as a current liability as of 30 June 2024. Subsequent to 30 June 2024, SCBL has agreed in principle to an extension of a majority portion of this facility. Based on cashflow projections for a period of not less than 12 months after 30 June 2024 and considering the projected improvement in financial performance and the potential implication of the compliance of the financial covenants under the term loan agreement with SCBL for the year ending 31 December 2024, the allotment of 20,000,000 new shares to Shaw Brothers Limited which was approved at the Annual General Meeting of the Company on 28 June 2024, other available undrawn banking and other facilities including that provided by CMC, Inc. (“CMC”) and Young Lion Holdings Limited to the Group as set out in note 12(b), the Directors consider that the Group will have adequate funds available to enable it to operate its business for the foreseeable future and accordingly consider it appropriate to prepare the condensed consolidated financial information on a going concern basis.

### **(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 beginning on or after 1 January 2025. 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.

### 3. Revenue and segment information

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

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 on receivables from a joint venture, changes in fair value of a financial liability at fair value through profit or loss, share of profits 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 advertising income net of agency deductions, e-Commerce income, licensing income, subscription income, as well as other income such as digital marketing and event income, co-production income, music entertainment income, management fee income, facility rental income and other service fee income.

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

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

	Six months ended 30 June											
	Hong Kong TV		OTT		e-Commerce		Mainland China		International		Total	
	Broadcasting		Streaming		Business		Operations		Operations			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		
<b>Revenue</b>												
Timing of revenue recognition:												
At a point in time	16,582	5,437	758	594	68,484	271,140	29,938	45,548	2,102	1,962	117,864	324,681
Over time	738,982	623,130	161,484	167,033	-	-	352,753	267,096	141,606	178,334	1,394,825	1,235,593
<b>External customers</b>	<b>755,564</b>	<b>628,567</b>	<b>162,242</b>	<b>167,627</b>	<b>68,484</b>	<b>271,140</b>	<b>382,691</b>	<b>312,644</b>	<b>143,708</b>	<b>180,296</b>	<b>1,512,689</b>	<b>1,560,274</b>
<b>Reportable segment EBITDA</b>	<b>9,124</b>	<b>(214,152)</b>	<b>27,451</b>	<b>36,343</b>	<b>(20,000)</b>	<b>(21,689)</b>	<b>44,679</b>	<b>(12,453)</b>	<b>(13,904)</b>	<b>25,998</b>	<b>47,350</b>	<b>(185,953)</b>
Additions to non-current assets*	14,680	46,615	16,792	28,301	116	349	304	1,655	2,059	9,456	33,951	86,376

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

### 3. Revenue and segment information (continued)

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Reportable segment EBITDA	47,350	(185,953)
Depreciation and amortisation	(154,949)	(195,663)
Finance costs	(74,304)	(70,018)
Interest income	3,516	3,867
Interest income from joint ventures	45,515	41,870
Changes in fair value of a financial liability at fair value through profit or loss	(3,954)	–
Impairment loss on receivables from a joint venture	(44,000)	(41,600)
Share of profits of joint ventures	27	56
Share of profits of associates	192	1,022
	<u>          </u>	<u>          </u>
Loss before income tax	<u><u>(180,607)</u></u>	<u><u>(446,419)</u></u>

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	989,343	1,069,504
Mainland China	384,526	315,363
Malaysia and Singapore	59,790	75,439
USA and Canada	49,176	55,368
Vietnam	8,419	14,644
Australia	7,605	7,362
Macau	1,058	6,889
Europe	4,652	4,929
Other territories	8,120	10,776
	<u>          </u>	<u>          </u>
	<u><u>1,512,689</u></u>	<u><u>1,560,274</u></u>

#### 4. Finance costs

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other borrowings	66,234	69,088
Interest expense on convertible bonds	7,612	–
Interest expense on lease liabilities	458	930
	<u>74,304</u>	<u>70,018</u>

#### 5. Loss before income tax

The following items have been charged to the loss before income tax during the period:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Amortisation of intangible assets	36,031	39,346
Cost of programmes and film rights	746,207	758,363
Cost of other stocks	60,344	206,834
Depreciation	118,918	156,317
Employee benefit expense (excluding directors' emoluments)	652,997	722,093
Net exchange losses	<u>5,786</u>	<u>20,091</u>

## 6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 charged to the condensed consolidated income statement represents:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Current income tax:		
– Hong Kong	<b>14</b>	2,016
– Overseas	<b>9,166</b>	5,226
– Over provisions in prior periods	<b>(880)</b>	(1,198)
	<hr/>	<hr/>
Total current income tax expense	<b>8,300</b>	6,044
Deferred income tax:		
– Origination and reversal of temporary differences	<b>(3,869)</b>	(1,881)
	<hr/>	<hr/>
	<b>4,431</b>	4,163
	<hr/> <hr/>	<hr/> <hr/>

## 7. Loss per share

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$143,457,000 (2023: HK\$406,723,000). The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share throughout the six months ended 30 June 2024 was 439,851,000 (2023: 438,109,000).

As at 30 June 2024 and 2023, the ordinary shares were 446,961,836 and 438,218,000 respectively. No fully diluted loss per share was presented as the basic and diluted loss per share are of the same amount. This is because the assumed exercise of the share options and the conversion of the Company's outstanding convertible bonds would result in a decrease in loss per share.

## 8. Dividends

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2024 and 2023.



## 9. Interests in joint ventures

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
<b>Non-current</b>		
Investment costs (note)	<b>206,453</b>	206,539
Funds advanced to joint ventures	<b>17,731</b>	17,731
Less: accumulated share of losses	<b>(223,064)</b>	(223,177)
	<b>1,120</b>	1,093
Loan and interest receivable from a joint venture (note)	<b>834,914</b>	789,796
Less: impairment loss on receivables from a joint venture (note)	<b>(355,600)</b>	(311,600)
	<b>479,314</b>	478,196
	<b>480,434</b>	479,289

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.

In December 2022, ITT completed a partial repayment of the promissory note to TVB in the amount of US\$35,000,000, which had the effect of reducing the outstanding principal amount and accrued and unpaid interest, thereon, of the ITT debt obligation owing to TVB. Of this US\$35,000,000 repayment, the Group reinvested US\$20,000,000 by subscribing for 2,621,148 non-voting Class C Units in Imagine, thereby gaining a minority stake of less than 5% in Imagine. The payment was made directly by ITT to Imagine on the Group’s behalf therefore there was no cash outlay in respect of the US\$20,000,000 investment. The investment in Imagine provides the Group with a shareholding of a successful player in the US film and TV industry. The Imagine investment has been recognised as a financial asset at FVOCI.

## 9. Interests in joint ventures (continued)

Note: (continued)

On 29 December 2022, the Group also entered into an agreement with CMC, whereby CMC agreed to purchase 10% of the Group's interest in ITT. The disposal of the 10% promissory note was completed in August 2023.

In determining the impairment assessment of the promissory note from ITT as at each balance sheet date, the Group has observed that the US television market has been increasingly dominated by streaming platforms, resulting in a reduced number of opportunities for ITT which is based in the US to conduct its intended business of enabling productions of premium scripted TV dramas and documentaries, mainly for traditional TV platforms, through the provision of deficit financing. As such, the Company considered to measure the outstanding balance under a stage 2 expected credit loss ("ECL") model with certain forward looking assumptions.

The ECL model involves assessing key measuring parameters and inputs, such as the probability of default ("PD") and the loss given default ("LGD"). The Group considered various factors in determining the PD and LGD of the promissory note, including the scale of the business, business model, financial performance, financial position, market share trend, and financial policy of ITT. The Group also adjusted for forward-looking information, such as the future development plan of ITT.

As at 30 June 2024, based on the aforementioned assessment, the Group also adopted the stage 2 ECL model which is consistent with that as at 31 December 2023. As at 30 June 2024, the gross amount of the Group's promissory note in ITT was HK\$834,914,000 (31 December 2023: HK\$789,796,000), inclusive of the interest income of HK\$45,515,000 (2023: HK\$41,870,000) recognised during the Period. In 2023, the Group applied a 39.4% rate of ECL on the gross amount of the promissory note, in view of industry disruptions in the United States that impacted the ability of ITT to conduct its normal business. During the Period, considering that overall production activity of ITT remains at a lower level than expected, the management have considered it appropriate to increase the ECL rate on the promissory note to 42.4%, thereby resulting in an additional provision of HK\$44,000,000 for the Period (2023: HK\$41,600,000) and a corresponding increase in the accumulated lifetime ECL provision on the gross amount of the promissory note to HK\$355,600,000 (31 December 2023: HK\$311,600,000).

## 10. Bond securities at amortised cost

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
<b>Non-current</b>		
Bond securities at amortised cost:		
Unlisted	<b>426,976</b>	426,995
Listed in other countries	<b>70,277</b>	70,306
Less: provision for impairment loss on bond securities	<b>(473,063)</b>	(473,063)
	<b><u>24,190</u></b>	<b><u>24,238</u></b>

Note:

As at 30 June 2024, the Company's portfolio of fixed income securities, net of expected credit losses amounted to HK\$24,190,000 (31 December 2023: HK\$24,238,000). They were issued by issuers which are listed or unlisted in Hong Kong or overseas.

As at 30 June 2024, the investment portfolio consisted of fixed income securities of four (31 December 2023: four) separate issuers, of which the bonds issued by Master Glory Group Limited and SMI Holding Group Limited had been fully impaired in prior years.

## 11. Trade receivables

At 30 June 2024 and 31 December 2023, the ageing of trade receivables, net of provision for impairment based on invoice dates were as follows:

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Up to 1 month	<b>313,183</b>	443,591
1-2 months	<b>156,139</b>	146,116
2-3 months	<b>70,435</b>	71,346
3-4 months	<b>70,686</b>	49,621
4-5 months	<b>31,134</b>	26,503
5-12 months	<b>79,546</b>	99,860
Over 1 year	<b>25,879</b>	30,561
	<b><u>747,002</u></b>	<b><u>867,598</u></b>

## 12. Borrowings

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
<b>Non-current</b>		
Bank borrowings, unsecured (note (a))	–	1,567,200
Other borrowings, unsecured (note (d))	<u>15,934</u>	<u>15,934</u>
	<u>15,934</u>	<u>1,583,134</u>
<b>Current</b>		
Bank borrowings, unsecured (notes (a) and (c))	<u>1,826,348</u>	164,083
Other borrowings, unsecured (note (b))	<u>292,125</u>	<u>448,200</u>
	<u>2,118,473</u>	<u>612,283</u>
	<u><u>2,134,407</u></u>	<u><u>2,195,417</u></u>

Notes:

- (a) On 30 June 2020, the Group entered into a US\$250,000,000 term loan facility with SCBL, and the entire facility amount was drawn down on 6 July 2020. Originally, the loan was due for repayment in full on 6 July 2023. On 22 August 2022 the Group entered into a supplementary agreement with SCBL to extend the maturity of a US\$200,000,000 portion of the loan by two years, to 6 July 2025.

In May 2023, the Group converted the functional currency of the loan facility from US dollars to Hong Kong dollars. This resulted in the conversion of US\$250,000,000 outstanding loan balance into HK\$1,959,000,000. Subsequently during year 2023, the Group repaid HK\$391,800,000 (being the equivalent of US\$50,000,000) to SCBL. The remaining outstanding amount of HK\$1,567,200,000 is due for repayment on 6 July 2025.

During the year ended 31 December 2023, the Company was unable to comply with EBITDA covenant under its loan agreement with SCBL for a term loan facility with the outstanding amount of HK\$1,567,200,000 maturing in July 2025. The Group obtained a written confirmation from SCBL that SCBL is aware of this non-compliance, but will not demand immediate repayment of the loan on account of this non-compliance up to the end of 31 March 2025. Considering that this date of 31 March 2025 is less than 12 months from 30 June 2024, the date of the condensed consolidated financial information, the outstanding amount of HK\$1,567,200,000 was therefore reclassified as a current liability as of 30 June 2024. Subsequent to 30 June 2024, SCBL has agreed in principle to an extension of a majority portion of this facility.

Interest on the Group's term loan with SCBL bears a variable rate, which was approximately 6.8% as at 30 June 2024 (31 December 2023: 7.7%).

## 12. Borrowings (continued)

Notes: (continued)

- (b) On 13 August 2023, the Group entered into a loan facility agreement with CMC and Young Lion Holdings Limited. Pursuant to this agreement, CMC and Young Lion Holdings Limited have made available, on an unsecured basis, a term loan facility of HK\$700,000,000 (the “Facility”) to the Group. The Facility, which was originally valid up to 31 December 2024, bears an interest rate of 3-month HIBOR plus 1.25%, which is lower than the Group’s current market cost of borrowing in Hong Kong. Under certain circumstances whereby the Company is able to raise new equity related financing, including through issuance of new shares or instruments convertible into new shares, the size of the Facility may be correspondingly reduced. In addition, following the Company’s successful issuance of HK\$156,000,000 in convertible bonds to Cardy Oval Limited on 6 September 2023 (as disclosed below in note 13), this term loan facility made available by CMC and Young Lion Holdings Limited has been correspondingly reduced to HK\$544,000,000 and the Company drew down HK\$448,200,000 from the Facility as at 31 December 2023. During the Period, the Company repaid HK\$156,075,000 to CMC and the remaining loan balance was HK\$292,125,000 as at 30 June 2024. Pursuant to a supplemental letter dated 16 August 2024, repayment date of this Facility has been extended to the end of 30 September 2025.

CMC is a company controlled by Mr. Li Ruigang, a non-executive director of the Company, whereas Young Lion Holdings Limited is an indirect shareholder of over 10% of the shares of the Company. As such, both CMC and Young Lion Holdings Limited are connected persons of the Company according to Hong Kong listing rules.

- (c) As at 30 June 2024, the Group has short-term bank borrowings of HK\$259,148,000 (31 December 2023: HK\$164,083,000) from two commercial banks (31 December 2023: one), with fixed interest rates ranging from 3.3% to 3.6% (31 December 2023: 3.6%) per annum.
- (d) As at 30 June 2024, the Group’s other borrowings of HK\$15,934,000 (31 December 2023: HK\$15,934,000) from the third parties bear interest rate of 5% (31 December 2023: 5%) per annum with maturity date of 30 September 2025.

### 13. Convertible bonds and financial liability at fair value through profit or loss

On 16 August 2023, the Company entered into a subscription agreement (the “Subscription Agreement”) with Cardy Oval Limited (the “Investor”). Pursuant to the agreement, the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for convertible bonds in an aggregate principal amount of HK\$156,000,000 (the “Convertible Bonds”) at an initial conversion price of HK\$4.45 per conversion share. Based on the initial conversion price, a total of 35,056,164 conversion shares would be allotted and issued upon exercise in full of the conversion right attached to the Convertible Bonds, representing (i) approximately 8.00% of the existing issued share capital of the Company as of the date of the agreement; and (ii) approximately 7.41% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full conversion of the Convertible Bonds at the initial conversion price, assuming that no other shares are allotted and issued.

The issuance of the Convertible Bonds was completed on 6 September 2023 with net proceeds of approximately HK\$155,000,000 which was used for general corporate purposes. Any amounts of the Convertible Bonds which remain outstanding shall carry interest at the rate of 3.5% per annum compounding annually. Any accrued but unpaid interest will be paid semi-annually in arrears in the sixth month after the completion date and in every sixth month thereafter to and including the earlier of (i) the due date for redemption of the Convertible Bonds and (ii) the fifth anniversary of the completion date (“Maturity Date”).

The holder of each bond will have the right at such holder’s option, to require the Company to redeem all and not part of the bonds it holds at 110% of the principal amount on the date of redemption together with accrued but unpaid interest from the issue date to such date, at any time within five business days after the third anniversary of the issue date. If the Convertible Bonds have not been converted or redeemed, they will be redeemed on the Maturity Date at par. Interest of 3.5% per annum will be paid semi-annually up until the settlement date.

The Convertible Bonds contain three components, a debt component, a derivative component and an equity component. The derivative component is measured at fair value with change in fair value recognised in the condensed consolidated income statement. The movement of the convertible bonds for the period is set out below:

	<b>Debt component</b> HK\$’000	<b>Derivative component</b> HK\$’000	<b>Equity component</b> HK\$’000	<b>Total</b> HK\$’000
As at 1 January 2024	92,893	30,706	35,876	159,475
Interest expense	7,612	–	–	7,612
Interest payable	(2,806)	–	–	(2,806)
Fair value change	–	3,954	–	3,954
As at 30 June 2024	<u>97,699</u>	<u>34,660</u>	<u>35,876</u>	<u>168,235</u>

#### 14. Trade and other payables and accruals

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Trade payables to:		
Associates	4,623	6,926
Third parties	<u>158,260</u>	<u>227,766</u>
	<b>162,883</b>	234,692
Contract liabilities	<b>230,239</b>	190,223
Provision for employee benefits and other expenses	<b>51,336</b>	59,550
Accruals and other payables	<u><b>440,586</b></u>	<u>462,680</u>
	<u><b>885,044</b></u>	<u>947,145</u>

At 30 June 2024 and 31 December 2023, the ageing of trade payables based on invoice dates was as follows:

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Up to 1 month	72,191	91,059
1-2 months	35,232	47,305
2-3 months	23,082	29,045
3-4 months	10,258	28,752
4-5 months	2,463	15,268
Over 5 months	<u>19,657</u>	<u>23,263</u>
	<u><b>162,883</b></u>	<u>234,692</u>



## **ADDITIONAL INFORMATION**

### **HUMAN RESOURCES**

At the end of Period, the Group had a total of 3,043 employees in Hong Kong and 319 employees in mainland China and the overseas. These figures include contract artistes and staff but exclude directors and freelance workers.

For employees in Hong Kong, different pay schemes apply to contract artistes, sales, and non-sales personnel. Contract artistes are paid either per show or per package of shows. Sales personnel are remunerated on commission-based schemes, while non-sales personnel receive monthly salaries. Discretionary bonuses may be awarded as an incentive for better performance. Employees in mainland China and overseas subsidiaries were 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 TVB e-Commerce Group Limited.

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

## **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 responsible manner serves its long-term interests and those of the stakeholders.

The Company was in compliance with the code provisions in Part 2 of the Corporate Governance Code as set out in Appendix C1 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 C3 of the Listing Rules, as amended from time-to-time, as the code for Directors and members of Senior Management in their dealings in the securities of the Company.

All Directors and members of Senior Management are subject to specific enquiries by the Company as part of their bi-annual confirmations of compliance and have confirmed that they had complied with the Model Code during the Period.

## **REVIEW OF INTERIM RESULTS**

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 the interim report for the Period. The condensed consolidated financial information for the Period has not been audited, but has been reviewed by PricewaterhouseCoopers, the independent auditor of the Company.

## **INTERIM DIVIDEND**

No interim dividend was declared by the Board for the six months ended 30 June 2024.

## **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.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the designated issuer website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<https://corporate.tvb.com>). The interim report for the Period containing the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the above websites in September 2024.

By Order of the Board  
**LEE Lai Yi**  
Company Secretary

Hong Kong, 21 August 2024

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

### **Executive Chairman**

Thomas HUI To JP

### **Non-executive Directors**

LI Ruigang

Anthony LEE Hsien Pin

Kenneth HSU Kin

### **Independent Non-executive Directors**

Dr. William LO Wing Yan JP

Dr. Allan ZEMAN GBM, GBS, JP

Felix FONG Wo BBS, JP