TVB 2022

ANNUAL REPORT

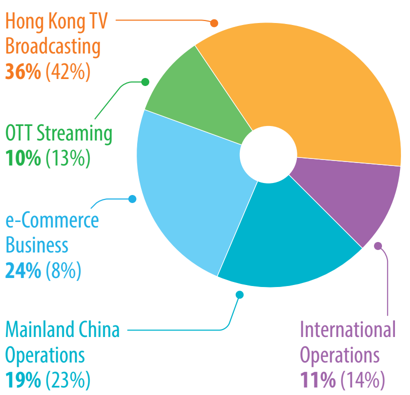
Television Broadcasts Limited
電視廣播有限公司

Stock Code : 00511

FINANCIAL HIGHLIGHTS

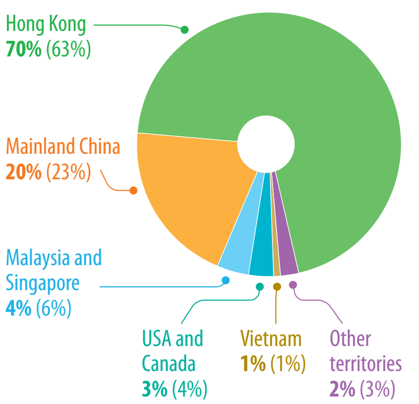
2022 Revenue from External Customers by Operating Segment

% relating to 2021 are shown in brackets

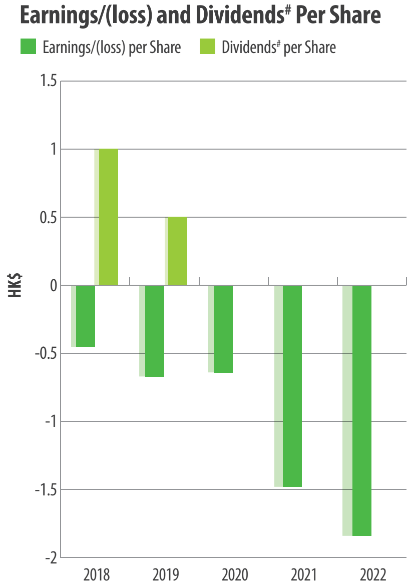


2022 Revenue by Geographical Locations

% relating to 2021 are shown in brackets



Earnings/(loss) and Dividends# Per Share



excluding special dividend

	2022	2021	Change
Performance			
Loss per share	**HK$(1.84)**	HK$(1.48)	-24%
Dividends per share			
- Interim	-	-	
- Final	-	-	
	-	-	
	HK$'mil	HK$'mil	
Revenue from external customers			
- Hong Kong TV Broadcasting	**1,294**	1,225	6%
- OTT Streaming	**349**	367	-5%
- e-Commerce Business	**863**	238	263%
- Mainland China Operations	**698**	666	5%
- International Operations	**382**	403	-5%
	3,586	2,899	24%
Segment EBITDA			
- Hong Kong TV Broadcasting	**(514)**	(604)	15%
- OTT Streaming	**66**	37	78%
- e-Commerce Business	**(100)**	(59)	-69%
- Mainland China Operations	**160**	189	-15%
- International Operations	**50**	123	-59%
	(338)	(314)	-8%
Total expenses[Δ]	**4,356**	3,707	18%
Loss attributable to equity holders	**(807)**	(647)	-25%
	31 December 2022 HK$'mil	31 December 2021 HK$'mil	
Total assets	**7,045**	7,650	-8%
Total liabilities	**3,441**	3,057	13%
Total equity	**3,604**	4,593	-22%
Number of issued shares	**438,000,000**	438,000,000	
Ratios			
Current ratio	**2.3**	1.4	
Gearing	**34.4%**	19.2%	

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

BROADCASTING AND PRODUCTION

530 artistes

24.1 TVRs
average prime time ratings

77%
audience share[1] against all channels in Hong Kong

82%
audience share[2] in young audience group (below age of 35)

83%
audience share[2] in high income group viewership

22,700 hours
of total production output

[1] Compared with all TV channels (including free TV, pay TV, OTT and satellite channels) in Hong Kong
[2] Compared with all free TV channels in Hong Kong

STREAMING

HONG KONG

10.4 million
myTV SUPER registered users

2.5 million
myTV SUPER MAU

MAINLAND CHINA

112 million
Followers of TVB-related accounts on Chinese social media platforms[3]

6.1 million
Mai Dui Dui MAU

OVERSEAS

12.3 million
TVB Anywhere registered users[4]

28.6 million
TVB YouTube channels MAU

[3] This includes all TVB-related accounts on Douyin, Kuaishou ,Xiaohongshu, Sina Weibo and WeChat channels
[4] Together with subscribers from YouTube TVB designated channels

E-COMMERCE GMV

HK$**934** million
GMV

HK$**831**
average value of home delivery order

p.22
Hong Kong TV Broadcasting

p.36
OTT Streaming

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e-Commerce Business

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OVERVIEW

CORPORATE INFORMATION

CHAIRMAN EMERITUS
The late Sir Run Run SHAW GBM

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN
Thomas HUI To

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

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

SENIOR MANAGEMENT
Eric TSANG Chi Wai General Manager (Content Operations)
SIU Sai Wo General Manager (Business Operations)
Desmond CHAN Shu Hung Deputy General Manager (Legal and International Operations)
Rex CHING Chit Group Chief Technology Officer
Ian LEE Hock Lye Head of Corporate Development and Acting Chief Financial Officer

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 CODE
TVB Ordinary Shares

The Stock Exchange of Hong Kong:	00511
Reuters:	0511.HK
Bloomberg:	511 HK
TVB ADR Level 1 Programme:	TVBCY

AMERICAN DEPOSITARY RECEIPTS
Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078
United States of America

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

WEBSITE
https://corporate.tvb.com

CORPORATE CALENDAR

BOOK CLOSE PERIOD
3 May 2023 to 31 May 2023, both dates inclusive

ANNUAL GENERAL MEETING
31 May 2023

MILESTONES

1967

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

1971

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

1973

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

1976

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

1980

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

1981

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

2003

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

2004

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

2007

Began digital terrestrial television broadcasting in Hong Kong from 31 December and upgraded the service from two analog channels to five digital channels

2011

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

1984

HK-TVB was listed on HKSE

1988

Television Broadcasts (TVB) became the listed parent company of the Group after a group reorganization.

TVB moved to Clearwater Bay

1993

Launched TVBS Channel, its first satellite TV service in Taiwan

1994

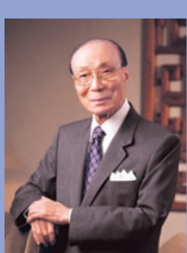
Obtained approval from Broadcasting Authority to establish a regional satellite television broadcast service for audiences across Asia

1997

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

2012

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



2015

In April 2015, CMC Group became TVB's largest shareholder through its investment in Young Lion Holdings

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

2016

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

Co-invested with CMC Group, TVB takes up an 11.98% effective interest in Hong Kong listed Shaw Brothers Holdings (stock code: 00953) for film production and content investments

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

2017

Celebrated 50th anniversary

Formed a joint venture entity with Imagine for production of a US drama slate

2021

TVB together with its associate Shaw Brothers Holdings acquired 75% stake in Ztore Group, which operates two e-Commerce platforms

2022

Celebrated 55th anniversary

Launched livestream commerce broadcast on Douyin platform

COMMENDATIONS AND AWARDS

1 **China Television Artists Association**

"No Poverty Land"

2 **2022 Asian Academy Creative Awards**

Johnson Lee in "Family Feud",
Grand Final Winner in Best Entertainment Host

3 **Promax Global Excellence Awards 2022**

"Miss Hong Kong Pageant 2021",
Gold Award in Best Event Production Design category

5 **ABU Asiavision Annual Awards 2022**

"The Pillar of Shame",
Winner in Outstanding Reporting – News Story category

6 **The 13th China International Conference of Science & Education Producers – 2022 China Dragon Awards**

"Innovation GPS: Ambient Temperature
Food Preservation Technology",
Finalist in Science Documentaries
(within 30 mins) category

9 **2022 New York Festivals TV & Film Awards**

"See Me Fly Again",
Finalist in Special Event category

10 **2022 New York Festivals TV & Film Awards**

"Murder Diary",
Finalist in Best Direction category

14 **2022 New York Festivals TV & Film Awards**

"2020 Tokyo Olympic Corporate Image",
Gold Award in Sports Program Promotion category

15 **2022 New York Festivals TV & Film Awards**

"Olympic Winter Games Beijing 2022 Image",
Silver Award in Sports Program Promotion category

16 **2022 New York Festivals TV & Film Awards**

"Freedom Memories",
Silver Award in Best Editing category


3

2

1

5

6

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4	**19th Guangzhou International Documentary Film Festival**

TVB – Top 10 China Documentary Promoters

7

8

7	**19th Guangzhou International Documentary Film Festival**

"No Poverty Land",
Nominee in Best Global Communication Chinese Documentary of the Golden Kapok Award Competition

8	**YouTube Award**

TVBI Co. Ltd., 2022 Partner Of The Year

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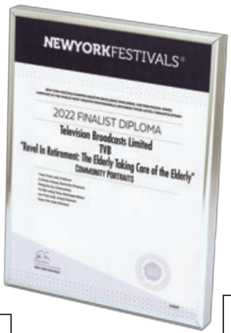

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11	**2022 New York Festivals TV & Film Awards**

"News Magazine: Birth Control in China",
Finalist in Human Rights category

12	**2022 New York Festivals TV & Film Awards**

"Revel In Retirement: The Elderly Taking Care of the Elderly",
Finalist in Community Portraits category

13	**2022 New York Festivals TV & Film Awards**

"Murder Diary" Title Sequence,
Finalist in Entertainment Program Open & Titles category

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17	**2022 New York Festivals TV & Film Awards**

"Forever Young At Heart",
Bronze Award in Childrens/Youth category

18	**2022 New York Festivals TV & Film Awards**

"Big Big Old World",
Bronze Award in History & Society category

19	**2022 New York Festivals TV & Film Awards**

"No Poverty Land",
Bronze Award in Best Narration category

20	**2022 New York Festivals TV & Film Awards**

"Stars Academy",
Bronze Award in Entertainment Program Promotion category

VIEWERSHIP HIGHLIGHTS

Jade Top 5 Dramas TV Ratings

1 **Get On A Flat**
25.5 TVRs

2 **The Righteous Fists**
24.7 TVRs

3 **Lo And Behold**
23.8 TVRs

4 **Used Good**
23.6 TVRs

5 **Freedom Memories**
22.1 TVRs

Top 5 Variety and Infotainment Programmes TV Ratings

1 **TV Awards Presentation 2021**
28.7 TVRs

2 **TVB 55th Anniversary Gala**
27.3 TVRs

3 **Miss Hong Kong Pageant 2022**
25.1 TVRs

4 **Grand Variety Show in Celebration of the 25th Anniversary of Hong Kong's Return to the Motherland**
24.9 TVRs

5 **Super Trio Returns**
24.5 TVRs

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


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CHAIRMAN'S STATEMENT

On behalf of the board of directors, I present the Group's results for 2022.

2022 was a momentous year for Hong Kong, and for TVB. We celebrated not only the 25th anniversary of Hong Kong's return to the motherland, but also the 50th year of our iconic *Miss Hong Kong Pageant*, and TVB's own 55th anniversary. Three historic milestones, all in one year!

First, speaking of celebration, I salute our staff. They worked around the clock to create a rich slate of celebratory programmes for our viewers in Hong Kong, mainland China and around the world. In early 2022, we kicked off with *Infinity and Beyond* (聲生不息), a sumptuous star-studded celebration of Hong Kong popular music that we co-produced with Mango TV. Then, in the months that followed, we served up a true feast for our audience. There was our *Communion* (回歸光影頌) collection of heartfelt dramas, which chronicled the stories of Hong Kong people in the years since handover. Our *Big White Duel 2* (白色強人II) medical drama series was yet another ratings success, while our *Get On A Flat* (下流上車族) comedy drama about home ownership struck a chord with our Hong Kong audience. On the variety side, we wowed audiences with talent series *Stars Academy 2* (聲夢傳奇2), hilarious hit show *Super Trio Returns* (開心無敵獎門人), and our lavish *Miss Hong Kong Pageant* 2022 (香港小姐競選). This culminated in November with one of the most memorable editions of *TVB Anniversary Gala Show* (萬千星輝賀台慶) I've personally ever seen. Judging from the peak TV live rating of 25.7 TVRs we achieved that night, it seemed our audience felt the same! In this regard, I thank Mr. Eric Tsang Chi Wai, our General Manager for Content Operations, for his continued efforts to revamp our content teams and to rebuild our ties to the entertainment industry in Hong Kong and mainland China. Mr. Tsang, your hard work has truly made a difference.

Second, I salute our viewers in Hong Kong and around the world. In 2022, their viewership of our programmes, their reactions and emotions, their comments on social media, and even complaints — these are what made us excited to come to work each day. In 2022, we achieved an overall average prime time rating of 24.1 TVRs across our 5 terrestrial channels with 77% audience share. Our MyTV Super streaming service had 2.5 million monthly active users (MAU) in Hong Kong. And around the world, another 12.3 million viewers subscribe to our channels on TVB Anywhere, on YouTube, or through various social media platforms. We thank our viewers for being with us.

THOMAS HUI

CHAIRMAN'S STATEMENT

Of course, 2022 was not entirely celebratory. On the contrary, most of us remember 2022 as another year of difficult challenges — of fast-spreading COVID variants, harsh pandemic measures, and economic hardship. Early last year, we thought the worst could have passed. How wrong we were! For a third year in a row, the global pandemic affected us in Hong Kong, and triggered even more intense measures on the mainland. And so, our revenue continued to suffer, and a recovery eluded us yet again. In 2022, the Group recognized an EBITDA loss of HK$338 million and a loss attributable to equity holders of HK$807 million. These results reflect the extremely difficult business environment we faced in Hong Kong and the mainland last year.

Difficult market notwithstanding, in 2022 we made important strides as a company. We continued to welcome new members into our management team. We re-organized our marketing and sales team along sector and industry lines to enhance our market coverage. We strengthened our social media teams. And in terms of business models, we realized new synergies between our e-Commerce and TV businesses by combining the power of our traditional TV platforms with the reach of our digital assets to create a "full funnel marketing" solution. We are rolling out this solution to our advertising customers in 2023.

Now the pandemic is behind us, the outlook for 2023 is brighter. But we will not just wait for a recovery. Hence, earlier this year we also initiated a cost rationalization program. We are adjusting our content production schedules and methods in order to create TV shows more efficiently. Programmes that fall short of their expected impact and viewership will be discontinued. At the same time, we are also trimming staff costs and overheads. All in all, we look to save over HK$260 million in cash expenditures on an annualized basis.

One key benefit of cost savings is to free up resources for growth. For as Hong Kong and mainland China reopen to the world this year, there are many growth opportunities for TVB. Drama co-production and distribution deals with mainland video platforms, for example, look set to grow. In fact, on 22 March 2023 we signed a deal with Youku to supply it with co-production, simulcast and library dramas worth approximately RMB700 million over the next two years. And recently, our foray into livestream e-Commerce partnerships with mainland platforms has also yielded promising results. This year in mainland China, we will also grow our business in variety show co-productions, multi-channel networks and artiste management. In Hong Kong, we will further grow our digital presence through OTT, social media and e-Commerce. We will capture each opportunity in full.

In the post-pandemic era, the world of entertainment continues to change. The relentless march of internet content, together with the global smartphone revolution, means that the role of television is also evolving. But this also brings opportunity to TVB, if we play to our core strength in content creation to produce rich experiences for our global audience through new forms and formats. This is our task here at TVB in the coming years. After all, our mission remains clear: to bring the best Chinese-language entertainment to our audiences in Hong Kong and around the world.

Last, but not least, I thank our board and shareholders. Our directors worked tirelessly, whether through our board or its different committees, to ensure smooth and proper governance of the Company. Our shareholders continued to support us, with many reaching out to connect us with business opportunities. For all your support in the past year, you have TVB's gratitude.

Let's all work towards a better 2023!

Thomas Hui To
Executive Chairman

28 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Management Discussion and Analysis

Governance

Financials

HONG KONG TV BROADCASTING

For the year ended 31 December	2022 HK$ million	2021 HK$ million	Year-on-year change
Segment revenue	1,294	1,225	6%
Segment EBITDA	(514)	(604)*	15%

** comparative figure has been changed due to reclassification*

Hong Kong TV Broadcasting comprises our Hong Kong free-to-air terrestrial television business, together with related activities such as content production, broadcast operations, artiste management, and music entertainment and publishing. Segment revenue grew 6% from HK$1,225 million in 2021 to HK$1,294 million in 2022. The largest component of this is income from advertisers, which increased by HK$37 million from HK$1,141 million* to HK$1,178 million.

2022 was another challenging year for the advertising market in Hong Kong. Early in the year, the city was hit by an intense COVID-19 wave, with resultant containment measures dampening business activity. Though the government subsequently relaxed pandemic restrictions after the wave had peaked, and there was a period of festivity around the HKSAR's 25th anniversary celebrations in the middle of the year, the city's economy was lacklustre for the rest of the year.

Despite this, our income from advertisers grew 3% from HK$1,141 million to HK$1,178 million in 2022, aided by demand from pharmaceutical and healthcare companies which became our largest category of advertisers in 2022. Categories such as personal care, consumer finance, public sector and food & beverage were also major contributors.

In 2023, as Hong Kong exits the pandemic and reopens to the world, we anticipate that many sectors of the city's economy will see a welcome boost in demand. And as the city's businesses and companies increase their marketing and promotion activities to capture new opportunities, our TV channels — which enjoy the largest viewership by far in Hong Kong — are strongly positioned to benefit.

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 year, our digital terrestrial TV channels reached[1] 5.2 million in-home-viewers in Hong Kong every week on average, and in aggregate scored an average prime time rating of 24.1 TVRs[2] (2021: 24.0 TVRs), corresponding to a 77% audience share[3] of all TV channels in Hong Kong. We also maintained our substantial lead in the market with over 80% audience share[4] in both young audience group and high-income group viewership.

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, Sports & Information channel focuses on sports and investments-related programming. With landing rights to broadcast Jade and Pearl channels in Guangdong province, our service also reaches 126 million people there.

The average prime time ratings[2] of our five terrestrial TV channels are as follows:

Channel number	Channel name	2022 TVRs
81	Jade	18.2
82	J2	1.9
83	TVB News	2.3
84	Pearl	0.7
85	TVB Finance, Sports & Information	1.0

[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 Monday to Sunday 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). The average prime time ratings represent the viewership from Monday to Sunday 19:00-23:00 via in-home TV sets. Data source: CSM Media Research.

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

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

CONTENT CREATION

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.

In 2022, we produced 22,700 hours (2021: 22,958 hours) of content slate across all genres, including drama series, variety and infotainment, news and financial information, documentary, sports, and children's programmes. The corresponding programming costs of these content totalled to HK$1,457 million (2021: HK$1,498 million).

For TVB, 2022 was a year of special anniversaries. First and foremost, Hong Kong celebrated the 25th anniversary of its return to China in July. Meanwhile, 2022 was also TVB's 55th anniversary, as well as the 50th anniversary of the *Miss Hong Kong Pageant* which we host annually. Thus, our content slate was filled with special programmes throughout the year. In this regard, we continued to tell rich stories of Hong Kong to our audiences around the world.

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 TV screens.

During the year, we released five 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, *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. This series was praised for its gripping storyline and strong characterization. The third, *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 fourth, a TVB anniversary series *I've Got the Power* (超能使者) is a comedy about a group of street heroes using their supernatural powers to seek justice for the vulnerable. *Forensic Heroes V* (法證先鋒V), also an anniversary gala series, is the fifth season of TVB's popular police investigative series. Based on investigation of murder cases by forensic teams, this series featured a brand-new cast to brought fresh perspectives to audiences.

1. The Righteous Fists (鐵拳英雄)

2. Brutally Young 2.0（十八年後的終極告白2.0） | 3. Big White Duel 2（白色強人II）
4. Forensic Heroes V（法證先鋒V） | 5. I've Got the Power（超能使者）

1. Communion Series (回歸光影頌)
2. Communion（回歸） | 3. Get On A Flat（下流上車族）

To celebrate the HKSAR's 25th anniversary in July, we also produced a special collection of dramas under the *Communion* (回歸光影頌) umbrella title, telling the stories of individual Hong Kongers as they lived through the changes of the past 25 years. Created by our select team of producers, screenwriters and actors, it consisted 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. Released in July 2022, this special series narrated the hard work, determination and can-do spirit of our city's people, which resonated powerfully with audiences.

To mark the joyous occasion of TVB's 55th anniversary (傳承 • 狂歡55週年) in November, a rich portfolio of drama titles was chosen as part of the celebration. *Get On A Flat* (下流上車族), an all-family comedy, was praised for its pragmatic plot that laid bare the harsh reality of the city's high property prices and shortage of affordable housing. This series attained an average TV rating of 25.5 TVRs[5] which made it our top-rated title of the year. It also garnered positive online reviews and discussion during its telecast. *Get On A Flat* won the Best Drama, Best Actress, Best Actor in Supporting Role at the *TV Awards Presentation 2022* (萬千星輝頒獎典禮2022).

Another gala series, *The Beauty of War* (美麗戰場) was produced and scripted by award-winning film director Patrick Kong (葉念琛). This high-society series told the stories of five popular actresses, and their fierce rivalries as they emerged from beauty pageants, entered the entertainment industry, then later marrying into wealth. The two leading actresses received the recognition of Malaysia's Favorite TVB Actress and Best Actress in Supporting Role at the *TV Awards Presentation 2022*.

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.

4. The Beauty of War (美麗戰場)

Variety, Music and Infotainment Programmes

The HKSAR's 25th anniversary celebration was also a major theme in our non-drama production slate in 2022. To celebrate Hong Kong pop culture and music we co-produced a singing show series *Infinity and Beyond* (聲生不息) with Mango TV. This sumptuous production brought together many 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.

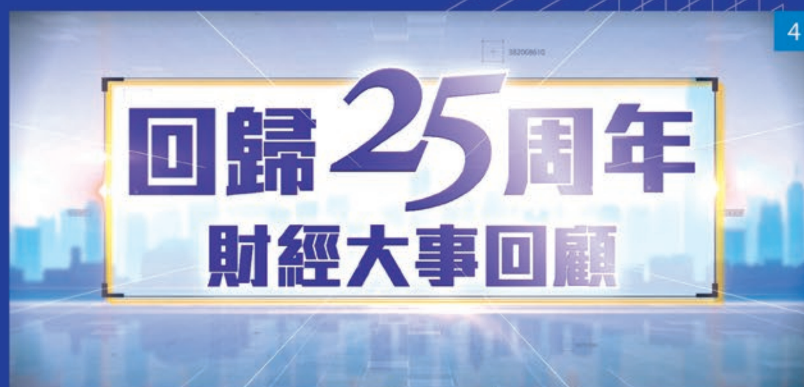
We also partnered with Zhejiang Television and Youku to co-produce an acting contest show *Memories Beyond Horizon* (無限超越班). In this show, new up-and-coming artistes were tasked with re-enacting scenes from classic films and TVB dramas under the mentorship of Hong Kong celebrity actors who had previously acted in them. The sight of these celebrities reuniting and reprising their roles for audiences brought back fond memories about TVB dramas.

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 TVRs, corresponding to 88% audience share[6] among all the channels that aired the same programme.

Other handover-themed programmes we produced and released during that time 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.

[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.

1. Memories Beyond Horizon (無限超越班) | 2. Infinity and Beyond (聲生不息)



3. Hong Kong 25 Best（香港25個第一） | 4. Financial Review of the Past Twenty-Five Years （回歸25周年財經大事回顧）
5. 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)

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1. Midlife, Sing & Shine (中年好聲音)
2. Big Big Old World II (尋人記II) | 3. Super Trio Returns (開心無敵獎門人)

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 attracted a wide spectrum of audiences and won the Best Male Host and Best Infotainment and Current Affairs Programme (最佳資訊及專題節目) at the *TV Awards Presentation 2022*. Another successful documentary *No Poverty Land* (無窮之路) also launched its second season. Following the critical acclaim from the last series on China' poverty alleviation efforts, *No Poverty Land II - A Treasure Trove* (無窮之路II 無價之保) production team climbed up mountains and dived into seas to record China's efforts to preserve the environment. The *No Poverty Land* series won 2022 "Touching Hong Kong" Award (慶祝香港回歸祖國25周年 - 2022感動香江團體) organized by Hong Kong Ta Kung Wen Wei Media Group and named "Impactful Work" (影響力作品) in the Weibo TV & Internet Video Summit 2022 (2022微博視界大會 • 微光盛典). Both *Big Big Old World II* and *A Treasure Trove* received high praise in mainland China, scoring 9.4 and 9.1 points respectively on influential media review forum, Douban.

Moreover, a rich line-up of programmes were created for TVB's 55th anniversary celebration. 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) made a return. And there was our iconic *Miss Hong Kong Pageant* which was its 50th year, which has turned so many contestants into stars and celebrities over the years. Our talent series *Stars Academy* (聲夢傳奇) to discover and groom young idols aired its second season followed by a shorter Malaysia version of the show. *Midlife, Sing & Shine!* (中年好聲音), a brand-new singing contest for middle age talents, who trained and performed in televised contest under the mentorship of veteran singers, touched the audience's heart with their voices and life stories. All these talent shows demonstrate our ability to develop hit programmes and stars that are marketable in many ways.

4. No Poverty Land II - A Treasure Trove (無窮之路II 無價之保) | 5. Stars Academy 2 (聲夢傳奇2)

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 3.9 million in-home viewers from a year ago while the daily reach also boosted 6% from 2.05 million to 2.17 million in-home viewers with average duration of daily time spent up 14% from 74 minutes to 84 minutes.

2022 was a busy year for TVB News, as we not only celebrated the 25th anniversary of Hong Kong's return to China, but also saw the election of a new Chief Executive and the appointment of a new government team for what is the sixth-term of the HKSAR government. TVB News was the first media outlet to report former Chief Secretary John Lee's running for the election, and we were on hand to cover the official visit of President Xi Jinping to Hong Kong for the inauguration ceremony of this new administration on 1 July, which was also our Handover Day. Then in November, we sent reporters to Thailand and Indonesia to cover the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting and Group of 20 (G20) Summit, which our national leadership attended.

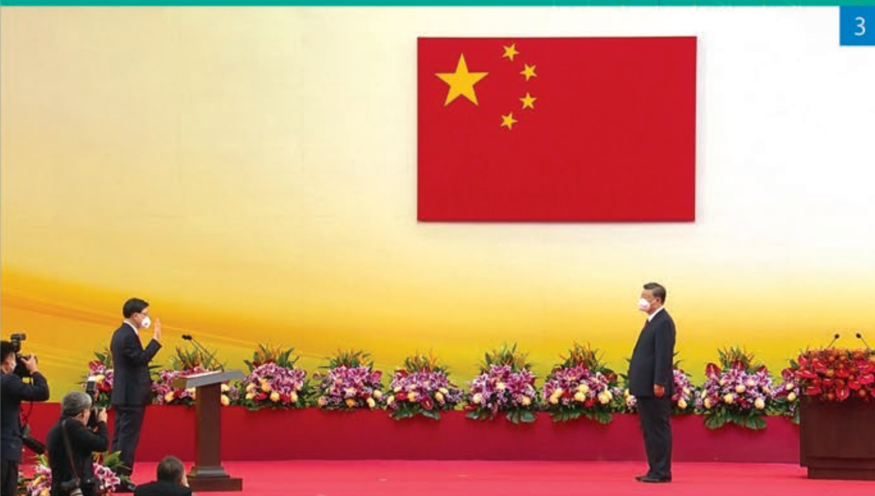
This past year has certainly seen its share of changes and developments, whether locally in Hong Kong, nationally across China, and on a global level. Political and socio-economic transitions; war and conflict; energy crises and climate change; these large themes continued to affect the world, often with a direct impact locally in Hong Kong. It remains our mission to provide timely and accurate reporting of the most impactful news and analysis to our viewers.

In terms of finance and GBA programme offerings, our Cantonese and Putonghua speaking viewers have plenty of choices to follow the Hong Kong stock market and latest GBA developments. *Wealth 360* (智富360), *Market Wrap Up* (收市大檢閱), *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), *HK Real Estate Guides* (樓市指南) share useful insights and expert analysis on the property and capital market. Moreover, a robust line-up of programmes including *Decoding the GBA* (大灣區解碼), *Life in the Greater Bay* (住在大灣區), *Into the Greater Bay Area* (走進大灣區) and *Greater Bay Area - Starting Line To A Bright Future* (青年灣區職Fun班) present different opportunities in pursuing education, career advancement, business start-up and retirement across the border.

Through our Pearl channel, which is broadcast into Guangdong province, we provide our GBA audiences during trading hours with real-time stock market information in Putonghua. We also broadened our audience reach in mainland China by disseminating more highlight reels via our (TVB明珠台財經) Douyin account, which now has a follower base of 2.5 million and our top news video clip received more than 11 million views. Anticipating a deeper financial market integration between Hong Kong and the GBA in the years to come, we are positioning ourselves to be the financial news and information provider of choice between Hong Kong and mainland China.

Extensive coverage of the *Olympic Winter Games Beijing 2022*, broadcast of live matches from *The FA Cup Final* (英格蘭足總盃決賽) and *Horse Racing Live* (賽馬直擊) from Hong Kong Jockey Club served sports fans well. In 2022, we have also set up a production team to work with the public sector, commercial organizations and NGOs on sponsored current affairs programmes.

1. Decoding the GBA (大灣區解碼) | 2. Life in the Greater Bay (住在大灣區)



3. Inaugural Ceremony of Sixth-term HKSAR Government（第六屆特區政府就職典禮） | 4. Fintalk（財經演義）
5. Finance at 10（十點無綫財經） | 6. Closer Look at Property（樓市點睇） | 7. TVB Raceday（TVB 賽馬日）

1-2. Chill. Hike. Camping（港女野人） | 3-4. Love At The First Scene（CP訓練營）

J2 channel and programmes

Earlier in 2022, we relaunched our J2 channel for younger viewers. 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. During the year, new reality show series like *Chill. Hike. Camping* (港女野人), *Boyscation* (仔仔一堂), *Love At The First Scene* (CP訓練營) and *Hidden Gems* (共融弦樂) brought some new perspectives to audiences and received good buzz on social media.

5. Hidden Gems (共融弦樂) | 6. Boyscation (仔仔一堂)

OTT STREAMING

For the year ended 31 December	2022 HK$ million	2021 HK$ million	Year-on-year change
Segment revenue	349	367	-5%
Segment EBITDA	66	37	78%

This segment comprises our myTV SUPER streaming service in Hong Kong. Operating on a combination of advertising and subscription, myTV SUPER generated revenue of HK$349 million in 2022, a decline of 5% from 2021 due to our discontinuation of certain premium sports channels. Growth in our top-tier myTV Gold subscriptions helped mitigate some of this decline, and with content cost savings from the discontinuation of the sports channels, EBITDA actually improved from HK$37 million to HK$66 million.

Our myTV SUPER is a leading streaming platform in Hong Kong. Available through set-top box, web portal, smart TV and mobile app interfaces, myTV SUPER has an ad-supported free-tier service that provides viewers access to a limited choice of content. Paid-tier subscribers enjoy a broader range of content including TVB's current and library programmes, plus regional and international content of different categories such as dramas, documentaries and sports. Our highest service tier is myTV Gold, which gives viewers our richest curation of content from TVB and around the world.

As at 31 December 2022, myTV SUPER had 10.4 million registered users and MAU of 2.5 million across our different interfaces (myTV SUPER 1.8 million; *Scoop+* 0.7 million). This includes 159,300 subscribers of our myTV Gold service (31 December 2021: 123,500) with monthly ARPU of HK$72.

To attract and retain paying subscribers, high impact content is key. Hence, we curate a rich choice of content for our subscribers. In 2022, this included top-rated dramas such as *Modern Dynasty* (家族榮耀), *Royal Feast* (尚食), *Immortal Samsara* (沉香如屑 • 沉香重華), *A Dream Of Splendor* (夢華錄), and *Love Between Fairy and Devil* (蒼蘭訣). In terms of sports offerings, in 2022 we streamed the *Olympic Winter Games Beijing 2022* and also broadcast live *FA Cup* matches. Our paid-tier viewers also enjoyed original myTV SUPER productions such as comedy *OPM* and talk show *Mindfulness Sleep* (夢中 • 情 • 人), and 4K productions such as *Dive Rules Deep Dive* (潛 • 規則) and travelogue *Bao in Guangzhou* (一條麻甩在廣州). We also offer an extended director's cut for popular game show *Super Trio Returns* (開心無敵獎門人) to amuse our subscribers.

Advertising revenue increased in 2022 as we made better use of digital targeting to help advertisers achieve higher returns on investment. With free-tier viewership still the largest segment on our platform, we also used content strategies to boost viewing and engagement. For example, riding on our popular and influential infotainment programme *Scoop* (東張西望) which airs daily on free TV, in 2022 we created *Scoop+* (東張+) as a content segment on myTV SUPER's free-tier service. We will continue to enhance monetization of our free-tier viewership by developing new solutions and tools for our advertising clients.

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1. Olympic Winter Games Beijing 2022 (2022北京冬季奧運會) | 2. Royal Feast (尚食)

3. Scoop+ (東張+) | 4. Dive Rules Deep Dive (潛・規則) | 5. Bao in Guangzhou (一條麻甩在廣州)
6. Modern Dynasty (家族榮耀) | 7. Mindfulness Sleep (夢中・情・人)

GMV	For the year ended 31 December 2022	For the year ended 31 December 2021	Year-on-year change
Gross Merchandise Value (GMV) on order intake	HK$934 million	HK$593 million on a proforma basis	58%

Monthly data	December 2022	December 2021	Year-on -year change
Monthly GMV on order intake	HK$66 million	HK$57 million	16%
Average daily orders	7,475	5,539	35%
Average order value	Home delivery HK$831 Self pick-up HK$137	Home delivery HK$800 Self pick-up HK$160	N/A
Monthly active customers (rounded to nearest thousand)	99,000	80,000	24%

1. Super Trio Returns（開心無敵獎門人） | 2. Taste of Home（香港尋情味）

E-COMMERCE BUSINESS

For the year ended 31 December	2022 HK$ million	2021 HK$ million	Year-on-year change
Segment revenue	863	238	263%
Segment EBITDA	(100)	(59)*	-69%

** comparative figure has been changed due to reclassification*

Our e-Commerce revenue in 2022 was HK$863 million, up 263% from last year's five-month period of HK$238 million. GMV on order intake rose 58% to HK$934 million from last year's proforma annualized GMV of HK$593 million.

During the year, online retail sales in Hong Kong were strong due to pandemic-driven changes in shopping habits. Online retail sales in Hong Kong grew by 20.8% in 2022, outperforming overall retail market which declined by 0.9%.

We took this opportunity to grow our market share by leveraging the high viewership of our popular TV shows 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 marketed high-demand products such as face masks, test kits and cleaning products in our infotainment programmes, such as *Scoop* (東張西望), which led to explosive sales of these products on our Ztore and Neigbuy platforms. We further expanded on this strategy by promoting products in partnership with brand owners and suppliers using TV ads, programmes and online livestream sessions. Our signature game show, *Super Trio Returns* (開心無敵獎門人) succeeded in driving high volume of traffic to our Neigbuy online livestream site, generating a GMV of over HK$3 million for each of our Halloween and Christmas episodes (嘩鬼無敵獎門人) (獎門人開心感謝祭). At our recent 3-day shopping event (獎門人Ladies First感謝祭) for International Women's Day, more than 42,000 sales orders were received from approximately 30,000 customers, contributing to a new GMV record of HK$8 million. Our strategy of using TV shows and artistes/KOLs continues to be effective in driving traffic and transactions on our e-Commerce platforms.

Recently, we started to expand our e-Commerce services into mainland China through cross-border live-streaming on different online platforms. We believe the TVB brand puts us in a unique position to sell high-value local and international branded products to our audiences in mainland China (see next section "Mainland China Operations").

3-4. Taste of Home（香港尋情味）

MAINLAND CHINA OPERATIONS

For the year ended 31 December	2022 HK$ million	2021 HK$ million	Year-on-year change
Segment revenue	698	666	5%
Segment EBITDA	160	189	-15%

In this segment, we earn revenue from major video platforms in mainland China (such as Youku, Migu and Tencent Video) through drama co-production, and licensing of our simulcast and library dramas and other contents. In addition, we operate our own direct-to-consumer digital media business under the Mai Dui Dui umbrella. This comprises a video streaming service, which offers a range of TVB and acquired contents to mainland Chinese viewers, and a multi-channel network (MCN) business built around social media accounts we operate for TVB and for our artistes on platforms such as Douyin, Kuaishou, Xiaohongshu, Sina Weibo and WeChat Channels.

During the year, segment revenue from our Mainland China Operations increased by HK$32 million or 5% from HK$666 million to HK$698 million, mainly due to higher revenue at Mai Dui Dui.

In 2022, as mainland China imposed a series of lockdowns to contain the spread of new COVID variants, the resultant economic uncertainty led to reduced appetites among the major platforms to sign new co-production deals. Instead, the platforms opted to continue releasing existing inventories while they waited for the market to improve. In that regard, 2022 saw the releases of our medical drama *Big White Duel 2* (白色強人II) and detective series *Forensic Heroes V* (法證先鋒V), which we co-produced with Youku and released concurrently in mainland China and other markets to highly positive reviews.

In terms of simulcast dramas, which are simultaneously aired in Hong Kong and the mainland, 2022 saw the premier of *Brutally Young 2.0* (十八年後的終極告白2.0) on Migu. Now into its second season, this mystery-thriller series has attracted 1.7 billion stream views. Meanwhile, two other new drama titles *The Righteous Fists* (鐵拳英雄) and *I've Got the Power* (超能使者) were simultaneously released on Youku. These titles demonstrate TVB's ability to create successful drama IPs that appeal to a broad audience and are monetizable over multiple seasons.

With mainland China's exit from the pandemic in 2023, we expect a pick-up in new co-production and simulcast activity this coming year. In fact, on 22 March 2023 we signed an agreement with Youku to supply it with co-production dramas, simulcast and library dramas worth approximately RMB700 million in aggregate, over the next two years.

1. The Righteous Fists (鐵拳英雄)

2. Big White Duel 2（白色強人II） | 3. Forensic Heroes V（法證先鋒V）
4. Brutally Young 2.0（十八年後的終極告白2.0）

淘宝直播

1-3. TVB Top Sales（TVB識貨）

In terms of our direct-to-consumer digital media business, our Mai Dui Dui content streaming service recorded 6.1 million MAU in December 2022, about a 10% growth compared to December 2021. This was partly due to our collaboration with smart TV manufacturers such as Huawei, TCL, Hisense, Skyworth and Xiaomi to install the Mai Dui Dui app in their TV sets.

On the MCN side, the social media accounts of TVB and our managed artistes and KOLs had over 112 million followers as at 31 December 2022 across major platforms such as Douyin, Kuaishou, Xiaohongshu, WeChat Channels and Sina Weibo. In 2022, we began monetizing this large base using our artistes to promote products and brands. As an example, we collaborated with leading Chinese online Q&A forum Zhihu to promote Volvo cars. Furthermore, we launched our livestream commerce sessions on Douyin to market and sell premium branded Hong Kong products under the trade name of *TVB Top Sales* (TVB識貨). We now operate three livestream accounts, namely TVB識貨(港式甄選), TVB識貨(美味甄選) and TVB識貨(香港嚴選), each of them offers 5-7 livestream sessions on Douyin every week.

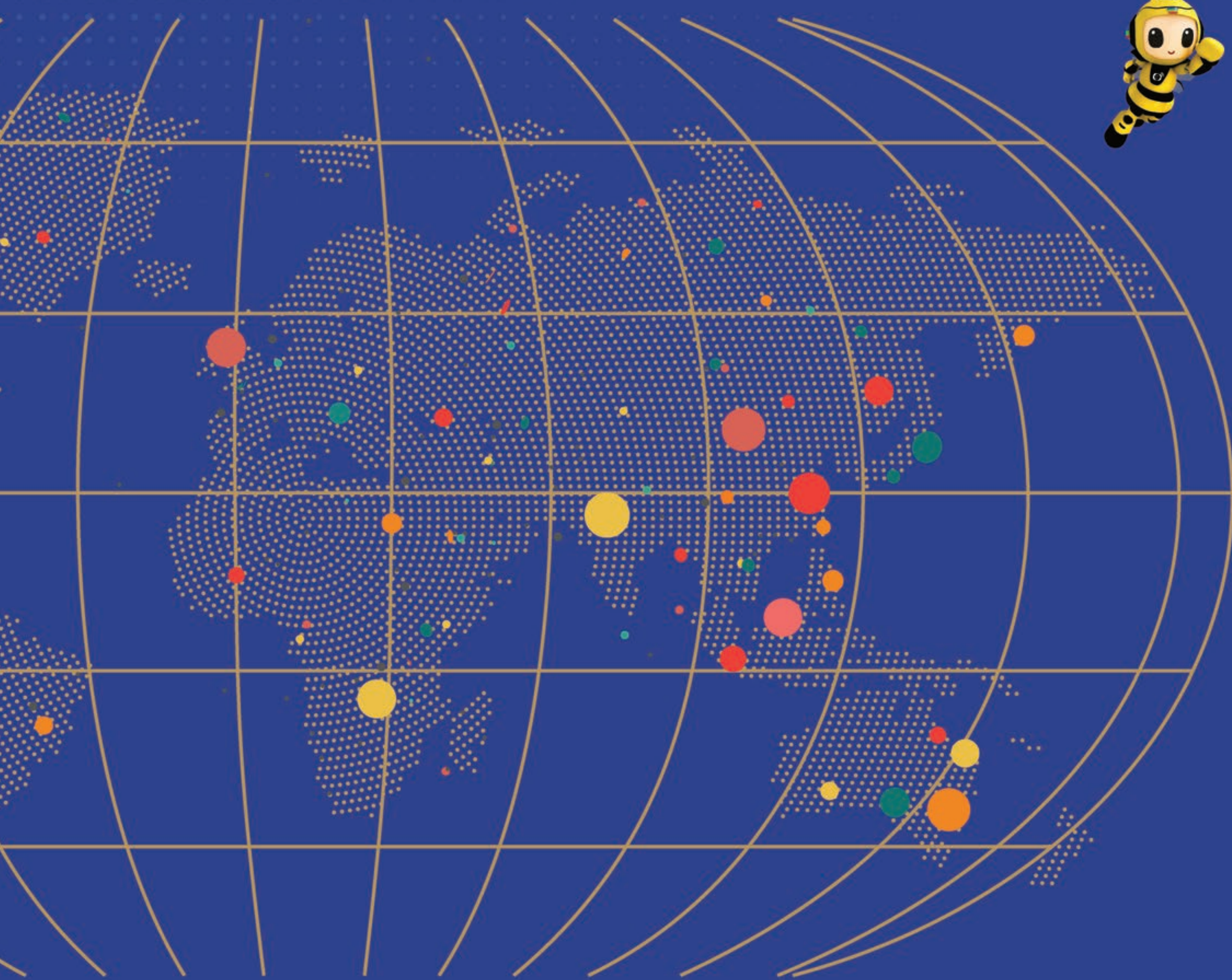
Early in 2023, we also entered into a partnership with mainland e-Commerce giant Taobao for our artistes to host regular livestream commerce broadcasts through our *TVB Top Sales* (TVB識貨) official account on the platform. On 7 March 2023, our first livestream session on Taobao attracted over 4.8 million views and achieved a GMV of RMB23.5 million. Then at the second livestream session on 30 March 2023, GMV further jumped to RMB73.2 million with over 6.9 million views. Given broad consumer acceptance in mainland China of livestream commerce as retail and entertainment activity, we will continue to leverage our artistes and production resources to grow this business further in the coming year.

4-5. TVB Top Sales（TVB識貨)

INTERNATIONAL OPERATIONS

For the year ended 31 December	2022 HK$ million	2021 HK$ million	Year-on-year change
Segment revenue	382	403	-5%
Segment EBITDA	50	123	-59%

Our International Operations comprise our international content licensing business, and our direct-to-consumer digital business serving viewers outside Hong Kong and mainland China. The latter includes our TVB Anywhere OTT service as well as our official registered accounts on third-party social media and video hosting platforms such as Facebook and YouTube.



Segment revenue softened by 5% from HK$403 million to HK$382 million, mainly due to continued downward pressure on our licensing income from Malaysia, Singapore and North America. Licensing income from Vietnam grew, while our international YouTube channels also contributed more revenue in 2022 compared to last year. This helped us keep EBITDA in 2022 stable with last year's HK$53 million, excluding a HK$70 million one-off tax refund in 2021 arising from our sale of an overseas property.

1. Stars Academy 2 Malaysia (聲夢傳奇2 馬來西亞) | 2. TVB Anywhere Mother's Day Sales Promotion (TVB Anywhere 母親節促銷活動)
3. Mid-Autumn Festival Celebration Event – Canada (中秋文化嘉年華 – 加拿大)
4. Miss Australia Chinese Grand Final 2022 (2022澳洲華裔小姐競選總決賽)

Our revenue from content licensing remains under long-term downward pressure, as the traditional TV operators (both free-to-air and pay TV) around the world who are our licensees grapple with the common challenges of competition from internet advertising and the growing abundance of content choices, whether free or paid. Meanwhile, our direct-to-consumer digital revenues, while growing, are not yet sufficient to offset the pressures on our much larger licensing income stream.

Going forward, we will work with selected licensee partners to enhance the local relevance of our content offerings. This includes adapting our proven IPs from Hong Kong to produce programmes for local audiences. We have already done this successfully in major markets such as Malaysia, where we have long-established partnerships with the nation's leading pay TV operator Astro, and its largest Chinese-language free-to-air channel 8TV operated by local media group Media Prima. In 2022, we produced a Malaysia edition of our youth singing contest *Stars Academy* (聲夢傳奇), which aired on our TVB Jade channel on the Astro platform. There was also *What's On City* (都市特搜), which is the Malaysian version of our popular daily infotainment show *Scoop* (東張西望). We will continue to seek such opportunities to leverage our IP assets in order to create compelling content for our audiences around the world.

5. Top Sales Malaysia（識貨-馬來西亞篇）

STRATEGIC INVESTMENTS

Imagine Tiger Television (ITT)

ITT is a 50/50 joint venture entity we set up in Los Angeles, USA with Imagine Holding Company LLC ("Imagine"), a US-based independent film and TV production group founded and led by Hollywood veterans Ron Howard and Brian Grazer. The purpose of ITT is to provide deficit financing for the production of television programmes for the US and the international markets. Originally, ITT's investments focused solely on scripted TV dramas. However, in 2022, ITT's scope was amended to include documentaries.

In 2022, ITT, in partnership with Imagine Documentaries and Sony Music Entertainment, invested in its first feature documentary film, based on the musician Carlos Santana. The documentary, directed by Emmy-winning filmmaker Rudy Valdez, is based on Santana's autobiography "The Universal Tone," and will tell the story of Santana's life and career. This documentary is slated for release sometime in 2023.

During the year, ITT made a US$35 million repayment towards the Promissory Note owed to TVB. We invested a US$20 million portion of this repayment into non-voting Class C shares of Imagine (see below).

ITT, in conjunction with Imagine, continues to explore opportunities to invest in television and documentaries projects.

Imagine

Imagine is a US-based independent content studio specializing in development and production of films, scripted and unscripted television, documentaries and other screen media. Imagine's beneficial owners include the Raine Group LLC.

On 21 December 2022, we invested US$20 million in 2,621,148 units of non-voting Class C shares in Imagine, which gave us a beneficial economic interest of under 5% in the company.

Shaw Brothers Holdings

TVB owns an 11.98% effective interest in Shaw Brothers Holdings (stock code: 0953), a production house that invests in film and TV drama production.

During the year, the season 3 of its action crime series, *Flying Tiger 3* (飛虎之壯志英雄) was aired on TVB's terrestrial TV and OTT platforms. *Mission Run* (廉政狙擊), an anti-corruption drama series co-produced with Youku also premiered in December 2022 and is showing on TVB's broadcast and OTT platforms.

In addition to dramas, in 2022 Shaw Brothers also produced variety programmes for streaming platforms in Hong Kong and overseas. These included *The Order of Boss* (女王的密令), *Drive U to the Hell 3* (鬼上你架車3) and *Gigi's Tasteful Kitchen Third Season* (Gi味俱全3) which were launched on our OTT platforms myTV SUPER and TVB Anywhere.

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1-2. The Order of Boss（女王的密令）

3. Mission Run（廉政狙擊） | 4. Gigi's Tasteful Kitchen Third Season（Gi味俱全3）
5-6. Drive U to the Hell 3（鬼上你架車3）

TVB ARTISTES

TVB ARTISTES

TVB ARTISTES

FINANCIAL REVIEW

OPERATING RESULTS

Revenue of the Group increased from HK$2,899 million to HK$3,586 million, an increase of HK$687 million or 24%, which was mainly driven by:

(a) expansion of e-Commerce revenue from HK$238 million to HK$863 million with the full year consolidation of the results of Ztore Investment Limited and its subsidiaries ("Ztore Group") which we acquired in late August 2021, representing an increase of HK$625 million;

(b) growth in revenue of Mainland China Operations by HK$32 million or 5%, from HK$666 million to HK$698 million;

(c) improvement in income from advertisers from the Hong Kong TV Broadcasting segment by HK$37 million or 3%, from HK$1,141 million to HK$1,178 million; offset by

(d) decrease in revenue from OTT Streaming and International Operations amounted to HK$39 million, from HK$770 million to HK$731 million.

Cost of sales increased from HK$2,177 million to HK$2,578 million, an increase of 18%. Included in cost of sales were the cost of programmes and film rights (both self-produced and acquired) which amounted to HK$1,457 million (2021: HK$1,498 million). In addition to content costs, our cost of sales in 2022 also includes Ztore Group's cost of goods sold of HK$657 million on a full year consolidated basis (2021: HK$143 million on a partial year basis from August 2021).

Selling, distribution and transmission costs increased from HK$640 million to HK$818 million, an increase of 28%. This increase was mainly related to the full year consolidation of Ztore Group's selling and distribution costs. Excluding the effect of the Ztore Group acquisition, our selling, distribution and transmission cost decreased by 5%.

General and administrative expenses increased from HK$890 million to HK$959 million, an increase of 8%. The increase was partly due to our consolidation of Ztore Group's general and administrative expenses on a full year basis. Excluding this effect, our general and administrative expenses increased by 5%.

Overall, total costs (comprising cost of sales, selling, distribution and transmission costs and general and administrative expenses) increased from HK$3,707 million to HK$4,356 million, or 18%, after acquisition of Ztore Group. Excluding the effect of the Ztore Group acquisition, our total cost decreased by 4%.

Other revenues increased from HK$14 million in 2021 to HK$52 million in 2022, mainly due to one-off pandemic wage subsidies from the Hong Kong government in 2022 of HK$37 million.

Other net losses of HK$51 million were recorded in 2022 due to unfavourable movements in the RMB/HKD exchange rate, whereas in 2021 the Group enjoyed net gains of HK$73 million due to a one-off refund of HK$70 million for capital gains tax from the disposal of our Taiwan properties.

Due to the above factors, the Group's negative EBITDA for the year increased to HK$338 million, from HK$314 million in 2021.

SEGMENT RESULTS

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

Segment revenue from Hong Kong TV Broadcasting increased from HK$1,225 million to HK$1,294 million, a growth of HK$69 million or 6%. Income from advertisers grew by HK$37 million or 3% from HK$1,141 million to HK$1,178 million, while income from digital media, music and other activities grew by HK$32 million to HK$116 million. With the increase in income from advertisers and decrease in content cost, this segment reported an improvement in negative EBITDA from HK$604 million in 2021 to HK$514 million in 2022.

Segment revenue from OTT Streaming decreased by HK$18 million or 5%, from HK$367 million to HK$349 million. The decrease was mainly due to our discontinuation in 2022 of certain premium sports channels, which led to a one-off loss of subscribers. However, due to the resultant savings in content cost and also continued growth in subscribers of our myTV Gold premium service, segment EBITDA jumped 78% to HK$66 million.

Segment revenue from e-Commerce increased from HK$238 million to HK$863 million after our acquisition of Ztore Group in late August 2021. However, due to this full-year consolidation effect, this segment also reported a larger negative EBITDA of HK$100 million (2021: a negative EBITDA of HK$59 million) due to Ztore Group continuing to operate at a loss during the year.

Segment revenue from Mainland China Operations increased from HK$666 million to HK$698 million, mainly driven by higher revenue from digital media businesses including Mai Dui Dui, which helped overcome weakness in our drama co-production business in the second half of the year, when widespread pandemic restrictions in mainland China resulted in slower buying activity by our platform partners. Overall, this segment recorded an EBITDA of HK$160 million during the year, representing a decrease of HK$29 million or 15% from HK$189 million.

Segment revenue from International Operations decreased from HK$403 million to HK$382 million, mainly due to lower licensing fees from Malaysia and North America, partially offset by higher income from Vietnam and social media. Overall, this segment recorded a drop in EBITDA of HK$73 million from HK$123 million in 2021 to HK$50 million in 2022, mainly because in 2021 we received a one-off refund of HK$70 million for capital gains tax on the disposal of our Taiwan properties.

LOSS ATTRIBUTABLE TO EQUITY HOLDERS

The Group's loss attributable to equity holders of the Company for the year totalled HK$807 million, an increase of HK$160 million or 25% from HK$647 million in 2021, which was mainly attributable to an impairment loss on receivables from a joint venture of HK$212 million.

LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK$807 million (2021: HK$647 million) and 438,000,000 shares in issue throughout the years ended 31 December 2022 and 2021, giving a basic and diluted loss per share of HK$1.84 respectively (2021: loss per share of HK$1.48).

INTEREST INCOME

Interest income totalled HK$125 million for the year (2021: HK$153 million), which comprised interest income from the Company's investment portfolio and fixed bank deposits as well as interest income from the promissory note instrument through which we hold our investment in Imagine Tiger Television LLC ("ITT") which amounted to HK$113 million for the year (2021: HK$100 million).

FINANCE COSTS

Finance costs mainly comprised interest expense on our US$250 million term loan with Shanghai Commercial Bank which we drew down in July 2020. Finance costs decreased from HK$106 million to HK$81 million, mainly due to a reduction in our average outstanding debt following the maturity and repayment of our US$500 million 3.625% notes in October 2021.

IMPAIRMENT LOSS ON RECEIVABLES FROM A JOINT VENTURE

Due to changes in the US market for scripted TV drama series, which has been increasingly dominated by the content buying activity of streaming platforms in recent years, we believe there are fewer immediate opportunities for ITT, our joint venture with Imagine, to invest in the type of independent deficit-financing productions it was originally set up to pursue.

As such, on 22 December 2022, we restructured our investment in ITT by securing a US$35 million repayment on our promissory note, a US$20 million portion of which we then re-invested in a minority stake in Imagine. According to the terms of the restructuring, the Group is expected to receive another US$5 million cash repayment on our promissory note from ITT in 2023.

On 29 December 2022, the Group also entered into an agreement with CMC, Inc. ("CMC"), whereby CMC agreed to purchase 10% of our interests in the ITT promissory note and the share capital in ITT, at a consideration of US$10 million. The Group has already received US$10 million in cash as pre-payment for this transaction, which is expected to complete by mid-2023.

As for ITT itself, given its reduced potential in the near term, the Group made a HK$212 million non-cash impairment provision on the promissory note instrument that we continue to hold. Including the HK$113 million in interest income recognised from ITT during the year as disclosed under "INTEREST INCOME" above, the net impact to the Group's profit and loss arising from our investment in ITT was a loss of HK$99 million for the year (2021: income of HK$100 million).

INCOME TAX

The Group recorded an income tax credit of HK$76 million (2021: HK$102 million) mainly due to recognition of deferred income tax assets arising from the tax losses of the Hong Kong TV Broadcasting segment during the year. Whilst TVB's main business in Hong Kong is subject to a profits tax rate at 16.5%, the Group's major overseas subsidiaries have effective tax rates varying from 0% to 30%. The Group's overall effective tax rate for the year was 7.9% (2021: 13.3%).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the total equity of the Group was HK$3,604 million (31 December 2021: HK$4,593 million). There has been no change in the share capital of the Company, with 438,000,000 ordinary shares in issue.

As at 31 December 2022, the Group had unrestricted bank and cash balances of HK$1,020 million (31 December 2021: HK$1,177 million). About 58% of the unrestricted bank and cash balances (approximately HK$590 million) were maintained in overseas subsidiaries for their daily operations. Unrestricted bank and cash balances held by the Group were denominated mainly in Hong Kong dollars, Renminbi and US dollars.

At 31 December 2022, the Group's net current assets amounted to HK$2,298 million (31 December 2021: HK$1,243 million), mainly due to the extension to July 2025 of a US$200 million portion of our US$250 million loan facility with Shanghai Commercial Bank, obtained in August 2022, which had been reflected as a current liability on our balance sheet on 31 December 2021. The current ratio, expressed as the ratio of current assets to current liabilities, was 2.3 at 31 December 2022 (31 December 2021: 1.4).

Borrowings at 31 December 2022 totalled HK$2,176 million (31 December 2021: HK$2,009 million) which comprised bank loans of HK$1,951 million being our fully drawn US$250 million loan facility with Shanghai Commercial Bank, bank overdrafts of HK$199 million and other borrowings of HK$26 million. At 31 December 2022, the Group's gearing ratio, expressed as a ratio of net debt to total equity, was 34.4% (31 December 2021: 19.2%).

BOND PORTFOLIO

As at 31 December 2022, the Company's remaining portfolio of fixed income securities, net of expected credit losses amounted to HK$30 million (31 December 2021: HK$234 million), which were classified under "Bond securities at amortised cost". Issuers of these securities include listed or unlisted companies in Hong Kong and overseas. Around 75% of bond securities were disposed of during the year, which resulted in a gain of HK$0.1 million (2021: loss of HK$3 million).

As at 31 December 2022, the investment portfolio consisted of fixed income securities of four (31 December 2021: eight) separate issuers, of which the bonds issued by Master Glory Group Limited and SMI Holding Group Limited had been fully impaired in prior years. The interest income recognised during the year from the bond securities at amortised cost amounted to HK$4.3 million (2021: HK$14 million).

In the process of winding down the bond portfolio, a further non-cash impairment losses of HK$29 million (2021: HK$77 million) were recognised for the remaining 2 legacy bonds during the year. These additional impairment losses were made after considering the gradual increase in credit risk of the bond portfolio under the COVID-19 environment and the latest development of certain credit-impaired bond securities.

CAPITAL COMMITMENTS

At 31 December 2022, the Group had capital commitments totalling HK$78 million (2021: HK$101 million), mainly for the enhancement or replacement of transmission and production related equipments.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

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

HUMAN RESOURCES

At the year end, the Group employed a total of 3,854 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 TVB e-Commerce Group Limited (formerly known as Big Big e-Commerce Group Limited).

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

GOVERNANCE

DIRECTORS

Thomas HUI To

Dr. William LO Wing Yan JP

LI Ruigang

Anthony LEE Hsien Pin

Kenneth HSU Kin

Dr. Allan ZEMAN GBM, GBS, JP

Felix FONG Wo BBS, JP

Belinda WONG Ching Ying

DIRECTORS

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

Board appointment Mr. Hui, aged 50, was appointed as the Executive Chairman of the Board on 10 March 2023. Mr. Hui was first appointed as a Non-executive Director of the Company on 23 April 2015, re-designated as an Executive Director of the Company on 21 March 2018 and further re-designated as a Non-executive Director of the Company and appointed as the Chairman of the Board on 29 April 2020. In addition, he holds directorship in a subsidiary of the Company.

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

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

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

Board appointment Mr. Li, aged 53, was appointed as a Non-executive Director of the Company and the Vice Chairman of the Board on 17 October 2016. He ceased to be the Vice Chairman on 29 April 2020. In addition, Mr. Li holds directorship in a subsidiary of the Company.

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

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

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

Board appointment Mr. Lee, aged 65, was appointed as a Non-executive Director of the Company on 3 February 2012. Mr. Lee was an Alternate Director to the late Mrs. Christina Lee Look Ngan Kwan, his mother, a former Non-executive Director of the Company, between 3 September 2002 and 3 February 2012.

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

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

Kenneth HSU Kin
Non-executive Director
Member of Risk Committee

Board appointment Mr. Hsu, aged 74, was appointed as a Non-executive Director of the Company on 2 December 2020.

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

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

DIRECTORS

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

Board appointment Dr. Lo, aged 62, was appointed as an Independent Non-executive Director of the Company on 11 February 2015.

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

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

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

Board appointment Dr. Zeman, aged 74, was appointed as an Independent Non-executive Director of the Company on 1 April 2015.

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

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

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

Board appointment Mr. Fong, aged 72, was appointed as an Independent Non-executive Director of the Company on 3 December 2019.

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

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

Board appointment Ms. Wong, aged 52, was appointed as an Independent Non-executive Director of the Company on 3 December 2019.

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

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

SENIOR MANAGEMENT

Eric TSANG Chi Wai

SIU Sai Wo

Desmond CHAN Shu Hung

Rex CHING Chit

Ian LEE Hock Lye

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

Competencies and experience Mr. Tsang, aged 69, was appointed as General Manager (Content Operations) on 27 September 2021. He rejoined TVB on 21 January 2021 as Deputy General Manager (Non-Drama, Music Production & Programme). He also holds directorships in a number of the subsidiaries of the Company. He has overall responsibilities of TVB's key content operations, including the creation of various types of content (non-drama, co-produced drama, music) and the acquisition and curation of programmes. Mr. Tsang is a veteran actor and producer in Hong Kong's film and television industry with an extensive network of contacts and has established wide influence in the entertainment industry in the region. Mr. Tsang has committed to groom young talents, has considerable caring for performing arts, charities and the communities, and often organises large-scale fund-raising activities for benefit of the disadvantaged groups.

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

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

Competencies and experience Mr. Siu, aged 60, was appointed as General Manager (Business Operations) on 4 October 2021. He is responsible for overseeing marketing and sales operations across TVB's various platforms as well as directing all internal and external corporate communication activities and formulating the Group's overall brand strategy. He also holds directorships in a number of the subsidiaries of the Company. Prior to joining TVB, Mr. Siu was an executive director and the chief executive officer of Sing Tao News Corporation Limited. He held various senior positions at a number of leading Chinese newspaper companies in Hong Kong and has worked in the print media industry over 35 years. Mr. Siu is currently a member of the Expert Panel on Public Relations Strategy for Lantau Development and Conservation and a member of the Steering Committee on Promotion of Volunteer Service under the Social Welfare Department of The Government of the HKSAR. He obtained a Bachelor of Journalism and Communication Degree from The Chinese University of Hong Kong in 1985.

SENIOR MANAGEMENT

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

Competencies and experience Mr. Chan, aged 55, was appointed as Deputy General Manager (Legal and International Operations) in July 2016. He has doubled as the Acting Company Secretary since July 2022. He joined TVB as General Counsel in May 2010 and was appointed as Assistant General Manager in December 2012. He is responsible for international operations and legal and regulatory matters of the Company. Mr. Chan is also the General Manager of TVBI Company Limited and holds directorships in a number of the subsidiaries of the Company. Mr. Chan has had extensive experience in television and telecommunications industries. He worked at Asia Television Limited from 1994 to 1999, and i-Cable Communications Limited from 1999 to 2010. Mr. Chan received Master of Laws degrees from City University of Hong Kong, Renmin University of China and University of Strathclyde of United Kingdom respectively. He is a solicitor of HKSAR (not currently in private practice).

Rex CHING Chit
Group Chief Technology Officer

Competencies and experience Mr. Ching, aged 47, was appointed as Group Chief Technology Officer in September 2021 to lead the development and dissemination of technology across all business groups within TVB. He was also appointed as President of MyTV Super Group in January 2022 for overseeing the business, operations and technology development. Mr. Ching also holds directorships in certain subsidiaries of the Company. He joined TVB as Head of Technical Engineering in October 2014. Before joining TVB, Mr. Ching worked in PCCW Solution to lead the IT development for nowTV. He has 24 years of extensive experience in OTT, IT and Telecommunication industries. Mr. Ching holds a Bachelor of Electrical and Electronics Engineering and Master of Economics from The University of Hong Kong. He is also the Corporate Member of The Hong Kong Institution of Engineers.

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

Competencies and experience Mr. Lee, aged 50, joined TVB in December 2021 as Head of Corporate Development and was appointed as the Acting Chief Financial Officer in July 2022. He holds directorships in a number of the subsidiaries of the Company. Mr. Lee holds a Bachelor's degree in Engineering from King's College London. His career prior to TVB includes senior positions in Goldman Sachs, where he was an executive director of investment banking; and in PSA International, where he served as CFO of the Northeast Asia region, then as head of group strategy.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

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

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

RESULTS, APPROPRIATIONS AND DISTRIBUTABLE RESERVES

The results of the Group for the year are set out in the consolidated income statement on page 120.

Distributable reserves of the Company amounted to HK$2,301,300,000 at 31 December 2022 (2021: HK$2,678,557,000).

DIVIDEND

The Board of Directors did not recommend the payment of a dividend for the year ended 31 December 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 3 May 2023 to Wednesday, 31 May 2023, both dates inclusive, ("Book Close Period") for the purpose of determining shareholders' entitlement to attend and vote at the annual general meeting of the Company to be held on Wednesday, 31 May 2023 ("2023 AGM"). During the Book Close Period, no transfer of shares will be registered. The Register of Members of the Company will be re-opened on Thursday, 1 June 2023.

In order to be entitled to attend and vote at the 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 2 May 2023.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$500,000.

SHARE ISSUED IN THE YEAR

The Company has not issued any shares in the year. Details of the share capital information of the Company are set out in Note 19 to the consolidated financial statements.

FIVE-YEAR FINANCIAL REVIEW

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 112.

BUSINESS REVIEW

A detailed review on business performance of the Group for the year ended 31 December 2022 and future prospects of the Group are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis". Further discussion and analysis as required under Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group can be found in the section headed "Corporate Governance Report". The discussion on environmental policies and performance, compliance with relevant laws and regulations, and relationships with the stakeholders are provided in the "2022 Environmental, Social and Governance Report" which is available on the Company's website at https://corporate.tvb.com. These discussions form part of this Directors' Report.

DIRECTORS' REPORT

DIVIDEND POLICY

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

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

DIRECTORS

The Directors of the Company during 2022 were, and at the date of this Annual Report are, as follows:

Executive Chairman

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

Non-executive Directors

Li Ruigang
Anthony Lee Hsien Pin
Kenneth Hsu Kin

Independent Non-executive Directors

William Lo Wing Yan
Allan Zeman
Felix Fong Wo
Belinda Wong Ching Ying

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

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

None of the Directors of the Company was subject to retirement for re-election at the Company's annual general meeting held on 25 May 2022.

Details of Directors who are subject to retirement for re-election at the 2023 AGM, are set out in a circular which will be sent to the shareholders of the Company together with the notice of the 2023 AGM.

DIRECTORS OF THE SUBSIDIARIES

A list of names of all the directors who have served on the boards of Company's subsidiaries during 2022 and up to the date of this report is available on the Company's website at https://corporate.tvb.com.

DIRECTORS' SERVICES CONTRACTS

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

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of Directors and members of Senior Management are set out on pages 62 to 70 of this Annual Report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Interests of Directors in companies which are considered to compete or likely to compete, either directly or indirectly with the principal business of the Group, are required to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of the Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). As at 31 December 2022, these competing businesses are set out below.

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' INTERESTS IN SHARES

At 31 December 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 for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules are set out below:

Long Positions in the Shares of the Company

	Number of ordinary shares held					Percentage
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total interests	of issued shares[(a)]
Kenneth Hsu Kin	–	–	96,817,527[#(b)]	–	96,817,527	22.10%
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 below under the sub-heading "Share Option Scheme".

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

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

Notes:

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

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

Save for the information disclosed above, at 31 December 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 its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 31 December 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[(g)]	9.17%
Silchester International Investors International Value Equity Trust	31,540,400[(f)]	7.20%

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.

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

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

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

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

(g) The interests were held in the capacity of investment manager.

Save for the information disclosed above, at 31 December 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 SCHEME

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

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

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

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

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

As at 1 January 2022, there were 34,550,000 options available for grant under the Option Scheme. During the year, a total of 17,700,000 options were granted under the Option Scheme, of which 600,000 options were lapsed upon resignation of an employee. As at 31 December 2022, there were 17,450,000 options available for grant under the Option Scheme.

As at 31 December 2022, options exercisable into a total of 26,350,000 shares of the Company (including fully-vested options exercisable into 9,250,000 shares of the Company) remained outstanding. The number of shares that may be issued in respect of the options granted under the Option Scheme during the financial year ended 31 December 2022 divided by the weighted average number of ordinary shares of the Company in issue for the year was approximately 6%.

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

Details of movement in the options during 2022 are set out below:

		Number of options held								
Name of grantee	Date of grant	Outstanding at 1 January 2022	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2022	Exercise price per share	Closing price of the Company's shares immediately before the date of grant	Exercise period
Director										
Thomas Hui To[c]	22 March 2018	2,000,000	–	–	–	–	2,000,000	HK$25.84	HK$25.90	Note[a]
	25 May 2022	–	4,000,000	–	–	–	4,000,000	HK$4.65	HK$4.50	Note[b]
Employees (In aggregate)	22 March 2018	7,250,000	–	–	–	–	7,250,000	HK$25.84	HK$25.90	Note[a]
	25 May 2022	–	13,700,000	–	–	600,000	13,100,000	HK$4.65	HK$4.50	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 to 22 March 2023 (both dates inclusive). The vesting periods of the 2018 Options are set out below:

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

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

- (i) 25% of the 2022 Options shall be exercisable from 25 May 2023 to 24 May 2032 (both dates inclusive);
- (ii) 25% of the 2022 Options shall be exercisable from 25 May 2024 to 24 May 2032 (both dates inclusive);
- (iii) 25% of the 2022 Options shall be exercisable from 25 May 2025 to 24 May 2032 (both dates inclusive); and
- (iv) 25% of the 2022 Options shall be exercisable from 25 May 2026 to 24 May 2032 (both dates inclusive).

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

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

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

For the 2018 Options

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

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

For the 2022 Options

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

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

Save as disclosed above, no options were granted, exercised, cancelled or lapsed in accordance with the terms of the Option Scheme during 2022. Further details of the Option Scheme is set out in Note 30 to the consolidated financial statements.

Save as the information disclosed above in relation to the Option Scheme, at no time during 2022 or at the year-end date was the Company, its parent company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS'/SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

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

Continuing Connected Transactions

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

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

   (a) On 28 February 2020, TVBI and TVBC entered into the 2020 Licensing Agreement, pursuant to which TVBI agreed to supply during the period from 1 April 2020 to 31 March 2023 TVBC with the licensed programmes as selected by TVBC and grant an exclusive licence to TVBC, among other things, (i) to broadcast and exhibit those selected licensed programmes on wireless TV, cable TV and satellite TV as well as all

Overview Management Discussion and Analysis Governance Financials new media platforms, and (ii) to produce, distribute and sell the sound and video recordings of the licensed programmes (such as VCDs, DVDs and other storage media), within the PRC. The fee received by TVBI during 2022 was HK$203,040,810.

(b) On 28 February 2020, TVBI and TVBC entered into the 2020 Supply Agreement, pursuant to which TVBI agreed to supply during the period from 1 April 2020 to 31 March 2023 TVBC with the TV broadcasting and marketing materials relating to the licensed programmes as selected by TVBC under the 2020 Licensing Agreement. The fee received by TVBI during 2022 was HK$19,531,890.

2. Continuing connected transactions with Mr. Mark Lee Po On ("Mr. Lee"), announced on 26 May 2021

As announced on 26 May 2021, the Company entered into a consultancy agreement ("Consultancy Agreement") with Mr. Lee, pursuant to which Mr. Lee agreed to provide strategic advice and industry expertise to the Company and ensure that there was orderly and smooth transitioning of his duties (including but not limited to those under his employment contract) for a 12-month term from 15 June 2021 to 14 June 2022 (inclusive). Mr. Lee was the Vice Chairman, Group Chief Executive Officer and Executive Director of the Company until his departure from the Company effective from 27 May 2021 and was therefore a connected person of the Company. Accordingly, the transactions under the Consultancy Agreement constituted continuing connected transactions for the Company which are subject to reporting, announcement and annual review requirements under the Listing Rules.

The services fee paid by the Company to Mr. Lee pursuant to the Consultancy Agreement during 2022 was HK$3,813,960.

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

(a) On 26 April 2022, the Company entered into an artistes' services framework agreement ("Artistes' Services Framework Agreement") with CMC Studios in relation to the provision of artistes' services by the Company to CMC Studios and its associated companies to perform in the TV dramas produced by CMC Studios and/or its associated company(ies) for a period of 12 months commencing on 26 April 2022 to 25 April 2023 (both days inclusive). The performance fee for each artiste payable shall be determined with reference to the experience of the artiste, the shooting period and location of the drama, and the performance fee that the artiste would receive in similar types of dramas subject to a maximum total artistes' performance fee of RMB7,000,000 (equivalent to approximately HK$8,470,000) from 26 April 2022 to 31 December 2022.

The performance fee received by the Company from CMC Studios and/or its associated company(ies) pursuant to the Artistes' Services Framework Agreement during 2022 was RMB3,000,000 (equivalent to approximately HK$3,630,000).

(b) On 26 April 2022, the Company entered into a distribution rights framework agreement ("Distribution Rights Framework Agreement") with CMC Studios in relation to the purchase by the Group of the right(s) to distribute the TV drama(s) produced by CMC Studios and/or its associated companies in Hong Kong ("Distribution Right") for a period of 12 months commencing on 26 April 2022 to 25 April 2023 (both days inclusive). The purchase price for the Distribution Right of a TV drama payable shall be determined with reference to the number of episodes and the duration of each episode of the TV drama, the actors and performers in the TV drama, the quality of the TV drama as well as the prevailing market practices and other relevant factors subject to a maximum total purchase price of RMB4,000,000 (equivalent to approximately HK$4,840,000) from 26 April 2022 to 31 December 2022.

The purchase price paid by the Group to CMC Studios and/or its associated companies pursuant to the Distribution Rights Framework Agreement during 2022 was nil.

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

All of the Independent Non-executive Directors of the Company having reviewed the continuing connected transactions described in paragraphs 1 to 3 above confirmed the transactions were:

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

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

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 79 to 81 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Connected Transactions

4. Connected transaction with TVBC and CMC Studios, announced on 26 April 2022

(a) On 26 April 2022, TVBC, a connected subsidiary of the Company at the material time, entered into a co-production investment agreement ("Co-Production Investment Agreement") with CMC Studios in relation to the production of the TV drama series (The Assassin) by CMC Studios, pursuant to which TVBC had agreed to invest in RMB15,738,000 (equivalent to approximately HK$19,042,980) in return for a fixed share of broadcasting and distribution income of RMB16,997,000 (equivalent to approximately HK$20,566,370).

As at the date of entering of the Co-Production Investment Agreement, CMC Studios was indirectly wholly-owned by CMC and Mr. Li Ruigang, a Non-executive Director, was the ultimate controlling shareholder of CMC Studios and CMC. Accordingly, CMC Studios is a connected person of the Company, and the entering into of the Co-Production Investment Agreement constituted a connected transaction for the Company which is subject to reporting and announcement requirements under the Listing Rules.

(b) On 26 April 2022, the Company entered into a back-to-back agreement ("Back-to-Back Agreement") with TVBC in relation to the investment in the production of the TV drama series (The Assassin) by CMC Studios, pursuant to which TVBC had upon the Company's request entered into the Co-Production Investment Agreement with CMC Studios and shall, after deducting its investment amount paid to CMC Studios for the TV drama series (The Assassin), distribute half of the profit derived therefrom to the Company. In the event the broadcasting and distribution income received by TVBC under the Co-Production Investment Agreement is less than its investment amount paid to CMC Studios thereby causing TVBC to incur a loss, provided that TVBC is not in default of the Co-Production Investment Agreement, TVBC shall be entitled to claim against the Company for compensation of such loss in an amount up to RMB15,738,000 (equivalent to approximately HK$19,042,980).

As at the date of entering of the Back-to-Back Agreement, TVBC was owned as to 70% by the Company and hence a non-wholly owned subsidiary of the Company, and Mr. Li Ruigang, a Non-executive Director, could control more than 10% of the voting shares in TVBC. Accordingly, TVBC was a connected subsidiary of the Company and the entering into of the Back-to-Back Agreement constituted a connected transaction for the Company which is subject to reporting and announcement requirements under the Listing Rules.

5. Connected transaction with CMC Inc., announced on 22 December 2022

Referenced is made to the Company's announcement dated 26 July 2017 in relation to, inter alia, the issuance of the unsecured promissory note ("Promissory Note") in the aggregate principal amount of US$74.4 million bearing an interest rate of 12% per annum payable annually issued by Imagine Tiger Television, LLC ("ITT") to TVB Venture Investment, LLC, ("TVB Venture"), an indirect wholly-owned subsidiary of the Company, and the subscription of 100 class A units of US$25,591,000 in ITT by TVB Venture ("ITT Class A Units").

On 29 December 2022, the Company entered into a disposal agreement ("Disposal Agreement") with CMC Inc., pursuant to which CMC Inc. agreed to purchase, and the Company agreed to procure TVB Venture to sell, 10% of TVB Venture's interest in ITT, being (i) 10% of Promissory Note in the principal amount together with the accrued but unpaid interest of approximately US$10.0 million ("Sale Note"); and (ii) 10 ITT Class A Units, representing approximately 5% of the entire issued share capital in ITT. The consideration for the disposal of the Sale Note and 10 ITT Class A Units ("Disposal") was approximately US$10 million. The Disposal allowed the Group to realise the Sale Note prior to its maturity date and reduce part of its current investment exposure to ITT. Mr. Li Ruigang, a Non-executive Director, controlled CMC Inc. Accordingly, CMC Inc. is a connected person of the Company, and the entering into the Disposal Agreement constituted a connected transaction for the Company which is subject to reporting and announcement requirements under the Listing Rules.

Save as the information disclosed above, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or a substantial shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the year-end or at any time during 2022.

PERMITTED INDEMNITY

Subject to the applicable laws, the Directors of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, liabilities, losses, damages and expenses which they or any of them shall or may incur or sustain in the execution of their duties or in relation thereto pursuant to the Articles. Such provisions were in force during the financial year ended 31 December 2022 and remained in force as of the date of this report. The Company has also arranged directors' liability insurance, to insure against any losses and liabilities incurred by Directors of the Company in their capacity as such.

MANAGEMENT CONTRACTS

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

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under Note 40 to the consolidated financial statements. Certain of these related party transactions also constituted a connected transaction and a continuing connected transaction as defined under the Listing Rules, the Company has complied with the relevant disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of Directors for the year are set out in Note 28 to the consolidated financial statements.

DISCLOSURES PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

SMI Holdings Group Limited

As at 31 December 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 12(b) and 13(b) to the consolidated financial statements. As at 31 December 2022, the outstanding principal of the above advances remained as US$106,000,000.

Imagine Tiger Television LLC

As at 31 December 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. In December 2022, ITT completed a repayment of promissory note to the Group in the amount of US$35,000,000 which had the effect of reducing the outstanding principal amount, and accrued and unpaid interest, thereon, of the ITT debt obligation owing to the Group. The principal amount of the promissory note was restated at US$99,691,643 subsequent to the repayment of US$35,000,000.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of the Company's affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31 December 2022 are presented as follows:

	Combined statement of financial position HK$'000	The Group's attributable interest HK$'000
Non-current assets	–	–
Current assets	290,867	287,738
Current liabilities	(96,779)	(76,975)
Net current assets	194,088	210,763
Total assets less current liabilities	194,088	210,763
Non-current liabilities	(778,541)	(778,541)
Less: unrecognised share of loss	–	544,484
Net liabilities	(584,453)	(23,294)

BOARD COMMITTEES

The responsibilities of the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee, the Investment Committee and the Regulatory Committee of the Board and their work done during the year are set out in the Corporate Governance Report on pages 96 to 104.

CORPORATE GOVERNANCE

The Corporate Governance Report for the year are set out on pages 86 to 109 of this Annual Report.

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

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, at least 25% of the Company's total number of issued shares is held by the public at all times. At 28 March 2023, there were 362 shareholders on the Company's register of members.

MAJOR CUSTOMERS AND SUPPLIERS

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

AUDITOR

The consolidated financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer itself for re-appointment at the 2023 AGM.

On behalf of the Board

Thomas Hui To
Executive Chairman

Hong Kong, 28 March 2023

CORPORATE GOVERNANCE REPORT

TVB's key corporate governance practices and activities during the year ended 31 December 2022 are set out in this Corporate Governance Report ("CG Report"), which has been prepared in accordance with the requirements of Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

CORPORATE GOVERNANCE PRACTICES

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

The Company was in compliance with the code provisions of the Corporate Governance Codes under the Listing Rules ("CG Codes") throughout 2022.

CULTURE AND VALUES

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

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

Strategic Planning

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

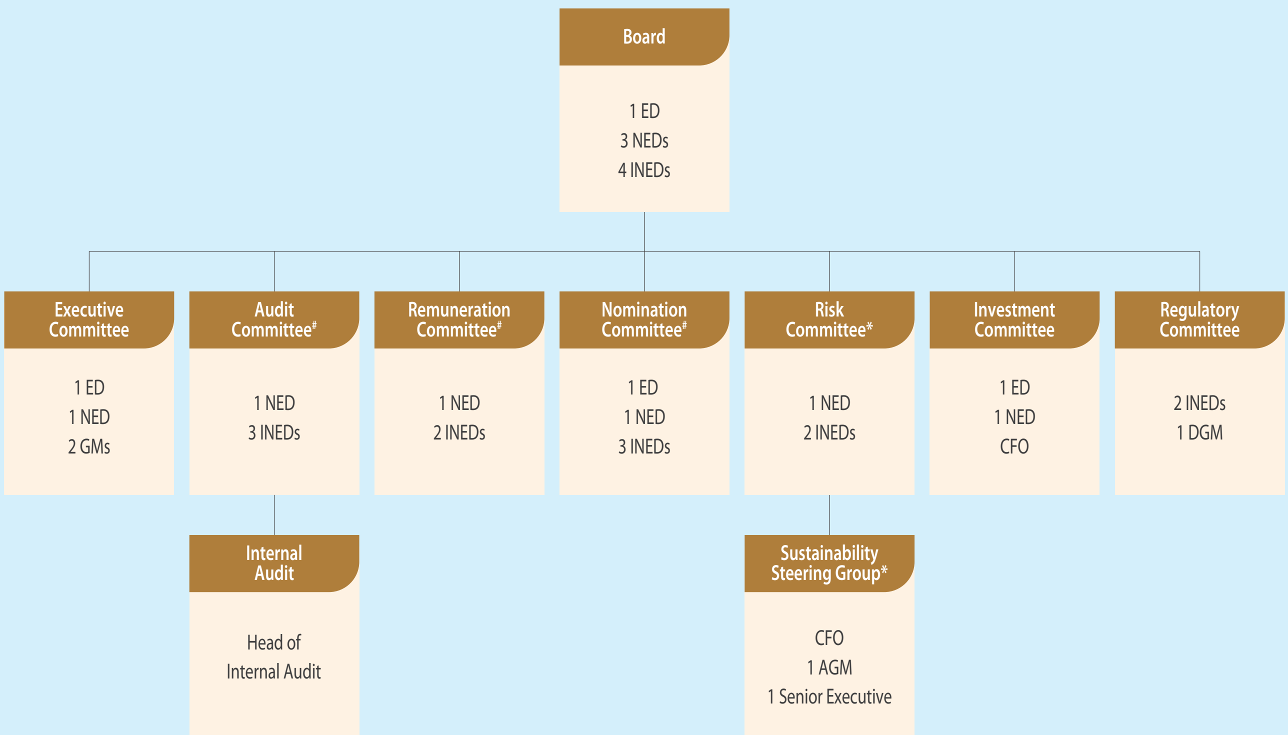
ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY AND REPORT

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

The 2022 ESG Report will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (https://corporate.tvb.com) together with this Annual Report.

COMPOSITION OF THE BOARD AND ITS COMMITTEES

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



Mandatory committee under the Listing Rules

* On 28 March 2023, the Company announced that the Risk Committee will be dissolved and the Sustainability Steering Group shall report to Audit Committee with effect from 29 March 2023

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

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

BOARD OF DIRECTORS

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

The Board is the highest governing body of the Company and is supported by 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.

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

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

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

A list of the Directors of the Company is set out on page 72 and the biographical information of Directors are set out on pages 62 to 67 of this Annual Report.

COMPOSITION OF THE BOARD AND MEMBERSHIPS OF ITS COMMITTEES

Board of Directors	Also serving	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee	Investment Committee	Regulatory Committee
Executive Chairman								
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

BOARD CHANGES

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

On 1 January 2022	
• Executive Committee	Mr. Eric Tsang Chi Wai and Mr. Siu Sai Wo were appointed as new members of the committee. Mr. Adrian Mak Yau Kee ceased to act as a member of the committee.
• Investment Committee	Ms. Kitty Fung Kit Yi was appointed as a new member of the committee. Mr. Adrian Mak Yau Kee ceased to act as a member of the committee.
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.
On 10 March 2023	
• Board	Mr. Thomas Hui To was re-designated as Executive Chairman.

On 28 March 2023, the Company announced that with effect from 29 March 2023,

(i) the Risk Committee will be dissolved;

(ii) Ms. Belinda Wong Ching Ying will cease to be a member of the Audit Committee and Nomination Committee, chairperson and member of the Remuneration Committee as she will not offer herself for re-election at the 2023 AGM and will cease to be a Director of the Company at the conclusion of the 2023 AGM;

(iii) Dr. Allan Zeman will be appointed as a new member and the chairman of the Remuneration Committee; and

(iv) Dr. William Lo Wing Yan will be appointed as a new member of the Nomination Committee.

For details, please refer to the Company's announcement dated 28 March 2023.

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

DIVERSITY

Board Diversity

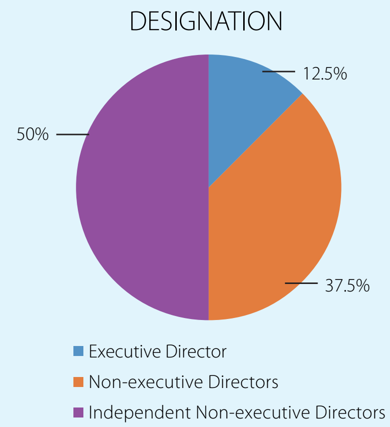
The Board has adopted a Board Diversity Policy, which follows the practice as laid down by the Stock Exchange. The Board Diversity Policy contains measurable objectives for implementation, and monitoring and reporting on achieving its objectives. The implementation and effectively of this policy is subject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

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

Board diversity will be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience and business experience. The diversity of the Board members was achieved throughout the year.

The Board has a total of 8 Directors

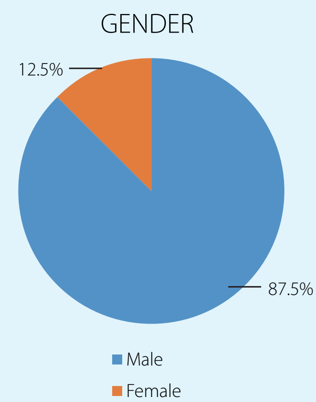
Executive Director	Non-executive Directors	Independent Non-executive Directors
1	3	4



Gender

Male	Female
7	1

The Board members have male and female genders.

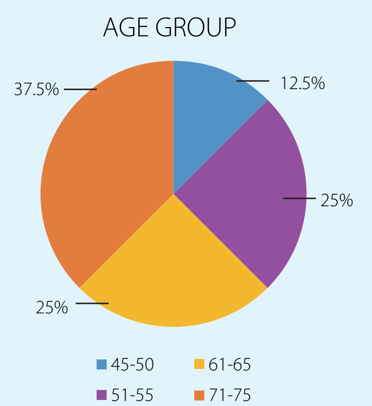


Age Group

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

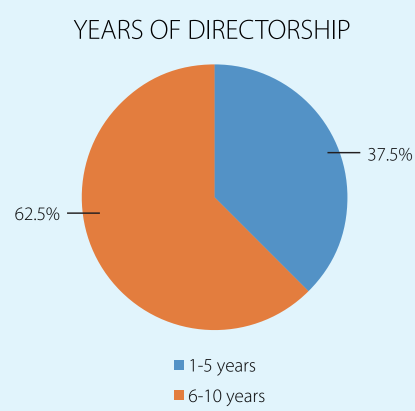
45-50	51-55	56-60	61-65	66-70	71-75
1	2	0	2	0	3

The average age of Directors is 63 years old.



Years of Directorship with TVB

1-5 years	6-10 years
3	5



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

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

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

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

Diversity Across Workforce

The Group provides equal opportunities to all employees and does not discriminate on the grounds of gender, race, age, nationality, religion, sexual orientation, disability and any other aspects of diversity. As at 31 December 2022, the Group had a total of 3,854 full time staff and artistes. The ratio of women to men in the workforce (excluding Directors of the Company) was 2,210:1,644. For details of gender distribution, please refer to "Valuing Our People & Operating Responsibly" in 2022 ESG Report.

DIRECTORS' RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS

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

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

Board's Power

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

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

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

Directors' Training

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

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

During 2022, the Company facilitated training sessions to Directors on the recent amendment of the Listing Rules. In addition, each Director was asked to provide to the Company a record of the training he/she received during the year from other sources for record and completeness purposes.

Proceedings of the Board and Board Committee Meetings

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

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

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

ATTENDANCE RECORDS OF DIRECTORS

The attendance (Note 1) records of Directors at the Board and its Committees meetings and 2022 AGM are set out below (Note 2):

Directors	Board meetings	Executive Committee meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meeting	Risk Committee meetings	Investment Committee meetings	Regulatory Committee meeting	2022 AGM
Thomas Hui To	7/7	7/7	–	–	1/1	–	4/4	–	1/1
Li Ruigang	7/7	4/7	–	3/3	–	–	–	–	1/1
Anthony Lee Hsien Pin	7/7	–	3/3	–	1/1	–	4/4	–	1/1
Kenneth Hsu Kin	7/7	–	–	–	–	2/2	–	–	1/1
William Lo Wing Yan	6/7	–	3/3	–	–	2/2	–	1/1	1/1
Allan Zeman	7/7	–	–	–	1/1	–	–	–	1/1
Felix Fong Wo	7/7	–	3/3	3/3	1/1	2/2	–	1/1	1/1
Belinda Wong Ching Ying	7/7	–	3/3	3/3	1/1	–	–	–	1/1

Notes:

1. Directors may attend meetings in person, by phone or through other means of electronic communication in accordance with the Articles.
2. Attendance ratio – Total number of meeting(s) attended/Total number of meeting(s) held during 2022.

BOARD MEETINGS AND RESOLUTIONS

During 2022, the Board dealt with the following matters through meetings and resolutions-in-writing:

Financial and Operational Performance

- approved the annual results for the year ended 31 December 2021;
- received from Management financial and business performance of the Group periodically;
- approved the interim results for the six months ended 30 June 2022;
- discussed and approved the budget of the Group for the year ending 31 December 2023;
- approved the grant of share options;
- approved the convertible loan to a subsidiary of the Company; and
- considered the new business opportunities.

Governance

- approved the changes in the composition and terms of reference of Board Committee, and the Chief Financial Officer and Company Secretary;
- approved the adoption of the amended TVB Corporate Governance Code, Mechanism Ensuring Independent Views Available to the Board and Anti-Corruption Policy;
- approved the agreements which constituted discloseable transaction, connected transactions and continuing connected transactions of the Company; and
- reviewed the Shareholders' Communication Policy and Board Diversity Policy.

In December 2022, the Chairman of the Board, as required under the CG Codes, held a meeting with the INEDs without the presence of other Directors to discuss issues relevant to the Board. No matters of significance arose from this meeting between the Chairman and the INEDs.

DELEGATION TO MANAGEMENT

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

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

OTHER MATTERS

All Directors have confirmed following enquiries that they had spent sufficient time on the affairs of the Company during the year ended 31 December 2022.

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

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

BOARD INDEPENDENCE

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

Before and On Appointment

- Nomination Committee will follow the Nomination of Directors Policy (including the nomination procedures and criteria for selection and recommendation of candidates for directorship) and the Board Diversity Policy, and perform an assessment of the independence of such candidates.
- The candidate for INED is required to confirm with the Stock Exchange his/her independence, having regard to the criteria under Rule 3.13 of the Listing Rules upon appointment.

Ongoing Assessment

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

Annual Assessment

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

There is a total of four INEDs on the Board, namely, Dr. William Lo Wing Yan, Dr. Allan Zeman, Mr. Felix Fong Wo and Ms. Belinda Wong Ching Ying. This number fulfills the requirement of a minimum of three INEDs as prescribed under Rule 3.10(1) of the Listing Rules and represents over one-third in number of the total composition of the Board of Directors as prescribed under Rule 3.10A of the Listing Rules. It is considered that the majority of the INEDs possesses related financial management expertise.

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

Mechanism for Ensuring Independent Views

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

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

RELATIONSHIPS BETWEEN DIRECTORS

The Directors have no relationships (including financial, business, family or other material/relevant relationships) among themselves, save for the fact that Mr. Li Ruigang and Mr. Kenneth Hsu Kin (both Non-executive Directors) are indirect shareholders of Shaw Brothers Limited which directly holds 22.1% of the shareholding interest of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), as 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 2022.

DIRECTORS' TERM OF OFFICE, ELECTION AND RE-ELECTION

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

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

Details of the Directors, who are subject to retirement for re-election at the 2023 AGM, are set out in a circular which will be sent to Shareholders together with the notice of the 2023 AGM.

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

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

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

BOARD COMMITTEES

The Board is supported by seven Board Committees, namely:

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

* On 28 March 2023, the Company announced that the Risk Committee will be dissolved with effect from 29 March 2023

Each of them has defined terms of reference covering its authority, duties and functions. The terms of reference of these seven Committees are available on the Stock Exchange's website and the Company's website.

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

The attendance records of Directors at all Committee meetings in 2022 are set out in the table in this CG Report on page 93.

EXECUTIVE COMMITTEE

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

Composition and Work Done

The Executive Committee comprises four members.

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

Notes:

1 Messrs. Eric Tsang Chi Wai and Siu Sai Wo were appointed members since 1 January 2022.

2 Mr. Adrian Mak Yau Kee ceased to act as a member on 1 January 2022.

During 2022, the Executive Committee held seven meetings and passed twelve resolutions-in-writing which dealt with, inter-alia, the following matters:

- reviewed the Group's management accounts and budgetary information, as well as the interim and annual financial reporting packages;
- reviewed the Group's cash position;
- reviewed the investment portfolio and approved disposal of bonds securities from the investment portfolio;
- made recommendations to the Board for dividends, if any;
- considered and approved financial commitments or undertakings whether capital or operating expenditure over the amount of HK$20 million;
- considered the new business opportunities; and

- considered and approved other Group's routine corporate and operational matters, such as enforcement actions and general banking matters.

AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its responsibilities over independent review and supervision of financial reporting and an assessment of the effectiveness of the financial controls of the Company and its subsidiaries; review of the objectivity and the effectiveness of the external audit process in accordance with applicable standards; and review of the appointment of external auditor ensuring its independence. The terms of reference including the major roles and functions of the Audit Committee are provided in the Company's website.

Composition and Work Done

The Audit Committee has four members, the majority of whom are INEDs of the Company and is chaired by an INED. Most of the members are experienced in reviewing and analysing financial information and possess appropriate accounting and related financial management expertise. Therefore, the Company complies with the requirement under Rule 3.21 of the Listing Rules. Membership of the Audit Committee is set out below.

Composition	Committee Members
INEDs as the majority	William Lo Wing Yan, INED (chairman) Anthony Lee Hsien Pin, NED Felix Fong Wo, INED Belinda Wong Ching Ying, INED

During 2022, the Audit Committee held three meetings which dealt with, inter-alia, the following matters:

- reviewed accounting principles and practices adopted by the Group;
- reviewed developments in the accounting standards and assessed their potential impacts on the financial statements of the Company;
- reviewed draft interim financial information and annual consolidated financial statements and results announcements;
- reviewed draft interim and annual reports;
- considered the proposed scope and approach of the annual audit;
- reviewed and discussed audit findings and significant issues;
- made recommendation to the Board regarding re-appointment and remuneration of the external auditor; and
- reviewed the continuing connected transactions entered into by the Company.

The reporting responsibilities of PricewaterhouseCoopers, the external auditor of the Company, are set out in the Independent Auditor's Report on pages 113 to 117 of this Annual Report.

Whistleblowing Policy

The whistleblowing policy and procedures have been established by the Board since 2012 to allow employees of the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in financial reporting, internal control or other matters. These procedures are also available to external parties who deal with the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company. During 2022, no matters were raised by employees or external parties to the Audit Committee under the whistleblowing procedures.

Anti-Corruption Policy

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

Auditors' Remuneration

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

Fees for Audit Services

	2022 HK$'000	2021 HK$'000
Company	**3,049**	3,261
Subsidiaries	**3,316**	3,263
Total	**6,365**	6,524
Fees payable to PricewaterhouseCoopers, the principal auditor	**5,478**	5,560

Fees for Non-audit Services

	2022 HK$'000	2021 HK$'000
Company	**657**	179
Subsidiaries	**1,455**	1,364
Total	**2,112**	1,543
Fees payable to PricewaterhouseCoopers, the principal auditor (Note 1)	**1,636**	1,214

Note 1: Non-audit services rendered by PricewaterhouseCoopers (PwC) to the Group in 2022 included principally professional fees in relation to tax compliance and advisory services. These servicing teams from PwC are separate from the team responsible for the Group's audit.

The Audit Committee had reviewed the non-audit services rendered by PricewaterhouseCoopers, the principal auditor, during 2022 and considered that such non-audit services rendered to the Group did not impair its independence and objectivity.

REMUNERATION COMMITTEE

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

Composition and Work Done

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

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

During 2022, the Remuneration Committee held three meetings which dealt with, inter-alia, the following matters:

- reviewed and approved the KPI of Senior Management for determination of discretionary bonus;
- approved the grant of share options; and
- reviewed the fee levels for Chairman, Directors and the Board Committees, by benchmarking with other listed companies in Hong Kong.

The Remuneration Policies

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

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

Remuneration of Directors

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

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

The annual fee paid/payable to the Directors for serving on the Board and the additional annual fees paid to Directors for serving on the Board Committees for the year ended 31 December 2022 and the year ending 31 December 2023 are set out below. At the meeting of the Remuneration Committee, the Committee resolved that there would be no increase in fees of the Chairman, the Directors and the Board Committees for the year ending 31 December 2023, having taken into account of the financial performance of the Company. Therefore, the Director's fees and the Board Committee fees have been frozen for six consecutive years i.e. from 2018 to 2023, both years inclusive.

Individual Director serving	2023 Annual fees HK$	2022 Annual fees HK$
Board of Directors		
Chairman	300,000	300,000
Vice Chairman (Note 1)	280,000	280,000
Directors	260,000	260,000
Executive Committee		
Chairman	195,000	195,000
Members	150,000	150,000
Audit Committee		
Chairman	190,000	190,000
Members	130,000	130,000
Remuneration Committee		
Chairman	70,000	70,000
Members	55,000	55,000
Nomination Committee		
Chairman	70,000	70,000
Members	55,000	55,000
Risk Committee (Note 2)		
Chairman	70,000	70,000
Members	55,000	55,000
Investment Committee		
Chairman	70,000	70,000
Members	55,000	55,000
Regulatory Committee		
Chairman	70,000	70,000
Members	55,000	55,000

Notes:

1 The position of Vice Chairman has been vacant.

2 The Risk Committee's fees will no longer be payable after the dissolution of the Risk Committee with effect from 29 March 2023.

Remuneration of Senior Management

Members of Senior Management are remunerated by way of salaries and other incentives, such as discretionary bonuses and share options. The Remuneration Committee considers their performance and contribution to the Company as well as the market environment when assessing the annual bonus amounts for the members of Senior Management. In view of the financial performance of the Company, the Remuneration Committee has determined that no discretionary bonuses be paid to the members of Senior Management for the year ended 31 December 2022.

NOMINATION COMMITTEE

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

Composition and Work Done

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

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

During 2022, the Nomination Committee held one meeting which dealt with, inter-alia, the following matters:

- reviewed the Board's composition; and
- reviewed the independence of the INEDs.

Nomination of Directors

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

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

Review of the Board Composition

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

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

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

RISK COMMITTEE

The Risk Committee is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving its strategic objectives, and in ensuring that the Company establishes and maintains sound, appropriate and effective risk management and internal controls systems. The terms of reference including the major duties and functions of Risk Committee are provided in the Company's website.

Composition and Work Done

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

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

During 2022, the Risk Committee held two meetings which dealt with, inter-alia, the following matters:

- received a report from the Internal Audit Department of the Group on the key risks and the mitigation actions taken by Management, together with a presentation of the key risks in the form of a risk map. Through this report, the Risk Committee concurred with Management the principal risks identified and the mitigating actions taken;
- discussed data protection and cyber security measures across the Group and adequacy of the current procedures; and
- reviewed the bi-annual reports from the Sustainability Steering Group of the Company on the progress on ESG matters and the 2021 ESG Report.

On 28 March 2023, the Company announced that the Risk Committee will be dissolved with effect from 29 March 2023 by a resolution of the Board, its functions will be taken up by the Audit Committee which will oversee the overall risk management framework of the Group and advise the Board on the Group's risk-related matters. The purpose of the change is to remove overlapping of work and increase efficiency of the Committees concerned.

Principal Risks

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

The Risk Committee has reviewed the principal risks along with Management and regards the following risks as the top risks affecting its operations.

Risk Category	Description	Control Measures Undertaken
1. Operations	Lack of collaboration in operations	Resolved after: • the appointment of new senior executives to lead and manage the non-drama production and China co-production; and • introduction of new policies and procedures, which together resulted in a better collaboration among various divisions and departments
2. Business/Market	Lack of creative contents for TVB programmes resulting in the loss of young viewers	• Appointed a new senior executive in 2021 to take charge of content creation • Kept enriching the programme variety by collaborating with external parties in the entertainment industry, including TV stations and new media platforms in Mainland China • Put in more efforts to produce new genres of non-drama programmes in 2022 with satisfactory results • Nurture young talents with a positive image
3. Operations	The cost cutting measures in previous years have delayed the upgrade of the Group's production facilities and other equipment, thereby jeopardising the competitiveness of the Group especially when compared to its counterparts in Mainland China	• Resumed acquisition of new equipment and a substantial quantity of dated facilities were replaced in 2022 • Producing programmes using 4K technology on a project basis
4. Business (Brand Risk)	The perception that the "TVB" brand is being old and caters for the elderly audience only	• A proactive brand management approach was adopted to enhance TVB brand image via digital platforms • A new monitoring and alert system allowed prompt takedown of negative viral topics • Focusing on producing more quality programmes targeting audiences of different age groups, thereby improving the Company's brand image

Risk Category	Description	Control Measures Undertaken
5. Political	Threats and attacks by radical protestors against the Company during the 2019 social unrest. Certain business partners and artistes of the Group are still facing harassment and threats from cyberbullying	• Urged the government to take stringent actions against cyberbullying • Reported to police • Cyberbullying against the Group, its business partners and artistes had abated in 2022
6. Health and Business Interruption	The fifth wave of COVID-19 outbreak in Hong Kong seriously disrupted the Company's operations	• Continued the precautionary measures adopted since 2020 • New measures were taken in 2022, including requiring staff and artistes to take a COVID-19 rapid test before reporting for duty, regularly updating the staff vaccination rate to assess risk exposure and allowing flexible work-from-home arrangement • Control measures were taken to ensure no disruption on scheduled telecast programmes
7. Business/Market	Decline in viewership of traditional television as a result of viewers changing their viewing preference to new media platforms which offer a large amount of on-demand content	• Launched myTV SUPER OTT service in 2016 and rolled out myTV Gold subscription service in 2019. Planned to expand myTV Gold subscription base by offering more acquired content. • Launched a social media platform in 2017 for online offerings and digital market, which was subsequently restructured into two divisions (Digital Content Division and e-Commerce) managed by executives with professional experience • Started working with social media platforms in Mainland China to generate cross-border sales and new revenues
8. Business/Market	Infringing websites, apps and piracy devices have been widely available in and outside of Hong Kong which eroded the revenues of the Group	• An in-house anti-piracy taskforce had tackled different forms of piracy • Working closely with the law enforcers to combat online piracy, including taking site-blocking actions in territories which have such legal recourse • Launched TVB Anywhere with competitive offerings in oversea markets • Developed and deployed a new software in 2022 to detect and take down infringing websites more promptly
9. Operations (Human Resources)	Inability to recruit and retain qualified staff and lack of succession planning	• Making on-going efforts to tackle the issue on succession planning • A Succession Plan Committee was set up in 2022 to address the issue

INVESTMENT COMMITTEE

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

Composition and Work Done

The Investment Committee comprises three members.

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

Notes:

1 Mr. Ian Lee Hock Lye has become a member since 4 July 2022.

2 Mr. Adrian Mak Yau Kee ceased to act as a member on 1 January 2022.

3 Ms. Kitty Fung Kit Yi was appointed as a member on 1 January 2022 and ceased to act as a member on 4 July 2022.

During 2022, the Investment Committee held four meetings which dealt with, inter-alia, the following matters:

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

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

REGULATORY COMMITTEE

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

Composition and Work Done

The Regulatory Committee comprises three members.

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

During 2022, the Regulatory Committee held one meeting which dealt with, inter-alia, the following matters:

- received the status on the mid-term review of the Company's domestic free television programme service licence;
- approved the submission of the legislative proposal to address cyberbullying to the relevant authorities; and
- approved the submission of the response to the public consultation paper on updating Hong Kong's copyright regime to the Commerce and Economic Development Bureau of Hong Kong.

COMPANY SECRETARY

Biographical details of Mr. Desmond Chan Shu Hung, who assumed the position of Acting Company Secretary of the Company on 4 July 2022, can be found on page 70 of this Annual Report under Senior Management.

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

In compliance with Rule 3.29 of the Listing Rules, Mr. Chan has confirmed that he had undertaken over 15 hours of training during the year ended 31 December 2022.

RISK MANAGEMENT AND INTERNAL CONTROLS

RESPONSIBILITY

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

RISK MANAGEMENT

The Risk Committee is delegated by the Board to oversee and manage all identified major business and operational risks on an ongoing basis (including ESG-related risks). During 2022, the Risk Committee has discussed strategic and major operational risks faced by the Group and the related mitigation action plans. The major roles and functions of the Risk Committee are set out in "Risk Committee" section on pages 101 to 103 of this CG Report.

RISK MANAGEMENT PROCESS AND APPROACH

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

ANNUAL REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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

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

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

INTERNAL AUDIT AND MONITORING CONTROLS

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

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

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

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

ENGAGEMENT WITH SHAREHOLDERS

RELATIONSHIPS WITH SHAREHOLDERS

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

Shareholders' Communication Policy

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

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

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

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

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

(iii) the annual general meeting was convened in May 2022 to provide a forum for Shareholders to communicate with Directors;

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

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

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

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

Changes in Constitutional Documents

There was no change to the Company's constitutional documents during 2022.

General Meetings

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

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

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

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

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

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

2022 Annual General Meeting

The 2022 AGM was held at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong on Wednesday, 25 May 2022 at 4:00 p.m. In order to protect the 2022 AGM attendees from possible exposure to the COVID-19 pandemic, Shareholders could view and listen to the AGM through a live online webcast system and would also be able to raise questions by text. The total number of shares entitling the holders to attend and vote on all of the resolutions at the annual general meeting of the Company was 311,021,416 shares, representing approximately 71% of the total number of shares of the Company.

The matters proposed and resolved at the 2022 AGM were as follows:

- received and adopted the Audited Financial Statements and the Directors' Report and the Independent Auditor's Report for the year ended 31 December 2021;
- re-appointed PricewaterhouseCoopers as the auditor of the Company and authorise Directors to fix its remuneration;
- granted a general mandate to Directors to issue 5% additional shares;
- granted a general mandate to Directors to repurchase 5% issued shares;
- extended the authority given to the Directors under general mandate to issue additional shares by the shares repurchased pursuant to the general mandate granted; and
- extended the book close period from 30 days to 60 days.

2023 Annual General Meeting

The 2023 AGM has been scheduled to take place at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong on Wednesday, 31 May 2023.

SHAREHOLDERS' RIGHTS

Convening General Meeting and Putting Forward Proposals at Shareholders' Meetings

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

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

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

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

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

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

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

On behalf of the Board

Thomas Hui To
Executive Chairman

Hong Kong, 28 March 2023

FINANCIALS

FINANCIAL INFORMATION

FIVE-YEAR FINANCIAL REVIEW

	2022 **HK$'mil**	2021 HK$'mil	2020 HK$'mil	2019 HK$'mil	2018 HK$'mil
Revenue	**3,586**	2,899	2,724	3,649	4,477
Loss before income tax	**(962)**	(759)	(345)	(297)	(124)
Income tax credit/(expense)	**76**	102	88	18	(53)
Loss attributable to equity holders of the Company	**(807)**	(647)	(281)	(295)	(199)
Loss per share	**HK$(1.84)**	HK$(1.48)	HK$(0.64)	HK$(0.67)	HK$(0.45)
Non-current					
Property, plant and equipment	**1,278**	1,397	1,611	1,854	1,860
Investment properties	**2**	6	8	29	29
Intangible assets	**255**	285	220	192	140
Goodwill	**85**	85	–	–	–
Interests in joint ventures	**557**	928	825	708	707
Interests in associates	**164**	178	172	162	162
Financial assets at fair value through other comprehensive income	**162**	17	12	40	40
Bond securities at amortised cost	**30**	205	441	1,250	2,241
Financial assets at fair value through profit or loss	**17**	17	–	–	330
Other non-current assets	**428**	333	175	59	101
Current assets	**4,067**	4,199	6,368	4,301	4,646
Current liabilities	**(1,769)**	(2,956)	(2,534)	(1,036)	(791)
	5,276	4,694	7,298	7,559	9,465
Share capital	**664**	664	664	664	664
Reserves	**2,835**	3,695	4,462	4,788	5,519
Shareholders' funds	**3,499**	4,359	5,126	5,452	6,183
Non-controlling interests	**105**	234	172	137	124
Non-current liabilities	**1,672**	101	2,000	1,970	3,158
	5,276	4,694	7,298	7,559	9,465

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Members of Television Broadcasts Limited

(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Television Broadcasts Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 118 to 206, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Programme costs and film rights	
Refer to notes 2, 4(d) and 27 to the consolidated financial statements The programme costs and film rights recognised as an expense for the year ended 31 December 2022 was HK$1,457 million, representing the amortisation charges in respect of the programme costs and film rights, which constituted the largest single expense item charged to the consolidated income statement. In determining the allocation, timing and amount of the recognition of the programme costs and film rights, significant judgements and estimates were considered by the Group, in particular the following aspects: • Allocation of programme costs and film rights to each of the terrestrial broadcasting, digital new media and licensing and distribution market platforms with reference to their respective economic benefits brought to the Group. • Timing and amount of amortisation based on the expected consumption pattern, number of planned transmissions or duration of the license period, whichever is more relevant and prevailing.	Our audit procedures in relation to the programme costs and film rights included: • We assessed whether the accounting policy of the Group in respect of the amortisation of programme costs and film rights was reasonable. This assessment included benchmarking the policy against industry practice. We also tested whether the accounting policy was consistently applied year on year. • We gained an understanding of the rationale behind the basis of allocation and amortisation pattern and tested the design and implementation of controls over the recognition, allocation and amortisation of the programme costs and film rights. • We evaluated the Group's assessment as to whether the existing allocation and amortisation were in line with the economic benefit and consumption pattern in which the programme costs and film rights were consumed by reference to past experience and the consumption rate for similar types of programmes and assessing the reasonableness of the projected viewership of the programmes that would likely be achieved over the broadcasting period. • We obtained management's full list of programmes and film rights, checked the completeness of the list by agreeing the list to the records in the programmes system and tested the calculation of the allocation and amortisation for a sample of programmes and film rights. We found the assumptions and judgements made by the Group in respect of the allocation and amortisation of the programme costs and film rights to be supportable based on the available evidence.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit loss allowance for receivables from a joint venture	
Refer to notes 2, 4(a) and 9 to the consolidated financial statements	Our audit procedures in relation to the expected credit loss allowance for the loan and interest receivables from a joint venture:
As at 31 December 2022, the Group had loan and interest receivables from a joint venture which amounted to HK$781 million. Such balances are measured at amortised cost using the effective interest method. After an allowance of expected credit loss of HK$225 million, the net carrying amount of the loan and interest receivables amounted to HK$556 million at the balance sheet date. The Group assesses whether the credit risk of loan and interest receivables from the joint venture has increased significantly since initial recognition, and applies a three-stage impairment model to calculate the expected credit loss allowance. The expected credit loss allowance is estimated using a risk parameter model that incorporates key parameters, including probability of default, loss given default and exposure at default. Because of the significant management assumptions and judgements involved, we have identified this as a key audit matter.	• We obtained an understanding of the applicable process and methodology relevant to management assessment of expected credit loss allowance. • We evaluated the appropriateness of the Group's identification of impairment triggers leading to the determination that there has been a significant increase in credit risk for the purpose of classification into stages, taking into account qualitative and quantitative criteria. • Together with our internal valuation expert, we evaluated the methodology adopted by management for estimating the expected credit loss allowance and reviewed the reasonableness of the significant assumptions and judgements made by management in determining the key parameters of the expected credit loss allowance considering relevant external supporting evidence and other factors. • We tested the mathematical accuracy of calculation of the expected credit loss allowance. We found the assumptions and judgements made by the Group in respect of the expected credit loss allowance for the loan and interest receivables from a joint venture to be supportable based on the available evidence.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,277,936**	1,396,753
Investment properties	7	**1,896**	5,710
Intangible assets	8	**255,145**	284,874
Goodwill	8	**85,131**	85,131
Interests in joint ventures	9	**556,863**	928,154
Interests in associates	10	**164,159**	177,963
Financial assets at fair value through other comprehensive income ("FVOCI")	11	**161,634**	17,052
Bond securities at amortised cost	12	**30,425**	205,270
Financial assets at fair value through profit or loss	13	**17,259**	17,259
Deferred income tax assets	25	**391,102**	283,917
Prepayments	16	**36,660**	48,798
Total non-current assets		**2,978,210**	3,450,881
Current assets			
Programmes and film rights		**1,546,023**	1,326,003
Stocks	14	**96,216**	83,605
Trade receivables	15	**840,052**	1,001,696
Other receivables, prepayments and deposits	16	**474,453**	556,013
Movie investments	17	**73,582**	18,152
Tax recoverable		**16,253**	7,752
Bond securities at amortised cost	12	**–**	28,434
Bank deposits maturing after three months	18	**56,397**	2,536
Cash and cash equivalents	18	**963,862**	1,174,718
Total current assets		**4,066,838**	4,198,909
Total assets		**7,045,048**	7,649,790
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	19	**664,044**	664,044
Other reserves	20	**931**	47,872
Retained earnings		**2,834,042**	3,647,038
		3,499,017	4,358,954
Non-controlling interests		**105,218**	234,206
Total equity		**3,604,235**	4,593,160
LIABILITIES			
Non-current liabilities			
Borrowings	23	**1,577,240**	15,934
Lease liabilities	24	**36,698**	18,038
Deferred income tax liabilities	25	**58,067**	66,801
Total non-current liabilities		**1,672,005**	100,773

	Note	2022 HK$'000	2021 HK$'000
Current liabilities			
Trade and other payables and accruals	21	**974,295**	768,198
Written put option liabilities	22	**140,000**	140,000
Current income tax liabilities		**8,543**	22,927
Borrowings	23	**599,115**	1,992,687
Lease liabilities	24	**46,855**	32,045
Total current liabilities		**1,768,808**	2,955,857
Total liabilities		**3,440,813**	3,056,630
Total equity and liabilities		**7,045,048**	7,649,790

The consolidated financial statements on pages 118 to 206 were approved by the Board of Directors on 28 March 2023 and were signed on its behalf.

Thomas Hui To
Director

Li Ruigang
Director

The notes on pages 125 to 206 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	**2022 HK$'000**	2021 HK$'000
Revenue	5	**3,585,750**	2,898,622
Cost of sales		**(2,578,029)**	(2,176,788)
Gross profit		**1,007,721**	721,834
Other revenues	5	**52,165**	14,183
Interest income	5	**124,560**	153,204
Selling, distribution and transmission costs		**(818,258)**	(640,456)
General and administrative expenses		**(959,341)**	(889,979)
Other (losses)/gains, net	31	**(51,199)**	73,471
Gain/(loss) on disposal of other financial assets at amortised cost	12	**129**	(3,450)
Impairment loss on other financial assets at amortised cost	12	**(28,717)**	(77,000)
Reversal of/(provision for) impairment loss on trade and other receivables	15	**3,253**	(6,081)
Finance costs	32	**(81,098)**	(106,372)
Share of profits of joint ventures	9	**198**	290
Impairment loss on receivables from a joint venture	9	**(211,800)**	–
Share of profits of associates	10	**24**	1,621
Loss before income tax	27	**(962,363)**	(758,735)
Income tax credit	33	**76,428**	101,639
Loss for the year		**(885,935)**	(657,096)
Loss attributable to:			
Equity holders of the Company		**(807,132)**	(646,735)
Non-controlling interests		**(78,803)**	(10,361)
		(885,935)	(657,096)
Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the year	34	**HK$(1.84)**	HK$(1.48)

The notes on pages 125 to 206 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
Loss for the year	**(885,935)**	(657,096)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations		
– Subsidiaries	**(45,579)**	25,293
– Joint ventures	**(290)**	(1,210)
Share of other comprehensive (loss)/income of an associate	**(13,828)**	4,474
Change in fair value of equity instruments at FVOCI	**(11,590)**	–
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	**31**	(1,347)
Other comprehensive (loss)/income for the year, net of tax	**(71,256)**	27,210
Total comprehensive loss for the year	**(957,191)**	(629,886)
Total comprehensive loss attributable to:		
Equity holders of the Company	**(865,165)**	(624,641)
Non-controlling interests	**(92,026)**	(5,245)
Total comprehensive loss for the year	**(957,191)**	(629,886)

The notes on pages 125 to 206 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Attributable to equity holders of the Company					
		Share capital HK$'000	Other reserves HK$'000 (Note 20)	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2021		664,044	175,644	4,286,413	5,126,101	171,914	5,298,015
Comprehensive loss:							
Loss for the year		–	–	(646,735)	(646,735)	(10,361)	(657,096)
Other comprehensive income/(loss):							
Exchange differences on translation of foreign operations							
– Subsidiaries		–	20,177	–	20,177	5,116	25,293
– Joint ventures		–	(1,210)	–	(1,210)	–	(1,210)
Share of other comprehensive income of an associate		–	4,474	–	4,474	–	4,474
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries		–	(1,347)	–	(1,347)	–	(1,347)
Total comprehensive income/(loss), net of tax		–	22,094	(646,735)	(624,641)	(5,245)	(629,886)
Transactions with owners:							
Share-based payments		–	(16,735)	14,229	(2,506)	–	(2,506)
Transferred to legal reserve		–	6,869	(6,869)	–	–	–
Written put options	22	–	(140,000)	–	(140,000)	–	(140,000)
Non-controlling interests on acquisition of subsidiaries	39	–	–	–	–	67,537	67,537
Total transactions with owners		–	(149,866)	7,360	(142,506)	67,537	(74,969)
Balance at 31 December 2021		664,044	47,872	3,647,038	4,358,954	234,206	4,593,160

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

The notes on pages 125 to 206 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Cash used in operations	36(a)	**(242,982)**	(222,697)
Hong Kong tax paid		**(13,199)**	(42,989)
Overseas tax paid		**(46,386)**	(36,600)
Net cash used in operating activities		**(302,567)**	(302,286)
Cash flows from investing activities			
Purchases of property, plant and equipment and investment properties		**(114,917)**	(93,551)
Additions of intangible assets		**(60,406)**	(87,828)
Acquisition of subsidiaries	36(b)/39(b)	**–**	(10,805)
Proceeds from disposal/redemption of bond securities at amortised cost		**175,671**	198,269
Investment in financial assets at FVOCI		**–**	(5,000)
Return of investment cost by a joint venture		**–**	200
Repayment of fund advance by a joint venture		**–**	2,369
Repayment of promissory note from a joint venture		**117,484**	–
Fund in advance from partial disposal of interest in a joint venture		**78,110**	–
(Increase)/decrease in bank deposits maturing after three months		**(53,861)**	1,995,227
Proceeds from disposal of property, plant and equipment		**889**	546
Decrease in movie investments		**6,059**	1,302
Interest received		**13,950**	72,845
Net cash generated from investing activities		**162,979**	2,073,574
Cash flows from financing activities			
Capital contribution from non-controlling interests of a subsidiary		**–**	35,000
Redemption/purchase of TVB Notes		**–**	(1,830,994)
Repayment of other borrowings		**(35,000)**	–
Interest paid		**(81,992)**	(115,060)
Principal elements of lease payments		**(53,107)**	(38,866)
Dividends paid to non-controlling interests of a subsidiary		**(36,962)**	–
Net cash used in financing activities		**(207,061)**	(1,949,920)
Net decrease in cash and cash equivalents		**(346,649)**	(178,632)
Cash and cash equivalents at 1 January		**1,174,718**	1,337,635
Effect of foreign exchange rate changes		**(62,847)**	15,715
Cash and cash equivalents at 31 December		**765,222**	1,174,718
Analysis of cash and cash equivalents:			
Short-term bank deposits maturing within three months		**269,398**	356,353
Cash at bank and on hand		**694,464**	818,365
Bank overdrafts		**(198,640)**	–
		765,222	1,174,718

The notes on pages 125 to 206 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2023.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

During the year ended 31 December 2022, the Group incurred a loss for the year of HK$886 million (2021: HK$657 million) and a net cash used in operating activities of HK$303 million (2021: HK$302 million).

During the year and as at 31 December 2022, there was non-compliance with a bank covenant under a loan agreement with a bank of a 3-year term loan facility with the amount of US$250 million which stated in note 23 in relation to the ratio of consolidated net debt to consolidated EBITDA ("EBITDA covenant") in the financial year 2022. During the year, the Group has successfully obtained written waiver from the bank to waive the EBITDA covenant for the year ended 31 December 2022 and not to exercise their rights to demand immediate repayment of the loan to the end of 31 December 2023. Based on cashflow projections for a period of not less than 12 months after 31 December 2022, the Directors consider that the Group will have adequate funds available to enable it to operate its business for the foreseeable future and consider it appropriate to prepare the consolidated financial statements on a going concern basis.

(a) New and amended standards adopted by the Group

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

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

2.1 Basis of preparation (continued)

(b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Consolidation

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

(a) Subsidiaries

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

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

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

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

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

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

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

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

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

(b) Transactions with non-controlling interests

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

(c) Associates

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

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

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

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

2.2 Consolidation (continued)

(c) Associates (continued)

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

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

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

(d) Disposal of subsidiaries, associates and joint ventures

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

(e) Joint arrangements

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

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

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

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

2.2 Consolidation (continued)

(e) Joint arrangements (continued)

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

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

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

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

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

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

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

2.4 Foreign currency translation (continued)

(c) Group companies (continued)

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

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

(d) Disposal of foreign operation

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

2.5 Property, plant and equipment

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

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

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

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

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

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

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

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

2.6 Investment properties

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

2.7 Intangible assets

(a) Goodwill

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

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

(b) Tradenames

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

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

2.7 Intangible assets (continued)

(c) Software development costs

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

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

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

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

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

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

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

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

2.9 Financial assets

(a) Classification

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

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

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

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

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

(b) Recognition and derecognition

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

(c) Measurement

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

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

Debt investments

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

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

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

2.9 Financial assets (continued)

(c) Measurement (continued)

Debt investments (continued)

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

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

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

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

Equity instruments

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

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

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

2.10 Impairment of financial assets

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

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

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

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

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

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

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

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

2.10 Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

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

(ii) Definition of default

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

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

2.10 Impairment of financial assets (continued)

(iii) Credit-impaired financial assets (continued)

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

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

(iv) Write-off policy

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

2.11 Programmes and film rights

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

(a) Programme cost

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

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

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

(b) Film rights

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

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

2.12 Stocks

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

2.13 Trade and other receivables

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

2.14 Cash and cash equivalents

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

2.15 Share capital

Ordinary shares are classified as equity.

2.16 Trade and other payables

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

2.17 Borrowings and borrowing costs

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

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

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

2.18 Written put option liabilities

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

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

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

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine deferred income tax.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on interests in subsidiaries, associates and joint ventures, except for deferred income tax liabilities where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Share-based payments

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

Employee options

The fair value of options granted under the share option schemes is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

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

2.20 Share-based payments (continued)

Employee options (continued)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Group transfers the appropriate amount of shares of the Company/TVBECGL to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

2.21 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group operates a number of defined contribution plans throughout the world, the assets of which are generally held in separate trustee – administered funds.

All permanent staff, temporary staff and full time artistes signed in individual names (excluding singers and serial artistes), whose employment period reaches 60 days or more (collectively referred to as "eligible members") and who are located in Hong Kong are entitled to participate in the Mandatory Provident Fund Scheme ("MPF Scheme"). The contributions to the MPF Scheme made by the Group for permanent staff who joined prior to 1 June 2003 comprise mandatory contributions and voluntary contributions. The mandatory contribution is calculated at 5% of the individual's "relevant income" with a maximum amount of HK$1,500 per month and the voluntary contribution is calculated at 10% of individual's basic salary less the mandatory contribution. The Group's contribution for permanent staff who joined after 1 June 2003, full time artistes and temporary staff is 5% of individual's "relevant income" with a maximum amount of HK$1,500 per month. "Relevant income" includes salaries, wages, paid leave, fees, commissions, bonuses, gratuities, and allowances (excluding housing allowance/benefits, any redeemed payment and long service payment).

The retirement schemes which cover employees located in overseas locations are defined contribution schemes at various funding rates that are in accordance with the local practice and regulations.

The contributions to defined contribution schemes are recognised as employee benefit expense when they are due.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

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

2.22 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2.23 Financial guarantees contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of i) the amount determined in accordance with the expected credit loss model under HKFRS 9; and ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.24 Revenue recognition

Income from advertisers includes advertising income, sponsorship income and commercial production income. Advertising income net of agency deductions is recognised over time (i) when the advertisements are telecast on television, delivered through internet and mobile platforms or published in a media platform; or (ii) ratably over the contractual display period of the contract when the advertisements are placed on the Group's website and mobile platforms. Sponsorship income is recognised over time when the programmes are telecast. Commercial production income is recognised over time when the commercials are delivered to advertisers.

Co-production income includes programme production income received from co-producers. Its exclusive programme exploitation right in defined geographical areas is granted to co-producer. The co-production income would be recognised over time if the programme-in-progress created by the Group does not have an alternative use due to the contract restrictions and the Group has an enforceable right to payment for performance completed to date.

Income from licensing of programme rights is recognised evenly over the contract period when a customer is granted with a right to access the programme rights as it exists throughout the licence period. Alternatively, Income from licensing programme rights is recognised at a single point in time upon delivery of the programmes when a customer is provided with a right to use the programme rights as it exists at the point in time at which the licence is granted. Income from licensing of content to mobile devices and website portals is recognised over time when the services are rendered. Distribution income from video sell through is recognised at a point in time when the control is transferred to customers upon delivery of the video.

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

2.24 Revenue recognition (continued)

Subscription income from the operation of pay television networks and OTT services are recognised on a straight-line basis over time which generally coincides with when the services are rendered over the contract period. The incremental set-top box costs for obtaining OTT service contracts are required to be capitalised as contract acquisition and fulfilment costs under trade and other receivables in the statement of financial position. Unearned subscription fees received from subscribers are recorded as contract liabilities under trade and other payables and accruals in the statement of financial position.

e-Commerce income primarily comprised of revenue from concessionaire sales and merchandise sales. Revenue from concessionaire sales are recognised for transactions where the Group is not the primary obligor, is not subject to inventory risk, and does not have latitude in establishing prices. Concessionaire sales are recognised on a net basis which is based on a fixed percentage of the sales amount. Revenue from merchandise sales and related costs are recognised on a gross basis when the Group acts as a principal. Revenue from concessionaire sales and merchandise sales are recognised at a point in time when the control of products are transferred to a customer.

Income from sales of decoders is recognised at a point in time upon delivery of products. Income from other services, which includes management fee income, facility rental income and other service fee income, is recognised over time when the customer simultaneously receives and consumes the benefits provided by the Group's performance.

2.25 Dividend and interest income

Dividend income received from financial assets at FVOCI is recognised as other revenues in the income statement when the right to receive payment is established.

Interest income on bond securities at amortised cost calculated using the effective interest method is recognised in the consolidated income statement except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the other revenue over the period necessary to match them with the costs that they are intended to compensate.

2.27 Leases

Leases are recognised as a right-of-use asset. Right-of-use asset are included within the same line item as that within which the corresponding underlying assets would be presented if they were owned and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date

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

2.27 Leases (continued)

- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

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

2.27 Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	3 years
Warehouse	2 years

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in consolidated income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise small items of equipment.

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

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Group has early adopted Amendment to HKFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2022, which extended the practical expedient to lease payments that were due on or before 30 June 2022.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling HK$64,000 have been accounted for as negative variable lease payments and recognised in the consolidated income statement for the year ended 31 December 2022, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2022.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

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

2.28 Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- that person's children and spouse or domestic partner;
- children of that person's spouse or domestic partner; and
- dependants of that person or that person's spouse or domestic partner.

2.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations, the net assets of which are exposed to foreign currency risk.

The Group manages this risk by seeking contracts effectively denominated in HK dollars and/or US dollars where possible and economically favourable. The Group currently does not have a foreign currency hedging policy but manages its exposure through closely monitoring the movement of the foreign currency rates and will consider entering into foreign exchange forward contracts to reduce the exposure if required. The Group does not conduct any speculative foreign currency activities.

The following table summarises the change in the Group's loss after taxation in response to reasonably possible changes in foreign exchange rates on currencies to which the Group has exposure at the end of the reporting period and assuming all other variables remain constant. Such exposure relates to the portion of loan, trade receivables, bank deposits, cash and bank balances and trade payables.

	2022		2021	
Foreign currency against Hong Kong dollars	**Changes in foreign exchange rates %**	**Decrease/ (increase) in loss after taxation HK$'000**	Changes in foreign exchange rates %	Decrease/ (increase) in loss after taxation HK$'000
Renminbi	**3%**	**4,302**	3%	7,202
	(3%)	**(4,302)**	(3%)	(7,202)

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group's principal floating interest bearing assets and liabilities are cash balances, bank deposits, bank overdrafts and bank borrowings. The tenor of the bank deposits is usually less than one year. The Group actively manages cash balances and deposits by comparing quotations from banks, with a view to selecting terms which are most favourable to the Group.

Sensitivity analysis in 2022 and 2021 has been conducted on bank deposits and long-term bank borrowings as the Group's exposure to interest rate risk arising from its bank overdrafts and short-term bank borrowings is considered to be insignificant. If interest rates had been 100 basis-points higher/lower with all other variables held constant, the Group's loss after taxation for the year would have increased/decreased by HK$18,425,000 (2021: increased/decreased by HK$17,136,000) in respect of bank deposits and bank borrowings.

(b) Credit risk

The Group's credit risk is primarily attributable to its financial assets at amortised cost (including trade and other receivables, bond securities at amortised cost and receivables from a joint venture), financial assets at FVPL, bank balances and financial guarantee contracts. The Group has implemented policies to assess the credit worthiness of the counterparties (including customers and investees), and to conduct credit reviews and monitoring procedures that include a formal collection process. The credit risk on bank balances is limited as the banks are of acceptable credit ratings. The credit risk on trade receivables is not considered significant given the majority of credit sales relate to reputable advertising agencies with no recent history of default. In addition, the Group reviews the recoverable amount of each individual trade debtor, associate and joint venture at the end of each reporting period to ensure that impairment has been adequately provided at the expected loss rates, which are adjusted from the historical loss rates to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The loss allowance of receivables from a joint venture and trade receivables were determined and disclosed in Notes 9 and 15 respectively. The Group also assessed the loss allowance on other receivables and deposits by individual assessment on 12 months' expected loss basis as there had been no significant increase in credit risk since initial recognition. Based on the assessment, no loss allowance was recognised on other receivables and deposits for the year.

In calculating the credit loss allowance for bond securities at amortised costs and for the exposure arising from financial guarantee contracts, the scenario analysis of discounted cash flow model and loss rates, which involve key estimates from the management, are estimated based on a function of comparable probability of default, recovery rate quoted from international credit-rating agencies after adjustments to specific conditions and exposure at default and adjusted for forward-looking information that is available without undue cost or effort.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

For the financial assets at amortised cost considered as credit-impaired as a result of default events as at 31 December 2021 and 2022, a lifetime ECL loss allowance has been assessed. For other bond securities not credit-impaired, the Group would measure the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises a lifetime ECL.

No significant changes to estimation techniques or assumptions were made during the year.

The loss allowance for financial assets at amortised cost as at 31 December and it reconciles to the opening loss allowance as follows:

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Simplified approach HK$'000**	**Total HK$'000**
At 1 January 2021:	15,500	3,000	407,125	61,470	487,095
Increase in the allowance recognised in profit or loss during the year	–	–	80,000	6,081	86,081
Transferred to lifetime expected credit losses	(400)	400	–	–	–
Decrease in the allowance recognised in profit or loss during the year	–	(3,000)	–	–	(3,000)
Write-off	–	–	–	(19,485)	(19,485)
Exchange differences	–	–	–	193	193
At 31 December 2021 and 1 January 2022:	15,100	400	487,125	48,259	550,884
Increase in the allowance recognised in profit or loss during the year	–	211,800	28,717	–	240,517
Transferred to lifetime expected credit losses	(15,100)	13,100	2,000	–	–
Decrease in the allowance recognised in profit or loss during the year	–	–	–	(3,253)	(3,253)
Write-off	–	–	(51,000)	(2,024)	(53,024)
Exchange differences	–	–	–	(813)	(813)
At 31 December 2022	**–**	**225,300**	**466,842**	**42,169**	**734,311**

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

As at 31 December 2022, except for provision for loss allowance for receivables from a joint venture of HK$225,300,000 under Stage 2 (2021: HK$13,500,000 under stage 1) of ECL model and provision for impairment loss on receivables from trade debtors of HK$42,169,000 (2021: HK$48,259,000) under simplified approach of ECL model, the other loss allowance listed above was in relation to bond securities at amortised cost.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets at amortised costs as at 31 December 2022 and 2021.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 31 December 2022:					
Receivables from a joint venture	–	**781,106**	–	–	**781,106**
Bond securities at amortised cost	–	–	**497,267**	–	**497,267**
Trade receivables	–	–	–	**882,221**	**882,221**
Financial assets included in other receivables, prepayments and deposits	**511,113**	–	–	–	**511,113**
Bank and cash balances	**1,020,259**	–	–	–	**1,020,259**
	1,531,372	**781,106**	**497,267**	**882,221**	**3,691,966**
As at 31 December 2021:					
Receivables from a joint venture	940,795	–	–	–	940,795
Bond securities at amortised cost	147,704	23,433	551,692	–	722,829
Trade receivables	–	–	–	1,049,955	1,049,955
Financial assets included in other receivables, prepayments and deposits	604,811	–	–	–	604,811
Bank and cash balances	1,177,254	–	–	–	1,177,254
	2,870,564	23,433	551,692	1,049,955	4,495,644

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

During the year ended 31 December 2022, HK$781,106,000 and HK$23,433,000 of financial assets, which was measured under stage 1 and stage 2 ECL model respectively in prior year, was measured under stage 2 and stage 3 ECL model respectively due to the change in credit risk (2021: HK$23,433,000 of financial assets , which was measured under stage 1 ECL model in 2020, was measured under stage 2 ECL model).

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. Please refer the details to Note 13.

(c) Liquidity risk

The Group employs cash flow forecasting to manage liquidity risk by forecasting the amount of cash required (including working capital, loan repayments, dividend payments and potential new investments) and by maintaining sufficient cash and adequate undrawn banking facilities to ensure our funding requirements are met.

The Group's financial liabilities include trade payables, other payables, accruals, borrowings and lease liabilities. The trade payables and other payables are generally on credit terms of one to three months after the invoice date. For accruals, there are generally no specified contractual maturities and amounts owing are paid upon the counterparty's formal notification, of which should be within 12 months from the end of the reporting period.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including future interest payments).

	2022				2021			
	Borrowings HK$'000	**Written put options liabilities HK$'000**	**Trade and other payables and accruals HK$'000**	**Lease liabilities HK$'000**	Borrowings HK$'000	Written put options liabilities HK$'000	Trade and other payables and accruals HK$'000	Lease liabilities HK$'000
Within 1 year	**717,688**	**140,000**	**680,812**	**46,855**	2,043,287	140,000	481,195	32,045
Between 1 and 2 years	**104,459**	**–**	**–**	**34,764**	1,594	–	–	12,216
Between 2 and 5 years	**1,631,539**	**–**	**–**	**3,282**	17,327	–	–	5,822
	2,453,686	**140,000**	**680,812**	**84,901**	2,062,208	140,000	481,195	50,083

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratios. This ratios are calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents and bank deposits maturing after three months. Total equity as shown in the consolidated statement of financial position is total capital.

The gearing ratio at 31 December 2022 and 2021 was as follows:

	2022 HK$'000	2021 HK$'000
Net debt (Note 36(c))	**1,239,649**	881,450
Total equity	**3,604,235**	4,593,160
Gearing ratio		
– Net debt to total equity ratio	**34.4%**	19.2%

3.3 Fair value estimation

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

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2022 and 2021, the fair value measurement of the Group's financial assets at FVOCI and FVPL is classified in level 3.

Financial assets at FVOCI comprise unlisted equity investment without an active market. The Group establishes the fair value of the unlisted equity investments by using valuation techniques including market comparison method by comparison to the prices at which other similar business nature companies, and the adjusted net assets value method.

The major methods and assumptions used in estimating the fair values of financial assets at FVPL are detailed in Note 13.

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually re-evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Financial assets at amortised cost

The loss allowances for financial assets at amortised cost (including trade receivables, bond securities at amortised cost and receivables from a joint venture) are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used for receivables from a joint venture, bond securities at amortised cost and trade receivables are disclosed in Notes 3.1(b), 9, 12 and 15 respectively.

(b) Useful lives of property, plant and equipment and investment properties

In accordance with HKAS 16 and HKAS 40, the Group estimates the useful lives of property, plant and equipment and investment properties in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

(c) Deferred income tax assets

Deferred income tax assets are recognised for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the temporary differences, the carry forward of unused tax credits and unused tax losses could be utilised. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Where the actual or expected tax positions in future are different from the original estimate, such difference will impact the recognition of deferred income tax assets and income tax charge in the period in which such estimate has been changed.

(d) Programme costs and film rights

The Group allocates and amortises the programme costs and film rights to each of the terrestrial TV platform, digital new media platform and licensing and distribution market based on their potential benefits brought to the Group and the expected consumption pattern, number of planned transmissions or duration of the license period, whichever is more relevant and prevailing. Management regularly reviews the basis of the allocation and amortisation and will adjust the allocation and amortisation method when the expected changes in respective economic benefit, consumption pattern or consumption rate arise. Impairment loss is recognised when there is an indication that the estimated recoverable amount of individual programme is less than its carrying value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(e) Goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of cash-generating units was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in note 8. Details of key assumptions and impact of possible changes in key assumptions are disclosed in note 8.

5 REVENUE, INTEREST INCOME, OTHER REVENUES AND SEGMENT INFORMATION

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

The amount of each significant category of revenue recognised during the year is as follows:

	2022 HK$'000	2021 HK$'000
Revenue		
Advertising income, net of agency deductions	**1,372,691**	1,284,012
e-Commerce income	**866,170**	239,835
Licensing income	**527,230**	560,193
Subscription income	**437,018**	416,058
Co-production income	**159,154**	194,709
Others	**223,487**	203,815
	3,585,750	2,898,622
Interest income	**124,560**	153,204
Other revenues		
Government subsidies from Employment Support Scheme (note)	**37,306**	–
Others	**14,859**	14,183
	52,165	14,183
	3,762,475	3,066,009

Note:

During the year ended 31 December 2022, the HKSAR Government has launched the "Employment Support Scheme" to provide time limited financial support to eligible employers to retain their employees due to the adverse situation of COVID-19 in Hong Kong (2021: Nil).

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

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

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

The Group has following reportable segments:

(a)	Hong Kong TV Broadcasting	–	broadcasting of television programmes, commercials on terrestrial TV platforms, production of programmes, online social media platform, music entertainment, event and digital marketing
(b)	OTT Streaming	–	operation of myTV SUPER OTT service and website portals
(c)	e-Commerce Business	–	operation of 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 other financial assets at amortised cost, impairment loss on receivables from a joint venture, 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 consolidated financial statements.

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

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

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

	Hong Kong TV Broadcasting		OTT Streaming		e-Commerce Business		Mainland China Operations		International Operations		Total	
	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	**14,218**	12,466	**2,022**	4,223	**862,467**	237,916	**207,656**	161,346	**13,853**	13,348	**1,100,216**	429,299
Over time	**1,279,881**	1,212,056	**347,383**	363,063	**128**	151	**490,121**	504,163	**368,021**	389,890	**2,485,534**	2,469,323
External customers	**1,294,099**	1,224,522	**349,405**	367,286	**862,595**	238,067	**697,777**	665,509	**381,874**	403,238	**3,585,750**	2,898,622
Reportable segment EBITDA	**(513,750)**	(604,691)	**65,847**	36,801	**(100,153)**	(58,640)	**159,407**	189,425	**50,242**	123,484	**(338,407)**	(313,621)
Additions to non-current assets*	**130,528**	135,696	**69,043**	37,183	**64,705**	149,626	**1,620**	5,879	**3,211**	1,414	**269,107**	329,798

* 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:

	2022	2021
	HK$'000	HK$'000
Reportable segment EBITDA	**(338,407)**	(313,621)
Depreciation and amortisation	**(427,252)**	(413,407)
Finance costs	**(81,098)**	(106,372)
Interest income	**11,916**	52,712
Interest income from joint ventures	**112,644**	100,492
Impairment loss on receivables from a joint venture (Note 9)	**(211,800)**	–
Impairment loss net of gain/loss on disposal of other financial assets at amortised cost	**(28,588)**	(80,450)
Share of profits of joint ventures	**198**	290
Share of profits of associates	**24**	1,621
Loss before income tax	**(962,363)**	(758,735)

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

For the year ended 31 December 2022, revenue generated from a single customer of the Group from the segment of Mainland China operations amounting to approximately HK$382,197,000 (2021: HK$314,332,000) in aggregate has accounted for over 10% of the total revenue.

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

	2022 HK$'000	2021 HK$'000
Hong Kong	**2,515,149**	1,821,850
Mainland China	**702,207**	672,352
Malaysia and Singapore	**155,938**	170,971
USA and Canada	**116,675**	118,289
Vietnam	**33,490**	30,795
Australia	**15,279**	15,678
Europe	**3,773**	4,672
Other territories	**43,239**	64,015
	3,585,750	2,898,622

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

	2022 HK$'000	2021 HK$'000
Hong Kong	**1,674,077**	1,840,539
USA and Canada	**566,598**	938,961
Mainland China	**49,508**	59,851
Taiwan	**2,424**	2,517
Other territories	**52**	384
	2,292,659	2,842,252

6 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Studio, broadcasting and transmitting equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 January 2021	1,311,056	63,586	2,806,340	1,737,642	49,298	5,967,922
Exchange differences	1,900	122	399	336	–	2,757
Acquisition of subsidiaries (Note 39 (a))	15,178	177	–	4,833	–	20,188
Additions	11,325	2,776	33,837	39,952	2,937	90,827
Lease modification	20,289	–	–	–	–	20,289
Transferred from investment properties	4,192	–	–	–	–	4,192
Disposals	(19,596)	(26)	(107,421)	(6,885)	(2,267)	(136,195)
At 31 December 2021	1,344,344	66,635	2,733,155	1,775,878	49,968	5,969,980
At 1 January 2022	1,344,344	66,635	2,733,155	1,775,878	49,968	5,969,980
Exchange differences	(5,551)	(208)	69	(1,287)	–	(6,977)
Additions	83,921	2,905	71,818	61,363	–	220,007
Lease modification	(755)	–	–	–	–	(755)
Transferred from investment properties	7,285	–	–	–	–	7,285
Transfer	–	–	261	(261)	–	–
Disposals	(73,741)	(1,169)	(83,018)	(1,810)	(672)	(160,410)
At 31 December 2022	**1,355,503**	**68,163**	**2,722,285**	**1,833,883**	**49,296**	**6,029,130**
Accumulated depreciation and impairment						
At 1 January 2021	796,844	60,761	2,285,861	1,165,976	47,525	4,356,967
Exchange differences	940	117	383	244	–	1,684
Charge for the year (Note 27)	52,454	2,279	145,895	144,055	1,429	346,112
Transferred to investment properties	1,954	–	–	–	–	1,954
Written back on disposals	(18,295)	(26)	(106,708)	(6,490)	(1,971)	(133,490)
At 31 December 2021	833,897	63,131	2,325,431	1,303,785	46,983	4,573,227
At 1 January 2022	833,897	63,131	2,325,431	1,303,785	46,983	4,573,227
Exchange differences	(3,098)	(176)	78	(780)	–	(3,976)
Charge for the year (Note 27)	66,671	1,149	124,613	143,179	1,146	336,758
Transferred from investment properties	4,371	–	–	–	–	4,371
Transfer	–	–	107	(107)	–	–
Written back on disposals	(73,741)	(1,152)	(82,124)	(1,499)	(670)	(159,186)
At 31 December 2022	**828,100**	**62,952**	**2,368,105**	**1,444,578**	**47,459**	**4,751,194**
Net book value						
At 31 December 2022	**527,403**	**5,211**	**354,180**	**389,305**	**1,837**	**1,277,936**
At 31 December 2021	510,447	3,504	407,724	472,093	2,985	1,396,753

6 PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

(a) Leases

The consolidated statement of financial position shows the following amounts relating to leases:

(i) Amounts recognised in the property, plant and equipment relating to leases

	2022 HK$'000	2021 HK$'000
Right-of-use assets		
Properties	**79,725**	42,961
Equipment	**3,610**	8,290
Leasehold land and land use right	**148,086**	157,757
	231,421	209,008

Additions to the right-of-use assets during the year were HK$85,534,000 (2021: HK$29,934,000).

(ii) Amounts recognised in the consolidated income statement

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

	2022 HK$'000	2021 HK$'000
Depreciation charge of right-of-use assets		
Properties	**46,489**	32,252
Equipment	**6,023**	6,031
Leasehold land and land use right	**7,601**	7,708
	60,113	45,991
Interest expenses (included in finance cost)	**2,124**	1,601
Expense relating to short-term leases (included in general and administrative expenses)	**11,879**	15,660
Expense relating to low-value assets that are not shown above as short-term leases (included in general and administrative expenses)	**9**	14

The total cash outflow for leases during the year was HK$53,107,000 (2021: HK$40,467,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 to 5 years with no defined extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

7 INVESTMENT PROPERTIES

	HK$'000
Cost	
At 1 January 2021	15,901
Transferred to property, plant and equipment	(4,192)
Exchange differences	361
At 31 December 2021	12,070
At 1 January 2022	12,070
Transferred to property, plant and equipment	(7,285)
Exchange differences	(746)
At 31 December 2022	**4,039**
Accumulated depreciation	
At 1 January 2021	7,454
Charge for the year (Note 27)	682
Transferred to property, plant and equipment	(1,954)
Exchange differences	178
At 31 December 2021	6,360
At 1 January 2022	6,360
Charge for the year (Note 27)	547
Transferred to property, plant and equipment	(4,371)
Exchange differences	(393)
At 31 December 2022	**2,143**
Net book value	
At 31 December 2022	**1,896**
At 31 December 2021	5,710
Fair values (note)	
At 31 December 2022	**3,782**
At 31 December 2021	11,454

Note:

The Group's investment properties were valued at 31 December 2022 and 2021 by independent valuers who hold a recognised relevant professional qualification and have recent relevant experience of the investment properties valued. The valuations were determined using the direct comparison approach with reference to the comparable properties in close proximity and investment approach with reference to current market rental, where appropriate. The most significant inputs into these valuation approaches are unit price and unit rent per square foot or square metre. The current use of investment properties equates to the highest and best use. As at 31 December 2022 and 2021, the fair value measurement of the investment properties is included in level 3.

8 GOODWILL AND INTANGIBLE ASSETS

	Goodwill HK$'000	Tradenames HK$'000	Software development cost HK$'000	Total HK$'000
Year ended 31 December 2021				
Opening net book amount	–	–	219,608	219,608
Acquisition of subsidiaries (Note 39(a))	85,131	44,000	2	129,133
Additions	–	–	87,828	87,828
Amortisation charge (Note 27)	–	(3,257)	(63,356)	(66,613)
Exchange differences	–	–	49	49
Closing net book amount	85,131	40,743	244,131	370,005
At 31 December 2021				
Cost	85,131	44,000	394,815	523,946
Accumulated amortisation	–	(3,257)	(150,684)	(153,941)
Net book amount	85,131	40,743	244,131	370,005
Year ended 31 December 2022				
Opening net book amount	**85,131**	**40,743**	**244,131**	**370,005**
Additions	**–**	**–**	**60,406**	**60,406**
Amortisation charge (Note 27)	**–**	**(8,582)**	**(81,365)**	**(89,947)**
Exchange differences	**–**	**–**	**(188)**	**(188)**
Closing net book amount	**85,131**	**32,161**	**222,984**	**340,276**
At 31 December 2022				
Cost	**85,131**	**44,000**	**454,945**	**584,076**
Accumulated amortisation and impairment	**–**	**(11,839)**	**(231,961)**	**(243,800)**
Net book amount	**85,131**	**32,161**	**222,984**	**340,276**

Goodwill and tradenames that arose on the acquisition of subsidiaries (the "e-Commerce CGU") are allocated to and monitored by management at e-Commerce business segment, which comprises groups of CGUs that are expected to benefit from synergies of combination with the acquired businesses.

The recoverable amount of e-Commerce CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flow beyond the five-year period is extrapolated using the estimated terminal growth rates of 2.0% (2021: 2.4%). The discount rate applied to the cash flow projection is 27.7% (2021: 25.6%).

8 GOODWILL AND INTANGIBLE ASSETS (continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted profit	–	The basis used to determine the value assigned to the budgeted profit is the average profit achieved in the markets, adjusted for expected efficiency improvement, and expected market development.
Discount rate	–	The discount rate used is before tax.

The recoverable amounts of e-Commerce CGU based on the estimated value-in-use calculations were higher than their carrying amounts (including goodwill and tradenames) at 31 December 2022 and 2021. Accordingly, no provision for impairment loss for goodwill or tradenames is considered necessary.

The Directors and management have considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount of the e-Commerce CGU to exceed its recoverable amount.

9 INTERESTS IN JOINT VENTURES

	2022 **HK$'000**	2021 HK$'000
Non-current		
Investment costs (note)	**206,479**	206,189
Funds advanced to joint ventures	**17,731**	17,731
Less: accumulated share of losses	**(223,153)**	(223,061)
	1,057	859
Loan and interest receivable from a joint venture (note)	**781,106**	940,795
Less: impairment loss on receivables from a joint venture (note)	**(225,300)**	(13,500)
	555,806	927,295
	556,863	928,154

	2022 **HK$'000**	2021 HK$'000
At 1 January	**928,154**	824,706
Add: interest receivables from a joint venture	**112,644**	100,492
Less: return of investment by a joint venture	**–**	(200)
Less: repayment of fund advanced from a joint venture	**–**	(2,369)
Less: repayment of promissory note from a joint venture	**(274,130)**	–
Less: impairment loss provided	**(211,800)**	–
Share of profits for the year	**198**	290
Exchange differences	**1,797**	5,235
At 31 December	**556,863**	928,154

9 INTERESTS IN JOINT VENTURES (continued)

Note:

In July 2017, the Group entered into the agreement with Imagine Holding Company LLC ("Imagine") in relation to the formation of a joint venture company, namely Imagine Tiger Television, LLC ("ITT"), on a 50:50 basis between both parties. The purpose of ITT is to finance the development and production of a slate of television projects whether developed and/or produced by Imagine alone or with third-party co-financiers/co-production partners. The Group has contributed to the capital of ITT in an amount of US$33,333,000 as to 50% of the equity interests in ITT and has provided a loan to ITT in an amount of US$66,667,000 in the form of the Promissory Note. The Promissory Note is unsecured and bears an interest rate of 12% per annum and will mature in July 2032. 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 investment has been recognised as FVOCI.

Due to changes in the US market for scripted TV drama series, which has been increasingly dominated by the content buying activity of streaming platforms in recent years, the Company believes there are fewer immediate opportunities for ITT to invest in the type of independent deficit-financing productions it was originally set up to pursue. As such, the Company considered it prudent to measure the balance under a stage 2 ECL (expected credit loss) model and certain forward looking assumptions to estimate a probability of default, and make an impairment provision of HK$211,800,000 on the carrying value of the Promissory Note. As such, as at 31 December 2022 the accumulated lifetime ECL provision on the Promissory Note was HK$225,300,000 (31 December 2021: HK$13,500,000) which the Group considers adequate and not excessive.

On 29 December 2022, the Group also entered into an agreement with CMC, Inc. ("CMC"), whereby CMC agreed to purchase 10% of the Group's interest in ITT , being (i) 10% of the Promissory Note in the principal amount together with the accrued but unpaid interest of approximately US$10.0 million; and (ii) 10 ITT Class A Units, representing approximately 5% of the entire issued share capital in ITT at a consideration of US$10,002,000 which was pre-paid in cash to the Group before the year end. The disposal is expected to be completed by 30 June 2023, or earlier.

9 INTERESTS IN JOINT VENTURES (continued)

Note: (continued)

Details of the principal joint venture of the Group are listed below:

Name	Place of incorporation and operation	Principal activities	Particulars of issued shares held	Percentage of ownership interest
#Imagine Tiger Television, LLC	United States	Provision of finance for the development and production of television programmes	Class A units of US$25,591,000	§100%

\# Joint venture held indirectly by the Company

§ The Group does not hold class B units and has 50% equity interest in ITT

All joint ventures are private companies and there are no quoted market prices available for their shares. Their investment costs and funds advanced are accounted for using the equity method while the loan to and interest receivable from a joint venture are classified as financial assets at amortised cost.

9 INTERESTS IN JOINT VENTURES (continued)

There are no commitments or contingent liabilities relating to the Group's interest in the joint ventures.

The joint ventures are strategic for the Group's investments in the Hong Kong retail sales and movie market and the United States TV and film markets.

Summarised statements of financial position of the joint ventures that are material to the Group and reconciliations to the carrying amount of the Group's share of net liabilities of the joint ventures:

	As at 31 December 2022			As at 31 December 2021		
	ITT^Δ HK$'000	**Others HK$'000**	**Total HK$'000**	ITT HK$'000	Others HK$'000	Total HK$'000
Assets						
Cash and cash equivalents	**90,031**	**5,743**	**95,774**	365,880	4,729	370,609
Other current assets (excluding cash and cash equivalents)	**194,577**	**516**	**195,093**	224,606	522	225,128
Total current assets	**284,608**	**6,259**	**290,867**	590,486	5,251	595,737
Total non-current assets	**–**	**–**	**–**	–	–	–
	284,608	**6,259**	**290,867**	590,486	5,251	595,737
Liabilities						
Current financial liabilities (excluding trade payables)	**–**	**(39,607)**	**(39,607)**	–	(38,995)	(38,995)
Other current liabilities (including trade payables)	**(57,172)**	**–**	**(57,172)**	(120,475)	–	(120,475)
Total current liabilities	**(57,172)**	**(39,607)**	**(96,779)**	(120,475)	(38,995)	(159,470)
Total non-current financial liabilities	**(778,541)**	**–**	**(778,541)**	(894,335)	–	(894,335)
	(835,713)	**(39,607)**	**(875,320)**	(1,014,810)	(38,995)	(1,053,805)
Net liabilities	**(551,105)**	**(33,348)**	**(584,453)**	(424,324)	(33,744)	(458,068)
Share of net liabilities in joint ventures	**(551,105)**	**(16,674)**	**(567,779)**	(424,324)	(16,872)	(441,196)
Add: Capitalised professional fees	**6,621**	**–**	**6,621**	6,612	–	6,612
Add: Unrecognised loss in excess of investment costs	**544,484**	**–**	**544,484**	417,712	–	417,712
Add: Funds advanced	**–**	**17,731**	**17,731**	–	17,731	17,731
Carrying value*	**–**	**1,057**	**1,057**	–	859	859

* excluding loan and interest receivable

Δ The Group shares 100% of ITT's loss with reference to the agreement in relation to formation of ITT.

9 INTERESTS IN JOINT VENTURES (continued)

Summarised statements of comprehensive income:

	For the year ended 31 December 2022			For the year ended 31 December 2021		
	ITT HK$'000	Others HK$'000	Total HK$'000	ITT HK$'000	Others HK$'000	Total HK$'000
Revenue	399	–	399	71,597	–	71,597
Interest income	2,362	23	2,385	76	6	82
Depreciation	–	–	–	–	–	–
Interest expense	(112,644)	–	(112,644)	(100,492)	–	(100,492)
Loss from operations	(13,908)	–	(13,908)	(9,244)	–	(9,244)
Income tax	–	–	–	–	–	–
Post-tax (loss)/profit for the year	(126,552)	400	(126,152)	(109,736)	589	(109,147)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive (loss)/profit	(126,552)	400	(126,152)	(109,736)	589	(109,147)
Dividends received from joint ventures	–	–	–	–	–	–

10 INTERESTS IN ASSOCIATES

	2022 HK$'000	2021 HK$'000
Investment costs	174,000	174,000
Less: accumulated share of losses	(1,113)	(1,137)
Less: accumulated share of other comprehensive income	(8,728)	5,100
	164,159	177,963

	2022 HK$'000	2021 HK$'000
At 1 January	177,963	171,868
Share of profits for the year	24	1,621
Share of other comprehensive income	(13,828)	4,474
At 31 December	164,159	177,963

10 INTERESTS IN ASSOCIATES (continued)

Details of the material associate are as follows:

Name	Place of incorporation and operation	Principal activity	Particulars of issued shares held	Percentage of ownership interest
#Shine Investment Limited	Cayman Islands	Investment holding	Voting Class A Shares of US$1 each	§15%
			Non-voting Class B Shares of US$1 each	§100%

\# an associate held directly by the Company

§ The Group holds 40% economic interest in Shine Investment Limited

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

There are no contingent liabilities relating to the Group's interest in the associates.

The associate is strategic for the Group's investment in the movie industry.

Summarised statement of financial position of Shine Investment Limited that is material to the Group and reconciliation to the carrying amount of the Group's share of net assets of the associate:

	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000
Assets		
Current financial assets	**1,138**	1,138
Interest in an associate	**409,869**	444,380
	411,007	445,518
Liabilities		
Current financial liabilities	**(350)**	(350)
Net assets	**410,657**	445,168
Interest in associates (40%) and carrying value	**164,263**	178,067

10 INTERESTS IN ASSOCIATES (continued)

Summarised consolidated statement of comprehensive income:

	For the year ended 31 December 2022 HK$'000	For the year ended 31 December 2021 HK$'000
Revenue	–	–
Share of profit of associate	59	4,052
Post-tax profit for the year	59	4,052
Other comprehensive income	(34,570)	11,186
Total comprehensive income	(34,511)	15,238
Dividends received from associate	–	–

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 HK$'000	2021 HK$'000
At 1 January	17,052	12,052
Investment	156,646	5,000
Fair value losses	(11,590)	–
Exchange difference	(474)	–
At 31 December	161,634	17,052

Details of material financial assets at fair value through other comprehensive income are as follows:

Name	Place of incorporation	Place of operation	Principal activities	Particular of issued shares held	Percentage of ownership interest
CMC Flagship Limited	Cayman Islands	Cayman Islands	Investment holding	Ordinary shares of US$1 each	10%
Fairchild Television Limited	Canada	Canada	Operation of specialty television channels	Ordinary shares of C$1 each	20%
HomePlus Holding Limited	Hong Kong	Hong Kong	e-Commerce business	Ordinary shares of HK$1 each	5%
Imagine Holding Company, LLC	United States	United States	Investment holding	Class C Units of US$20,000,000	<5%

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

As these equity instruments are not held for trading, the Group has irrecoverably elected to measure these financial assets at FVOCI. These financial assets at FVOCI are denominated in Hong Kong dollars, US dollars and Canadian dollars and their fair values are included in level 3 fair value hierarchy. The maximum exposure to credit risk is the carrying value of the financial assets at FVOCI.

In December 2022, TVB Venture Investment, LLC ("TVB Venture"), a company indirectly wholly owned by the Company has entered into a subscription agreement with Imagine, pursuant to which TVB Venture subscribed for and Imagine issued 2,621,148 non-voting Class C Units in Imagine for the consideration of US$20,000,000 (equivalent to approximately HK$156,646,000), representing approximately 99.2% of the total Class C Units in issue and less than 5% of the entire issued share capital in Imagine on a fully-diluted basis. The consideration of US$20,000,000 made directly by ITT to Imagine on TVB Venture's behalf, TVB Venture incurred no cash outlay.

12 BOND SECURITIES AT AMORTISED COST

	2022 **HK$'000**	2021 HK$'000
Non-current		
Bond securities at amortised cost:		
Unlisted	**426,982**	504,901
Listed in Hong Kong	**–**	39,147
Listed in other countries	**70,285**	150,347
Less: provision for impairment loss on bond securities (notes (b), (c) and (d))	**(466,842)**	(489,125)
	30,425	205,270
Current		
Bond securities at amortised cost:		
Unlisted	**–**	5,001
Listed in other countries	**–**	23,433
	–	28,434
	30,425	233,704

12 BONDS SECURITIES AT AMORTISED COST (continued)

Notes:

(a) As at 31 December 2022, the Company's remaining portfolio of fixed income securities, net of expected credit losses amounted to HK$30,425,000 (31 December 2021: HK$233,704,000). They were issued by issuers which are listed or unlisted in Hong Kong or overseas. Around 75% of bond securities with the aggregate carrying amount of HK$175,542,000 (2021: HK$201,719,000) were disposed and redeemed of during the year which recorded a gain of HK$129,000 (2021: loss of HK$3,450,000).

As at 31 December 2022, the investment portfolio consisted of fixed income securities of four (31 December 2021: eight) separate issuers, of which the bonds issued by Master Glory Group Limited and SMI Holding Group Limited had been fully impaired in prior years. The interest income recognised during the year from the bond securities at amortised cost amounted to HK$4,289,000 (2021: HK$14,463,000).

In the process of winding down the bond portfolio where certain legacy investment were fully written down or disposed of, a further non-cash impairment losses of HK$28,717,000 (2021: HK$77,000,000) were recognised for the remaining legacy bonds during the year. These additional 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.

(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 13, the management considered full impairment of the Fixed Coupon Bonds was adequate but not excessive at 31 December 2022 and 2021.

(c) CERC Bonds

The Group had purchased the CERC Bonds totalling US$12,000,000 nominal amount (2018 Bond US$6,000,000 and 2019 Bond US$6,000,000). 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$26,000,000 was made during the year ended 31 December 2018.

12 BOND SECURITIES AT AMORTISED COST (continued)

Notes: (continued)

(c) CERC Bonds (continued)

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

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

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$30,000,000 for the year ended 31 December 2020, which was 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 31 December 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, an additional ECL provision of HK$10,000,000 (2021: Nil) has been provided during the year, which concluded the accumulated lifetime ECL provision of HK$66,000,000 (2021: HK$56,000,000) as at year end.

(d) Other bonds

Other than SMI's Fixed Coupon Bonds and CERC Bonds, the net carrying amount of the bond securities at amortised cost as at 1 January 2022 was HK$196,122,000. During the year, the Group disposed and redeemed bond securities with a total carrying amount of HK$175,542,000. For the unlisted bond securities at amortised cost considered as credit-impaired as at 31 December 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. The remaining bond securities are classified as stage 3 as at 31 December 2022. 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$77,000,000) during the year. As at 31 December 2022, the net carrying amount of other securities at amortised costs after provision for impairment loss and disposal and redemption was HK$2,711,000 (31 December 2021: HK$196,122,000).

The details of ECL provision under three-stage model is set out in Note 3.1(b).

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Beginning of the year	**17,259**	–
Acquisition of subsidiaries (Note 39(a))	–	17,259
End of the year	**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") as detailed in Note 39(a), 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 binomial model. Based on the fair value assessment, the fair value of the call option remains unchanged as at 31 December 2022.

(b) In addition to the Fixed Coupon Bonds described in Note 12, the Group subscribed a US$83,000,000 7.5% secured redeemable convertible bonds due 2020 (extendable to 2021 by mutual agreement) ("Convertible Bonds") issued by SMI on 7 May 2018. The Company may exercise its right to convert all or any part of the principal amount of the Convertible Bonds into new shares of SMI at any time during the period from and including the date falling six months from 7 May 2018 up to the close of the business on the maturity date of the Convertible Bonds at the initial conversion price of HK$3.85 per conversion share. None of them was converted up to 31 December 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 operates SMI's principal business as cinema operators in a number of cities in the Mainland China.

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

As at 31 December 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 (2021: Nil).

14 STOCKS

At 31 December 2022 and 2021, all stocks were stated at the lower of cost and net realisable value.

15 TRADE RECEIVABLES

	2022 **HK$'000**	2021 HK$'000
Trade receivables from third parties (note)	**882,221**	1,049,955
Less: provision for impairment loss on receivables from third parties	**(42,169)**	(48,259)
	840,052	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 31 December 2022, the ageing of trade receivables, net of provision for impairment based on invoice dates was as follows:

	2022 **HK$'000**	2021 HK$'000
Up to 1 month	**470,781**	567,264
1–2 months	**152,093**	180,884
2–3 months	**40,575**	50,796
3–4 months	**25,234**	48,961
4–5 months	**67,151**	29,423
Over 5 months	**84,218**	124,368
	840,052	1,001,696

15 TRADE RECEIVABLES (continued)

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

	2022 %	2021 %
Hong Kong dollars	**53**	48
Renminbi	**39**	44
US dollars	**3**	2
Malaysian Ringgit	**2**	1
Other currencies	**3**	5
	100	100

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

	2022 HK$'000	2021 HK$'000
At 1 January	**48,259**	61,470
Provision for impairment loss – third parties	**38**	15,231
Reversal of provision for impairment loss – third parties	**(3,291)**	(9,150)
Receivables written off as uncollectible	**(2,024)**	(19,485)
Exchange differences	**(813)**	193
At 31 December	**42,169**	48,259

The Group applies the HKFRS 9 simplified approach to measured expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses using a provision matrix, trade receivables have been grouped based on shared credit risk characteristics and the invoice dates. As at 31 December 2022, the gross carrying amount of the trade receivables and the loss allowance provision analysed by ageing band are set out below.

	2022			2021		
	Gross carrying amount HK$'000	**Loss allowance provision HK$'000**	**Weighted average expected loss rate**	Gross carrying amount HK$'000	Loss allowance provision HK$'000	Weighted average expected loss rate
Up to 5 months	**772,017**	**16,183**	**2%**	894,629	17,301	2%
Over 5 months to 1 year	**57,808**	**8,384**	**15%**	65,247	10,774	17%
Over 1 year	**52,396**	**17,602**	**34%**	90,079	20,184	22%
	882,221	**42,169**		1,049,955	48,259	

15 TRADE RECEIVABLES (continued)

The carrying amounts of trade receivables approximate their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivable mentioned above. The Group does not hold any collateral as security.

16 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022 HK$'000	2021 HK$'000
Non-current		
Prepayments related to capital expenditure	**36,660**	48,798
Current		
Other receivables, prepayments and deposits	**465,697**	547,810
Contract acquisition and fulfilment costs	**8,756**	8,203
	474,453	556,013
	511,113	604,811

As at 31 December 2021 and 2022, the expected credit losses in relation to the other receivables and deposits are not considered material.

The carrying amounts of other receivables, prepayments and deposits approximate their fair values.

The other receivables, prepayments and deposits mainly represent advance of programme production, prepayment of movie investment, license fee and insurance fee.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

17 MOVIE INVESTMENTS

	2022 HK$'000	2021 HK$'000
At 1 January	**18,152**	19,454
Addition	**61,500**	–
Losses on movie investments	**(11)**	–
Return of investments	**(6,059)**	(1,302)
At 31 December	**73,582**	18,152

Production of a movie with interest of HK$61,500,000 has been released and transferred from prepayment during the year.

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

	2022 HK$'000	2021 HK$'000
Bank deposits maturing after three months	**56,397**	2,536
Cash and cash equivalents	**963,862**	1,174,718
	1,020,259	1,177,254
Analysis of cash and cash equivalents		
Short-term bank deposits	**269,398**	356,353
Cash at bank and on hand	**694,464**	818,365
	963,862	1,174,718

Note:

The maximum exposure to credit risk on bank balances is represented by the carrying amount in the consolidated statement of financial position. The carrying amounts of the bank deposits maturing after three months and cash and cash equivalents approximate their fair values.

Bank deposits maturing after three months and cash and cash equivalents are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
US dollars	**399,363**	180,942
Renminbi	**302,839**	546,294
Hong Kong dollars	**299,293**	235,510
New Taiwan dollars	**10,564**	123,078
Other currencies	**8,200**	91,430
	1,020,259	1,177,254

19 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	438,000	664,044

20 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	–	–	–	–	–	20,177	20,177
– Joint ventures	–	–	–	–	–	(1,210)	(1,210)
Share of other comprehensive income of an associate	–	–	–	–	–	4,474	4,474
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	–	–	–	–	–	(1,347)	(1,347)
Written put options (Note 22)	–	(140,000)	–	–	–	–	(140,000)
Share-based payments	–	–	–	(2,506)	–	–	(2,506)
Lapse of share option	–	–	–	(14,229)	–	–	(14,229)
Balance at 31 December 2021	70,000	(160,699)	127,308	29,636	(7,756)	(10,617)	47,872
Balance at 1 January 2022	70,000	(160,699)	127,308	29,636	(7,756)	(10,617)	47,872
Transferred from retained earnings	–	–	5,882	–	–	–	5,882
Exchange differences on translation of foreign operations:							
– Subsidiaries	–	–	–	–	–	(32,356)	(32,356)
– Joint ventures	–	–	–	–	–	(290)	(290)
Share of other comprehensive loss of an associate	–	–	–	–	–	(13,828)	(13,828)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries	–	–	–	–	–	31	31
Change in fair value of equity instrument at FVOCI	–	–	–	–	(11,590)	–	(11,590)
Share-based payments	–	–	–	5,228	–	–	5,228
Lapse of share option	–	–	–	(18)	–	–	(18)
Balance at 31 December 2022	**70,000**	**(160,699)**	**133,190**	**34,846**	**(19,346)**	**(57,060)**	**931**

20 OTHER RESERVES (continued)

General reserve – the reserve set aside out of the profits of the Company that the Directors think fit for, inter-alia, meeting claims on or liabilities of the Company or contingencies or for any other purpose to which the profits of the Company may be properly applied.

Capital reserve – the capital reserve comprises the excess of consideration paid to non-controlling interests for acquisition of additional interest in subsidiaries; the effects of all transactions with non-controlling interests are dealt with in accordance with the accounting policies set out in Note 2.2(b). It also includes the present value of redemption amount of the written put options, which is a reduction of the Group's equity, as detailed in Note 22.

Legal reserve – in accordance with the local laws in Taiwan, Taiwan subsidiaries are required to set aside 10% of annual net income less any accumulated deficit as legal reserve until such reserve reaches 100% of those subsidiaries' share capital; in accordance with the local laws in mainland China, the mainland China subsidiaries are required to set aside 10% of annual net income less any accumulated deficit as legal reserve until such reserve reaches 50% of those subsidiaries' registered capital. The application of the legal reserve is restricted to covering operating losses and conversion into share capital/registered capital.

Translation reserve – the translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.4.

Share-based payment reserve – the reserve is used to recognise the grant date fair value of options issued to grantees of share options but not yet exercised.

Financial assets at FVOCI reserve – the Group has elected to recognise changes in the fair value of investments in equity securities through OCI, as explained in Note 11. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

21 TRADE AND OTHER PAYABLES AND ACCRUALS

	2022	2021
	HK$'000	HK$'000
Trade payables to:		
Associates (Note 40(c))	**1,520**	523
A joint venture (Note 40(c))	**–**	609
Third parties	**275,361**	178,868
	276,881	180,000
Contract liabilities (note (a))	**184,286**	171,381
Provision for employee benefits and other expenses	**71,037**	90,121
Accruals and other payables	**442,091**	326,696
	974,295	768,198

Notes:

(a) On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK$157,822,000 was recognised as revenue in 2022 (2021: HK$133,650,000) that was included in the contract liabilities balance as at the beginning of the year.

21 TRADE AND OTHER PAYABLES AND ACCRUALS (continued)

Notes: (continued)

(b) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at 31 December 2022. The Group does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would make some or all of the consideration fixed, are not included in the following analysis as the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage.

	2022 **HK$'000**	2021 HK$'000
Within 1 year	**324,496**	319,868
More than 1 year	**304,789**	365,765
	629,285	685,633

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

	2022 **HK$'000**	2021 HK$'000
Up to 1 month	**107,685**	124,404
1–2 months	**63,354**	27,086
2–3 months	**52,972**	12,551
3–4 months	**20,069**	2,472
4–5 months	**11,902**	1,558
Over 5 months	**20,899**	11,929
	276,881	180,000

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

	2022 **%**	2021 %
Hong Kong dollars	**79**	71
US dollars	**10**	11
Renminbi	**10**	16
Other currencies	**1**	2
	100	100

The other payables mainly represent accruals for programme cost.

The carrying amounts of trade and other payables and accruals approximate their fair values.

22 WRITTEN PUT OPTION LIABILITIES

	2022 HK$'000	2021 HK$'000
Written put option liabilities	**140,000**	140,000

Pursuant to the share purchase agreement entered into between Sunrise Investments and Ztore as detailed in Note 39(a), 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 gross merchandise value (the "GMV") and the contribution margin percentage of the GMV ("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.

23 BORROWINGS

	2022 HK$'000	2021 HK$'000
Non-current		
Bank borrowings, unsecured (note (a))	**1,561,306**	–
Other borrowings, unsecured (note (b))	**15,934**	15,934
	1,577,240	15,934
Current		
Bank borrowings, unsecured (note (a))	**390,475**	1,947,687
Bank overdrafts, unsecured (note (c))	**198,640**	–
Other borrowings, unsecured (note (b))	**10,000**	45,000
	599,115	1,992,687
	2,176,355	2,008,621

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23 BORROWINGS (continued)

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

	2022 **HK$'000**	2021 HK$'000
Within 1 year	**599,115**	1,992,687
Later than 1 year but not later than 5 years	**1,577,240**	15,934
	2,176,355	2,008,621

Note:

(a) On 30 June 2020, the Group entered into a new 3-year term loan facility with the amount of US$250 million. The entire amount under the facility was drawn down on 6 July 2020, which will mature on 6 July 2023 and bears a variable interest rate of approximately 6.6% (2021: 2.4%) per annum as at 31 December 2022.

On 22 August 2022, the Group entered into a supplementary agreement in relation to the loan facility of US$250 million principal amount, pursuant to which the maturity date for a US$200 million portion of that loan was extended from 6 July 2023 to 6 July 2025 and a US$50 million portion would be repaid upon original maturity.

Based on the maturity terms of the bank loans, as at 31 December 2022, the amounts repayable in respect of the bank loans of the Group were US$50 million and US$200 million payable within one year and in the third year respectively.

(b) As at 31 December 2022, the Group's loan of HK$15,934,000 (2021: HK$15,934,000) from the third parties bears interest rate of 5% (2021: 5%) per annum with maturity date of 30 September 2025. Other borrowings of HK$10,000,000 (2021: HK$45,000,000) from a third party bears interest rate of 6% (2021: 6%) per annum and is repayable on demand.

(c) As at 31 December 2022, bank overdraft of HK$198,640,000 (2021: Nil) bears interest rate of 2% below prime per annum.

The carrying amounts of borrowings approximate their fair values.

24 LEASE LIABILITIES

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

	2022 HK$'000	2021 HK$'000
Within 1 year	**46,855**	32,045
Later than 1 year but not later than 5 years	**36,698**	18,038
	83,553	50,083

25 DEFERRED INCOME TAX

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

	2022 HK$'000	2021 HK$'000
Net deferred income tax assets recognised on the consolidated statement of financial position	**(391,102)**	(283,917)
Net deferred income tax liabilities recognised on the consolidated statement of financial position	**58,067**	66,801
	(333,035)	(217,116)

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

	2022 HK$'000	2021 HK$'000
At 1 January	**(217,116)**	(88,733)
Acquisition of subsidiaries (Note 39(a))	**–**	8,174
Exchange differences	**338**	(2,928)
Recognised in the income statement (Note 33)	**(116,257)**	(133,629)
At 31 December	**(333,035)**	(217,116)

25 DEFERRED INCOME TAX (continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. At 31 December 2022, the Group has unrecognised tax losses of HK$2,870,913,000 (2021: HK$2,886,299,000) to be carried forward against future taxable income. These tax losses will expire as follows:

	2022 **HK$'000**	2021 HK$'000
After the fifth year	**6,550**	6,105
No expiry date	**2,864,363**	2,880,194
At 31 December	**2,870,913**	2,886,299

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000	**Others HK$'000**	**Total HK$'000**
At 1 January 2021	166,904	57,964	224,868
Recognised in the income statement	(3,811)	11,870	8,059
Acquisition of subsidiaries	8,174	–	8,174
Exchange differences	(4)	(2,817)	(2,821)
At 31 December 2021	171,263	67,017	238,280
Recognised in the income statement	(3,217)	(2,349)	(5,566)
Exchange differences	(8)	–	(8)
At 31 December 2022	**168,038**	**64,668**	**232,706**

25 DEFERRED INCOME TAX (continued)

Deferred income tax assets

	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2021	302,988	10,613	313,601
Recognised in the income statement	140,374	1,314	141,688
Exchange differences	1	106	107
At 31 December 2021	443,363	12,033	455,396
Recognised in the income statement	111,751	(1,060)	110,691
Exchange differences	1	(347)	(346)
At 31 December 2022	**555,115**	**10,626**	**565,741**

Deferred income tax assets are recognised for tax losses carrying forwards and deductible temporary differences to the extent that realisation of the related tax benefits through the future taxable profits is probable.

26 RETIREMENT BENEFIT OBLIGATIONS

No forfeited contribution was utilised during the years 2022 and 2021.

Contributions totalling HK$7,577,000 (2021: HK$7,048,000) were payable to the fund at the year end and are included in other payables and accruals.

27 LOSS BEFORE INCOME TAX

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

	2022 HK$'000	2021 HK$'000
Net exchange losses/(gains)	**51,199**	(3,829)
Gross rental income from investment properties	**(1,441)**	(3,885)
Direct operating expenses arising from investment properties	**47**	633
Loss on disposals of property, plant and equipment	**335**	821
Auditors' remuneration		
– Audit services	**6,101**	6,183
– Non-audit services	**2,376**	1,497
Cost of programmes and film rights	**1,457,399**	1,498,176
Cost of other stocks	**677,130**	188,096
Depreciation (Notes 6 and 7)	**337,305**	346,794
Amortisation of intangible assets (Note 8)	**89,947**	66,613
Short-term leases		
– Equipment and transponders	**4,184**	8,389
– Land and buildings	**7,704**	7,285
Employee benefit expense (excluding directors' emoluments) (Note 29(a))	**1,524,231**	1,449,140
Government subsidies from Employment Support Scheme (Note 5)	**(37,306)**	–

28 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remunerations of all Directors and the chief executive for the years ended 31 December 2022 and 2021 are set out below:

	2022					
Name of Director	Fees HK$'000	Salaries, leave pay and other benefit (note (iii)) HK$'000	Discretionary bonuses (note (iv)) HK$'000	Pension contributions HK$'000	Share-based payment (note (v)) HK$'000	Total HK$'000
Thomas Hui To	880	–	–	–	1,166	2,046
Li Ruigang	465	–	–	–	–	465
Anthony Lee Hsien Pin	515	–	–	–	–	515
William Lo Wing Yan	560	–	–	–	–	560
Allan Zeman	315	–	–	–	–	315
Felix Fong Wo	640	–	–	–	–	640
Belinda Wong Ching Ying	515	–	–	–	–	515
Kenneth Hsu Kin	315	–	–	–	–	315
	4,205	–	–	–	1,166	5,371

28 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

	2021					
Name of Director	Fees HK$'000	Salaries, leave pay and other benefit (note (iii)) HK$'000	Discretionary bonuses (note (iv)) HK$'000	Pension contributions HK$'000	Share-based payment (note (v)) HK$'000	Total HK$'000
Thomas Hui To	859	–	–	–	607	1,466
Mark Lee Po On (note (i))	348	2,911	–	277	(1,768)	1,768
Li Ruigang	465	–	–	–	–	465
Anthony Lee Hsien Pin	515	–	–	–	–	515
Chen Wen Chi (note (ii))	104	–	–	–	–	104
William Lo Wing Yan	560	–	–	–	–	560
Caroline Wang Chia-Ling (note (ii))	146	–	–	–	–	146
Allan Zeman	315	–	–	–	–	315
Felix Fong Wo	628	–	–	–	–	628
Belinda Wong Ching Ying	486	–	–	–	–	486
Kenneth Hsu Kin	303	–	–	–	–	303
	4,729	2,911	–	277	(1,161)	6,756

Notes:

(i) Mr. Mark Lee Po On retired on 27 May 2021.

(ii) Mr. Chen Wen Chi and Professor Caroline Wang Chia-Ling retired on 26 May 2021.

(iii) Salary paid to a Director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

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

(v) As announced on 22 March 2018 and 25 May 2022, the exercise price of share option for 2018 options and 2022 options are HK$25.84 and HK$4.65 per share. Share-based payment refers to the non-cash benefits recognised as an expense during the year in accordance with HKFRS 2. Following the retirement of Mr. Mark Lee Po On, the related share-based payments previously recognised for his unvested service periods were reversed in 2021.

(b) Save for contracts amongst group companies, no other significant transactions, arrangements and contracts to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

29 EMPLOYEE BENEFIT EXPENSE

(a) Employee benefit expense

	2022 HK$'000	2021 HK$'000
Wages and salaries	**1,438,310**	1,372,698
Share-based payments	**4,060**	(900)
Pension costs – defined contribution plans	**81,861**	77,342
	1,524,231	1,449,140

(b) Five highest paid individuals

No directors (2021: Nil) were included in the five individuals whose emoluments were the highest in the Group for the year. The emoluments payable to the remaining five (2021: five) individuals during the year are as follows:

	2022 HK$'000	2021 HK$'000
Salaries and leave pay	**20,627**	16,566
Pension contributions	**490**	491
Share-based payment	**1,513**	498
	22,630	17,555

The aggregate emoluments paid to the five (2021: five) individuals are further analysed into the following bands:

Emolument bands	Number of individuals in each band 2022	2021
HK$2,000,001 – HK$2,500,000	**–**	1
HK$2,500,001 – HK$3,000,000	**–**	1
HK$3,000,001 – HK$3,500,000	**2**	1
HK$3,500,001 – HK$4,000,000	**–**	1
HK$5,000,001 – HK$5,500,000	**3**	1
	5	5

29 EMPLOYEE BENEFIT EXPENSE (continued)

(c) Senior management's emoluments

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

Emolument bands	*Number of individuals in each band	
	2022	2021
HK$1,000,001 – HK$1,500,000	**–**	2
HK$2,000,001 – HK$2,500,000	**1**	2
HK$2,500,001 – HK$3,000,000	**1**	–
HK$3,000,001 – HK$3,500,000	**1**	1
HK$3,500,001 – HK$4,000,000	**–**	1
HK$5,000,001 – HK$5,500,000	**2**	–
	5	6

* No (2021: one) Director of the Company are included in the above emoluments.

30 EMPLOYEE SHARE-BASED PAYMENTS

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

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

During the year, 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.

30 EMPLOYEE SHARE-BASED PAYMENTS (continued)

As at 31 December 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).

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).

30 EMPLOYEE SHARE-BASED PAYMENTS (continued)

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

	2022		2021	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
As at 1 January	**HK$25.84**	**9,250,000**	HK$25.84	16,000,000
Granted during the year	**HK$4.65**	**17,700,000**	N/A	–
Lapsed during the year	**HK$4.65**	**(600,000)**	HK$25.84	(6,750,000)
As at 31 December	**HK$12.09**	**26,350,000**	HK$25.84	9,250,000
Vested and exercisable at 31 December	**HK$25.84**	**9,250,000**	HK$25.84	7,400,000

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

Grant date	**Expiry date**	**Exercise price**	**31 December 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 year			**6.18 years**	1.22 years

During the year, the equity-settled share-based payments relating to the Share Option Scheme of HK$5,228,000 was charged to the consolidated income statement (2021: a credit of HK$2,506,000).

31 OTHER (LOSSES)/GAINS, NET

	2022 HK$'000	2021 HK$'000
Net exchange (losses)/gains	**(51,199)**	3,829
Capital gain tax refund from disposal of properties in Taiwan in prior years (note)	–	69,642
	(51,199)	73,471

Note:

During the year ended 31 December 2021, the Group has received tax refund on non-taxable capital gain from disposal of investment properties in Taiwan under income tax.

32 FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on bank loans, overdraft and other borrowings	**78,974**	47,523
Interest on TVB Notes	–	51,645
Amortised amount of transaction costs on TVB Notes	–	5,603
Interest expense on lease liabilities	**2,124**	1,601
	81,098	106,372

33 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2022 HK$'000	2021 HK$'000
Current income tax:		
– Hong Kong	**1,410**	(760)
– Overseas	**34,840**	31,667
– Under provisions in prior years	**3,579**	1,083
Total current income tax expense	**39,829**	31,990
Deferred income tax:		
– Origination and reversal of temporary differences	**(117,612)**	(132,970)
– Under/(over) provisions in prior years	**1,355**	(659)
Total deferred income tax credit (Note 25)	**(116,257)**	(133,629)
	(76,428)	(101,639)

33 INCOME TAX CREDIT (continued)

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the taxation rate of the place where the Company operates as follows:

	2022 HK$'000	2021 HK$'000
Loss before income tax	**(962,363)**	(758,735)
Calculated at a taxation rate of 16.5% (2021: 16.5%)	**(158,790)**	(125,191)
Effect of different taxation rates in other countries	**12,930**	15,085
Tax effect on the share of results of associates and joint ventures	**(33,581)**	(30,324)
Income not subject to taxation	**(1,605)**	(803)
Expenses not deductible for taxation purposes	**44,234**	29,116
Tax losses not recognised	**46,508**	17,527
Utilisation of previously unrecognised tax losses	**(8,953)**	(8,944)
Tax credit allowance	**(2,128)**	(7,953)
Withholding tax on overseas dividend	**19,356**	1,892
Others	**667**	7,532
Under provisions in prior years	**4,934**	424
	(76,428)	(101,639)

34 LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK$807,132,000 (2021: HK$646,735,000) and 438,000,000 shares in issue throughout the years ended 31 December 2022 and 2021.

During the years ended 31 December 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.

35 DIVIDENDS

The Directors did not recommend a dividend for the years ended 31 December 2022 and 2021.

36 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash used in operations

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

	Note	2022 HK$'000	2021 HK$'000
Loss before income tax		**(962,363)**	(758,735)
Adjustments for:			
Depreciation and amortisation		**427,252**	413,407
Provision for impairment loss on trade receivables		**38**	15,231
Reversal of impairment loss on trade receivables		**(3,291)**	(9,150)
Impairment loss net of gain/loss on disposal of other financial assets at amortised cost		**28,588**	80,450
Losses on movie investments		**11**	–
Non-cash share-based payments		**5,228**	(2,506)
Share of profits of joint ventures		**(198)**	(290)
Impairment loss on receivables from a joint venture		**211,800**	–
Share of profits of associates		**(24)**	(1,621)
Write-off of prepayments		**1,985**	–
Loss on disposal of property, plant and equipment		**335**	821
Interest income		**(124,560)**	(153,204)
Finance costs		**81,098**	106,372
Exchange differences		**23,498**	19,820
		(310,603)	(289,405)
Increase in programmes, film rights and stocks		**(232,631)**	(86,069)
Decrease in trade receivables		**165,716**	91,392
Decrease in other receivables, prepayments and deposits		**11,548**	87,015
Increase/(decrease) in trade and other payables and accruals		**122,988**	(25,630)
Cash used in operations		**(242,982)**	(222,697)

(b) Non-cash investing activities

As disclosed in Note 39(a), the Group's consideration on acquisition of subsidiaries of HK$130,000,000 was satisfied by TVB Resource Packages, which was a non-cash transaction.

As disclosed in Note 22, written put option liabilities of HK$140,000,000 was recognised upon business combination as detailed in Note 39, which was a non-cash transaction.

As disclosed in Note 11, investment in FVOCI of HK$156,646,000 was a non-cash transaction.

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

(c) Net debt reconciliation

	2022 HK$'000	2021 HK$'000
Cash and cash equivalents	**963,862**	1,174,718
Bank deposits maturing after three months	**56,397**	2,536
Short-term bank borrowings and overdrafts (Note 23)	**(589,115)**	(1,947,687)
Long-term bank borrowings (Note 23)	**(1,561,306)**	–
Other borrowings (Note 23)	**(25,934)**	(60,934)
Lease liabilities (Note 24)	**(83,553)**	(50,083)
Net debt	**(1,239,649)**	(881,450)

	Cash and cash equivalents HK$'000	Bank deposits maturing after three months HK$'000	Liabilities from financing activities: Borrowings HK$'000	Liabilities from financing activities: Lease liabilities HK$'000	Total HK$'000
Net debt as at 1 January 2021	1,337,635	1,997,763	(3,752,647)	(39,781)	(457,030)
Addition in lease liabilities	–	–	–	(14,714)	(14,714)
Lease modification	–	–	–	(20,289)	(20,289)
Acquisition of subsidiaries	–	–	(60,000)	(15,457)	(75,457)
Cash flows	(178,632)	(1,995,227)	1,830,994	38,866	(303,999)
Foreign exchange adjustments	15,715	–	(20,431)	(46)	(4,762)
Other non-cash movement	–	–	(6,537)	1,338	(5,199)
Net debt as at 31 December 2021	1,174,718	2,536	(2,008,621)	(50,083)	(881,450)
Addition in lease liabilities	–	–	–	(85,534)	(85,534)
Lease modification	–	–	–	755	755
Cash flows	(148,009)	53,861	(163,640)	53,107	(204,681)
Foreign exchange adjustments	(62,847)	–	(4,094)	326	(66,615)
Other non-cash movement	–	–	–	(2,124)	(2,124)
Net debt as at 31 December 2022	**963,862**	**56,397**	**(2,176,355)**	**(83,553)**	**(1,239,649)**

37 COMMITMENTS

(a) Capital commitments

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

	2022 **HK$'000**	2021 HK$'000
Contracted for but not provided for	**78,358**	100,781

(b) Contractual programme rights and programme contents commitments

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

	2022 **HK$'000**	2021 HK$'000
Programme rights and programme contents commitments	**113,709**	194,332

38 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.

39 BUSINESS COMBINATION

(a) Summary of acquisition

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

On the same day, Sunrise Investments further entered into a share purchase agreement with Ztore, pursuant to which Sunrise Investments will acquire and subscribe, and Ztore will issue 116,716,110 Series D Preferred Shares of Ztore, representing 75% of the issued share capital of Ztore on a fully-diluted basis for a total consideration of HK$200 million through capital injection into Ztore to be satisfied by a sum of HK$70 million in cash and a sum of HK$130 million in provision of TVB Resource Packages. The board of directors of Ztore will consist of five directors and three of which will be appointed by Sunrise Investments. In addition, Sunrise Investments and the existing shareholders of Ztore are respectively granted call and put options which entitle Sunrise Investments to purchase from the existing shareholders of Ztore, or the existing shareholders to sell to Sunrise Investments, the remaining 25% issued share capital in Ztore. Details of the call and put options are set out in Notes 13 and 22 to the consolidated financial statements.

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

Ztore is an investment holding company and holds two operating subsidiaries which own and operate e-Commerce platforms ztore.com and neigbuy.com. It is expected that the acquisition will create significant positive synergistic effects for both the Company and Ztore. The Company is expected to expand the scale of its e-Commerce business and to operate a more diversified e-Commerce business model with a larger customer base, a wider product offering, and more scalable online and offline networks.

Details of the purchase consideration for the acquisition are as follows:

	2021 HK$'000
Purchase consideration (refer to (b) below):	
Cash paid	70,000
TVB Resource Packages	130,000
Total purchase consideration	200,000

The fair value of the TVB Resource Packages as part of the consideration paid for Ztore was based on the market price of the related services and products.

39 BUSINESS COMBINATION (continued)

(a) Summary of acquisition (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value HK$'000
Cash and cash equivalents	59,195
Intangible assets	44,002
Property, plant and equipment	20,188
Stocks	29,288
Trade receivables	3,766
Other receivables, prepayment and deposits	112,000
Trade and other payables and accruals	(54,661)
Borrowings	(60,000)
Lease liabilities	(15,457)
Deferred tax liabilities	(8,174)
Net identifiable assets assumed	130,147
Less: non-controlling interests	(32,537)
Add: Goodwill (Note 8)	85,131
Add: Financial assets at fair value through profit or loss	17,259
Net assets acquired	200,000

The goodwill is attributable to the considerable scale of e-Commerce business with high gross merchandise value of the acquired business, which was important for the Group's future growth. It will not be deductible for tax purposes.

(i) Acquired receivables

The fair value of acquired trade receivables is HK$3,766,000. The gross contractual amount for trade receivables due is HK$3,766,000, with no loss allowance recognised on acquisition.

(ii) Accounting policy choice for non-controlling interests

The group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See note 2.2(a) for the Group's accounting policies for business combinations.

39 BUSINESS COMBINATION (continued)

(a) Summary of acquisition (continued)

(iii) Revenue and profit contribution

The acquired business contributed revenues of HK$183,400,000 and net loss of HK$72,442,000 to the Group for the period from 27 August 2021 to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and loss for the year ended 31 December 2021 would have been HK$3,160,488,000 and HK$724,520,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiaries, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2021, together with the consequential tax effects.

(b) Purchase consideration – cash outflow

	Fair value HK$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	35,000
Cash consideration from SBPL	35,000
Less: Cash balance acquired	(59,195)
Net outflow of cash – investing activities	10,805

Acquisition-related costs of HK$5,511,000 that were not directly attributable to the issue of shares are included in administrative expenses in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows for the year ended 31 December 2021.

40 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions as disclosed in Note 39(a) and balances detailed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

(a) Transactions with related parties

The following is a summary of significant related party transactions during the year carried out between the Group and its related companies:

	2022 HK$'000	2021 HK$'000
Sales of services/goods:		
Associates		
Talent fees	1,570	7,402
Computer graphic service fees	–	240
Other related party		
Performance fees (note)	3,630	–
	5,200	7,642
Purchases of services:		
Associates		
Programme licensing fees	(19,641)	(8,053)
Talent fees	(14,022)	(6,776)
	(33,663)	(14,829)

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.

Note:

The performance fee received from the related party also constitutes a continuing connected transaction as defined under the Listing Rules.

(b) Key management compensation

	2022 HK$'000	2021 HK$'000
Salaries and other short-term employee benefits	17,711	16,640
Share-based payments	1,440	(2,464)
	19,151	14,176

40 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

	2022 HK$'000	2021 HK$'000
Payables to associates	**(1,520)**	(523)
Payables to a joint venture	**–**	(609)

(d) Fund advanced/loan to joint ventures

	2022 HK$'000	2021 HK$'000
Fund advanced to joint ventures		
Beginning of the year	**17,731**	20,231
Repayment of fund advanced by a joint venture	**–**	(2,369)
Impairment of receivables from a joint venture	**–**	(131)
End of the year	**17,731**	17,731
Loan to a joint venture (including interest receivables)		
Beginning of the year	**940,795**	835,068
Repayment of promissory note from a joint venture	**(274,130)**	–
Interest accrued	**112,644**	100,492
Exchange differences	**1,797**	5,235
End of the year	**781,106**	940,795

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.

(e) Fund advanced from a related party

CMC, a company controlled by Mr. Li Ruigang, Non-executive Director, is a related party of the Group. On 29 December 2022, CMC agreed to purchase 10% of the Group's interest in ITT promissory note and share capital in ITT at a consideration of US$10 million. The consideration of US$10 million was settled during the year. Please refer details to Note 9. Such transaction also constitutes a connected transaction as defined under the Listing Rules.

41 COMPARATIVE FIGURES

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

42 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2022 HK$'000	2021 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**1,001,642**	1,089,567
Intangible assets	**56,604**	58,490
Interests in subsidiaries	**1,426,669**	1,426,669
Interests in joint ventures	**4,781**	4,781
Interests in associates	**174,000**	174,000
Bond securities at amortised cost	**30,425**	205,270
Deferred income tax assets	**374,450**	274,291
Prepayments	**36,542**	38,392
Total non-current assets	**3,105,113**	3,271,460
Current assets		
Programmes and film rights	**1,236,209**	1,116,742
Stocks	**10,663**	11,010
Trade receivables	**353,660**	339,909
Other receivables, prepayments and deposits	**949,278**	1,111,607
Movie investments	**73,582**	18,152
Bond securities at amortised cost	**–**	28,434
Bank deposits maturing after three months	**–**	57,408
Cash and cash equivalents	**261,084**	131,917
Total current assets	**2,884,476**	2,815,179
Total assets	**5,989,589**	6,086,639

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

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

	2022 HK$'000	2021 HK$'000
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**664,044**	664,044
Other reserves (Note 42(b))	**104,846**	99,636
Retained earnings (Note 42(b))	**2,231,300**	2,608,557
Total equity	**3,000,190**	3,372,237
LIABILITIES		
Non-current liabilities		
Lease liabilities	**7,662**	15,870
Borrowings	**1,561,306**	–
Total non-current liabilities	**1,568,968**	15,870
Current liabilities		
Trade and other payables and accruals	**819,311**	737,693
Borrowings	**589,115**	1,947,687
Lease liabilities	**12,005**	13,152
Total current liabilities	**1,420,431**	2,698,532
Total liabilities	**2,989,399**	2,714,402
Total equity and liabilities	**5,989,589**	6,086,639

The statement of financial position of the Company was approved by the Board of Directors on 28 March 2023 and was signed on its behalf.

Thomas Hui To
Director

Li Ruigang
Director

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

(b) Reserve movement of the Company

	Retained earnings HK$'000	General reserve HK$'000	Share-based payment reserve HK$'000	Total HK$'000
At 1 January 2021	3,297,242	70,000	46,371	3,413,613
Loss for the year	(702,914)	–	–	(702,914)
Share-based payments	–	–	(2,506)	(2,506)
Lapse of share options	14,229	–	(14,229)	–
At 31 December 2021	2,608,557	70,000	29,636	2,708,193
At 1 January 2022	**2,608,557**	**70,000**	**29,636**	**2,708,193**
Loss for the year	**(377,257)**	–	–	**(377,257)**
Share-based payments	–	–	**5,228**	**5,228**
Lapse of share option	–	–	**(18)**	**(18)**
At 31 December 2022	**2,231,300**	**70,000**	**34,846**	**2,336,146**

43 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 28 March 2023.

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Incorporated in Hong Kong

Name	Number of shares	Issued and fully paid up share capital note (d)	Attributable interest (%) to the Group	Attributable interest (%) to the Company	Principal activities
Shaw Brothers Pictures Limited	20	HK$20	100	100	Production of motion pictures for theatrical release and distribution and artiste management
TVBI Company Limited	200,000	HK$2,000,000	100	100	Investment holding and programme licensing
77 Atelier Limited (Formerly known as "TVB New Wings Limited")	100	HK$100	100	100	Provision of programmes and provision of marketing materials
Art Limited	10,000	HK$10,000	100	–	Film licensing and distribution
TVB e-Commerce Group Limited (Formerly known as "Big Big e-Commerce Group Limited")	1,085,867,759	HK$2,474,893,304	100	–	Investment holding
Big Big Channel Limited	2	HK$1,389,025,547	100	–	Big Big e-Commerce business
MyTV Super Limited	2	HK$2	100	–	Hong Kong digital new media business
TVB Music Group (Formerly known as "The Voice Entertainment Group Limited")	1	HK$1	100	–	Production, licensing and sales of sound recordings
TVB Music Publishing Limited (Formerly known as "The Voice Music Publishing Limited")	1	HK$1	100	–	Publishing and licensing of musical works
TVB Anywhere Limited	10,000	HK$10,000	100	–	Provision of subscription television programmes in overseas markets
TVB Publications Limited	20,000,000	HK$20,000,000	100	–	Event and digital marketing
TVB Publishing Holding Limited	90,000,000	HK$199,710,000 (note (c))	100	–	Investment holding
TVB Anywhere SEA Limited	2	HK$2	100	–	Investment holding
Ztore HK Limited	100	HK$100	61.875	–	Sales of groceries through online platform
Neigbuy Limited	100	HK$100	61.875	–	Sales of groceries through online platform

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Incorporated in other territories

Name	Place of incorporation/ establishment	Number of shares	Issued and fully paid up share capital/ registered capital note (d)	Attributable interest (%) to the Group	Attributable interest (%) to the Company	Principal activities
Television Broadcasts Airtime Sales (Guangzhou) Limited (note (a))	The People's Republic of China	Not applicable	HK$500,000	100	100	Provision of agency services on design, production and exhibition of advertisements
TVB Finance Limited (note (b))	Cayman Islands	1	HK$1	100	100	Corporate finance services
TVB Investment Limited	Bermuda	20,000	US$20,000	100	100	Investment holding
TVB Satellite TV Holdings Limited (note (b))	Bermuda	12,000	US$12,000	100	100	Investment holding
廣東采星坊演藝諮詢服務有限公司 (note (a))	The People's Republic of China	Not applicable	RMB10,000,000	100	100	Provision of consultancy, management and agency services to artistes
上海翡翠東方傳播有限公司 (note (a))	The People's Republic of China	Not applicable	RMB200,000,000	70	70	Provision of agency services on advertisements, television programmes, film rights and management services
Countless Entertainment (Taiwan) Company Ltd.	Taiwan	1,000,000	NT$10,000,000	100	–	Investment holding
Big Big Channel Media Limited	Taiwan	10,000,000	NT$100,000,000	100	–	Investment holding and provision of subscription television programmes
Voice Entertainment Limited	Taiwan	3,000,000	NT$30,000,000	100	–	Property investment and production, licensing and sales of sound recordings and musical works
Sunrise Investments Global Limited	British Virgin Islands	10,000	US$10,000	82.5	–	Investment holding

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Incorporated in other territories (continued)

Name	Place of incorporation/ establishment	Number of shares	Issued and fully paid up share capital/ registered capital note (d)	Attributable interest (%) to the Group	Attributable interest (%) to the Company	Principal activities
TVB Holdings (USA) Inc. (note (a))	USA	10,000	US$6,010,000	100	–	Investment holding and programme licensing and distribution
TVB Macau Company Limited	Macau	Not applicable	MOP25,000	100	–	Provision of services for programme productions
TVB Satellite Platform, Inc. (note (a))	USA	300,000	US$3,000,000	100	–	Provision of satellite and subscription television programmes
TVB (USA) Inc. (note (a))	USA	1,000	US$10,000	100	–	Provision of satellite and subscription television programmes
TVB Video (UK) Limited (note (a))	United Kingdom	1,000	GBP1,000	100	–	Programme licensing and provision of dealership services
TVB (Singapore) Pte. Ltd.	Singapore	1	S$1	100	–	Provision of agency services for advertisements and consultancy services
廣州埋堆堆科技有限公司 (notes (a) and (f))	The People's Republic of China	Not applicable	RMB10,000,000	70	–	Provision of video streaming, software and IT services
上海華嬰網絡科技有限公司 (notes (a) and (f))	The People's Republic of China	Not applicable	–	70	–	Provision of trading and e-Commerce business
上海真識貨貿易有限公司 (notes (a) and (f))	The People's Republic of China	Not applicable	RMB1,000,000	70	–	Provision of trading and e-Commerce business
廣州齊齊整整傳媒有限公司 (notes (a) and (f))	The People's Republic of China	Not applicable	–	70	–	Provision of cultural and art development service

44 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Notes:

None of the subsidiaries have issued any loan capital. All subsidiaries operate principally in their place of incorporation.

There is no significant contractual arrangement with the non-controlling interests.

(a) The accounts of these subsidiaries, which do not materially affect the results of the Group, have been audited by firms other than PricewaterhouseCoopers.

(b) The accounts of these subsidiaries are not audited.

(c) 4,500,000 ordinary shares amounting to HK$38,700,000 remained unpaid as at 31 December 2022.

(d) Represented ordinary share capital, unless otherwise stated.

(e) All principal subsidiaries are limited liability companies.

(f) The Company does not have legal ownership in equity of these structured entities and their subsidiaries. Nevertheless, under certain contractual agreements entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are presented as controlled structured entities of the Company. These structured entities and their subsidiaries contributed less then 5% of the Group's total revenue for 2022 and 2021.

BUSINESS STRUCTURE

TVB
(Stock Code: 00511)

Segment	Business Model	Product / Brand	Market
Hong Kong TV Broadcasting (100%)	Free-to-air broadcasting, production of programmes, dissemination of video content and music entertainment to streaming platforms and social media	Terrestrial channels (Jade, J2, TVB News, Pearl, TVB Finance, Sports & Information) TVB Music Group	Hong Kong
OTT Streaming (100%)	Video streaming business operates on a combination of subscription and advertising	myTV SUPER	Hong Kong
e-Commerce Business (75% Ztore Group)	Operation of e-Commerce platforms	Ztore, Neigbuy	Hong Kong
Mainland China Operations (70% TVBC)	Co-production of programmes, video streaming business and dissemination of content in third-party digital platforms and MCN business operations	Mai Dui Dui	Mainland China
International Operation (100%)	Programme licensing, video streaming business and dissemination of content in third-party digital platforms	TVB Anywhere	Global

Associate	Joint Venture
Shaw Brothers Holdings (Stock: 00953) (11.98%)	Imagine Tiger Television (50%)

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