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Television Broadcasts Limited

電視廣播有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

ANNOUNCEMENT OF 2024 ANNUAL RESULTS

SIGNIFICANTLY POSITIVE EBITDA OF HK\$295 MILLION IN 2024

**POSITIVE NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF
THE COMPANY IN SECOND-HALF 2024 (BEFORE NON-RECURRING ITEMS)**

RESULTS HIGHLIGHTS

For the year ended 31 December 2024 (the “Year”)

- Total Group revenue, including our e-Commerce Business segment, for the Year fell slightly by HK\$65 million or 2% from HK\$3,323 million to HK\$3,258 million.
- Total revenue of core TV-related businesses (excluding e-Commerce Business segment) increased by HK\$294 million or 10% from HK\$2,837 million to HK\$3,131 million, driven mainly by 17% revenue growth in our Hong Kong TV Broadcasting segment and 17% revenue growth in our Mainland China Operations segment.
- The Group achieved positive EBITDA of HK\$295 million, representing a HK\$435 million improvement compared to the EBITDA loss of HK\$140 million last year.
- Loss attributable to equity holders of the Company was reduced substantially by HK\$272 million to HK\$491 million (2023: HK\$763 million) mainly due to the HK\$435 million improvement in EBITDA, which was partially offset by non-cash write-downs during the Year of substantially all of our remaining legacy and non-performing assets. Loss per share for the Year was HK\$1.09 (2023: HK\$1.74).
- Excluding the impact of asset write-downs, which are non-recurring in nature, our loss attributable to equity holders of the Company would have only been HK\$88 million for the Year (2023: HK\$607 million), and we in fact achieved a profit of HK\$53 million in the second half of 2024.
- The Board did not recommend the payment of a dividend for the Year (2023: nil).

BUSINESS HIGHLIGHTS

- In 2024, our self-operated terrestrial TV channels enjoyed a 79% market share of viewership¹ in Hong Kong, as we maintained our position as the territory's leading platform for entertainment and information.
- Our Hong Kong TV Broadcasting segment achieved 17% revenue growth, with income from advertisers increasing by 14% as we continued to win back large corporate advertisers to our TV platforms. Our market share² of total TV ad spending in Hong Kong grew from 75% in 2023 to 83% in 2024.
- Outside of traditional TV, the reach and earnings contribution of our digital media assets also grew further in 2024. Digital advertising on our myTV SUPER streaming service grew by 30%, and we had over 23 million average monthly active users in 2024 across our Hong Kong digital assets including TVB.com, TVB News mobile app and TVB-related social media accounts, an increase of 81% compared to 2023.
- Our Mainland China Operations segment reported a 17% revenue increase, driven mainly by our drama co-production business, which saw a 69% growth in revenue due to expanded co-production activity with our mainland video platform partners Youku and Tencent Video. During 2024, our co-production titles *No Room For Crime* (反黑英雄), *Forensic Heroes VI: Redemption* (法證先鋒VI: 倖存者的救贖), *Big Biz Duel* (企業強人), *Darkside of The Moon* (黑色月光) and *No Return* (巾幗梟雄之懸崖) began airing on Youku and Tencent Video respectively.
- On the cost side, total operating costs in 2024 fell by HK\$565 million or 15% compared to 2023, to HK\$3,279 million in 2024, as we continued to streamline content production and reduce overheads. Notably, in 2024 we (i) reduced our self-operated terrestrial TV channels from five to four by merging our J2 and TVB Finance, Sports & Information channels to create the new TVB Plus channel; and (ii) downsized our e-Commerce business by closing the Ztore platform.

¹ Source: CSM Media Research; computed based on average weekday prime time (19:00–23:00) ratings of all TV channels in Hong Kong

² Source: admanGo

OUTLOOK

- While Hong Kong’s advertising market remains soft due to the overall economic environment, we continue to see the return of large corporate advertisers to our TV platforms. During our “early-bird” campaign late last year, the total amount of pre-commitments for 2025 advertising packages we secured from clients exceeded the previous year’s amount by a double-digit percentage. This is a strong predictor of continued growth in our advertising income in 2025.
- Starting in January 2025, we have also begun selling advertising on our TVB Jade and Pearl channel broadcast feeds to Guangdong province, reflecting the new commercial agreement with our carriage partner there. We are thus offering new solutions to advertising clients to reach the sizeable and valuable Greater Bay Area market. Given the positive response so far from the market, we expect this new initiative to contribute meaningfully to our advertising income this coming year.
- Elsewhere in the Greater Bay Area, Macao’s government-led drive to develop and promote itself as a cultural centre brought in significant revenue for us in 2024 in terms of programme sponsorships, event management and tailor-made productions. This looks set to continue in 2025 as we continue to play a big role in supporting Macao’s transformation into a multi-faceted entertainment destination.
- We also expect digital advertising on our myTV SUPER streaming service to keep growing strongly in 2025 as we roll out new ad-supported free service tiers to further boost viewership.
- Drama co-production in mainland China remains a key growth driver in 2025 as we continue to deliver on an expanded slate of co-production titles for our platform partners. Currently, we have seven drama titles in various stages of production, including *The Queen of Castle* (巨塔之后), *Themis* (正義女神), *Mrs. Revenge* (夫妻的博弈), *I Only Live Twice* (模仿人生), *D.I.D. 12* (刑偵12), *The Fading Gold* (金式森林) and *Wars of Roses* (玫瑰戰爭).
- Based on our current business momentum, and considering that we have written down substantially all of our remaining legacy and non-performing assets in 2024, we anticipate our EBITDA for the full year of 2025 will be substantially higher than in 2024, and we will deliver a positive net profit attributable to shareholders for the full year of 2025.

KEY FINANCIALS

	2024 HK\$'000	2023 HK\$'000
Revenue	3,258,089	3,322,778
– Hong Kong TV Broadcasting	1,638,075	1,397,063
– OTT Streaming	345,002	355,975
– e-Commerce Business	126,754	486,095
– Mainland China Operations	851,480	728,766
– International Operations	296,778	354,879
Total operating costs	3,278,813	3,843,662
– Cost of sales	1,929,842	2,299,489
– Selling, distribution and transmission costs	539,098	710,431
– General and administrative expenses	809,873	833,742
EBITDA	294,982	(140,278)
– Hong Kong TV Broadcasting	110,357	(271,971)
– OTT Streaming	91,121	84,033
– e-Commerce Business	(33,641)	(49,205)
– Mainland China Operations	126,209	63,112
– International Operations	936	33,753
<u>Reconciliation from EBITDA to loss before income tax:</u>		
EBITDA	294,982	(140,278)
Depreciation and amortisation	(289,367)	(373,365)
Finance costs	(147,388)	(146,687)
Interest income	105,815	95,659
Non-recurring items of a non-operating nature	(438,671)	(234,975)
Others	(61,605)	(18,822)
Loss before income tax	(536,234)	(818,468)
Income tax expense	(5,062)	(19,701)
Loss for the Year	(541,296)	(838,169)
Loss attributable to equity holders of the Company	(491,049)	(762,796)
Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the Year	HK\$(1.09)	HK\$(1.74)
Adjusted loss attributable to equity holders of the Company (excluding the effect of non-recurring items of a non-operating nature)	(88,472)	(606,839)
Adjusted loss per share (basic and diluted) for loss attributable to equity holders of the Company during the Year	HK\$(0.20)	HK\$(1.39)

FINANCIAL REVIEW

Revenue of the Group's core television-related business segments increased by HK\$294 million or 10% to HK\$3,131 million. Among these, our Hong Kong TV Broadcasting and Mainland China Operations segments each grew by 17%, or HK\$241 million and HK\$122 million respectively, while revenue of our OTT Streaming and International Operations segments saw declines of 3% and 16% respectively, or HK\$11 million and HK\$58 million respectively, compared to last year. Meanwhile, following our downsizing of our e-Commerce segment, revenue shrank substantially by HK\$359 million to HK\$127 million. Overall revenue of the Group declined slightly by 2% or HK\$65 million during the Year, from HK\$3,323 million to HK\$3,258 million.

Cost of sales decreased from HK\$2,299 million to HK\$1,930 million during the Year, representing a decline of HK\$369 million or 16%. This was mainly due to the downsizing of our e-Commerce business, which led to a reduction in the cost of goods sold. Additionally, with our continuing implementation of cost-saving initiatives during the Year, including the merger of our J2 and TVB Finance, Sports & Information channels to create the new TVB Plus channel, we were able to further reduce content costs during the Year.

Selling, distribution and transmission costs for the Year declined by HK\$171 million or 24% from HK\$710 million to HK\$539 million. This was primarily driven by lower distribution costs in the e-Commerce business in line with a smaller transaction volume, and also a reduction in our depreciation and amortisation expenses.

General and administrative expenses declined by HK\$24 million or 3% from HK\$834 million to HK\$810 million due to various cost-saving initiatives within our administrative and back-office functions.

As a result of all the above, total operating costs (comprising cost of sales, selling, distribution and transmission costs and general and administrative expenses) decreased by HK\$565 million or 15% from HK\$3,844 million to HK\$3,279 million.

Other revenues were HK\$30 million (2023: HK\$21 million), mainly comprising various sundry income.

Other net losses were HK\$70 million (2023: HK\$35 million), mainly comprising net exchange losses, changes in the fair value of a financial liability at fair value through profit or loss and the fair value loss on movie investments during the Year.

Due to the above factors, we achieved a positive EBITDA for the Year of HK\$295 million, representing a year-on-year improvement of HK\$435 million compared to the EBITDA loss of HK\$140 million incurred in 2023. On a sequential basis, the Group's performance also improved from an EBITDA of HK\$47 million in the first half of the Year to HK\$248 million in the second half of the Year.

OUTLOOK

- While Hong Kong’s advertising market remains soft due to the overall economic environment, we continue to see the return of large corporate advertisers to our TV platforms. During our “early-bird” campaign late last year, the total amount of pre-commitments for 2025 advertising packages we secured from clients exceeded the previous year’s amount by a double-digit percentage. This is a strong predictor of continued growth in our advertising income in 2025.
- Starting in January 2025, we have also begun selling advertising on our TVB Jade and Pearl channel broadcast feeds to Guangdong province, reflecting the new commercial agreement with our carriage partner there. We are thus offering new solutions to advertising clients to reach the sizeable and valuable Greater Bay Area market. Given the positive response so far from the market, we expect this new initiative to contribute meaningfully to our advertising income this coming year.
- Elsewhere in the Greater Bay Area, Macao’s government-led drive to develop and promote itself as a cultural centre brought in significant revenue for us in 2024 in terms of programme sponsorships, event management and tailor-made productions. This looks set to continue in 2025 as we continue to play a big role in supporting Macao’s transformation into a multi-faceted entertainment destination.
- We also expect digital advertising on our myTV SUPER streaming service to keep growing strongly in 2025 as we roll out new ad-supported free service tiers to further boost viewership.
- Drama co-production in mainland China remains a key growth driver in 2025 as we continue to deliver on an expanded slate of co-production titles for our platform partners. Currently, we have seven drama titles in various stages of production, including *The Queen of Castle* (巨塔之后), *Themis* (正義女神), *Mrs. Revenge* (夫妻的博弈), *I Only Live Twice* (模仿人生), *D.I.D. 12* (刑偵12), *The Fading Gold* (金式森林) and *Wars of Roses* (玫瑰戰爭).
- Based on our current business momentum, and considering that we have written down substantially all of our remaining legacy and non-performing assets in 2024, we anticipate our EBITDA for the full year of 2025 will be substantially higher than in 2024, and we will deliver a positive net profit attributable to shareholders for the full year of 2025.

SEGMENT RESULTS

Hong Kong TV Broadcasting

For the year ended 31 December	2024 HK\$ million	2023 HK\$ million	Year-on- year change
Segment revenue	1,638	1,397	17%
Segment EBITDA	110	(272)	N/A

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

Segment revenue from Hong Kong TV Broadcasting increased from HK\$1,397 million to HK\$1,638 million, representing a growth of HK\$241 million or 17%. This was mainly driven by income from advertisers which grew by HK\$184 million or 14% from HK\$1,280 million to HK\$1,464 million. At the same time, we continued to reduce our operating costs through various initiatives over the past year, such as the merger of our J2 and TVB Finance, Sports & Information channels to create TVB Plus. With growth in revenue and reduction in cost, this segment achieved a positive EBITDA of HK\$110 million, representing a substantial improvement of HK\$382 million from the EBITDA loss of HK\$272 million last year.

OTT Streaming

For the year ended 31 December	2024 HK\$ million	2023 HK\$ million	Year-on- year change
Segment revenue	345	356	-3%
Segment EBITDA	91	84	8%

OTT Streaming segment represents our myTV SUPER streaming service in Hong Kong, which earns both advertising and subscription revenue. During the Year, the number of subscribers of our premium service pack, myTV Gold, increased by 6% to 204,412 as at 31 December 2024, compared to 193,270 as at 31 December 2023.

Segment revenue from OTT Streaming declined slightly by HK\$11 million or 3% from HK\$356 million to HK\$345 million. This was primarily due to the impact of changes made to our bundled subscription plans with local telco partners, which led to a decrease in subscription revenue. However, advertising revenue for this segment, which is digital in nature, registered a 30% growth which partially offset the decline in subscription revenue.

Despite softer revenue, segment EBITDA grew from HK\$84 million to HK\$91 million, mainly due to our reduction in content cost compared with last year.

e-Commerce Business

For the year ended 31 December	2024 HK\$ million	2023 HK\$ million	Year-on- year change
Segment revenue	127	486	-74%
Segment EBITDA	(33)	(49)	33%

In December 2023, in response to the continued structural challenges in the Hong Kong retail market, we downsized our e-Commerce business by merging our Ztore platform with Neigbuy. As a result, revenue from this segment declined from HK\$486 million to HK\$127 million, a decrease of HK\$359 million or 74%, while we also significantly reduced costs at the same time. This enabled us to reduce the EBITDA loss from this segment from HK\$49 million in 2023 to HK\$33 million.

Mainland China Operations

For the year ended 31 December	2024 HK\$ million	2023 HK\$ million	Year-on- year change
Segment revenue	851	729	17%
Segment EBITDA	126	63	100%

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

Segment revenue from Mainland China Operations increased by HK\$122 million or 17%, from HK\$729 million to HK\$851 million. This was driven mainly by our drama co-production activities, as we delivered on a robust co-production pipeline. As a result, EBITDA doubled from HK\$63 million to HK\$126 million.

International Operations

For the year ended 31 December	2024 HK\$ million	2023 HK\$ million	Year-on- year change
Segment revenue	297	355	-16%
Segment EBITDA	1	34	-97%

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

Segment revenue from International Operations decreased by 16% from HK\$355 million to HK\$297 million, as our traditional licensing and content distribution channels continued to face downward pressure in many parts of the world. Segment EBITDA decreased from HK\$34 million to HK\$1 million, mainly due to the decrease in segment revenue.

INTEREST INCOME

Interest income amounted to HK\$106 million for the Year (2023: HK\$96 million), primarily being interest income of HK\$94 million (2023: HK\$87 million) derived from the Promissory Note with Imagine Tiger Television, LLC (“ITT”), as well as interest income obtained from fixed bank deposits.

FINANCE COSTS

Finance costs mainly comprised interest expenses on our HK\$1,567 million term loan with Shanghai Commercial Bank, and our other bank loans, convertible bonds and other borrowings. Finance costs remained stable at HK\$147 million in 2023 and 2024.

NON-RECURRING ITEMS OF A NON-OPERATING NATURE

Receivables from a joint venture – ITT

As of 31 December 2024, the gross amount of the Promissory Note reached HK\$845 million, accruing interest at a rate of 12% annually. The total tangible assets of ITT were approximately HK\$187 million. In 2024, due to continued slowness in the US market for traditional TV drama production, ITT did not see any meaningful recovery in production activity during the Year. Consequently, it suffered a net loss of approximately HK\$116 million for the Year, and its cash position also declined further to a low level. With no immediate catalysts on the horizon to drive any large improvement in ITT’s performance, the Group considered there were significant further risks regarding ITT’s ability to repay the Promissory Note, which has already been considered as credit-impaired. Hence, in assessing the value of the Promissory Note as at 31 December 2024, we have switched our Expected Credit Loss (“ECL”) model from Stage 2 to Stage 3, resulting in an increase in the ECL rate on the gross amount of the Promissory Note to 77.6% (2023: 39.4%). This resulted in an additional provision of HK\$345 million for the year (2023: HK\$86 million) and a corresponding increase in the accumulated lifetime ECL provision on the carrying value of the Promissory Note to HK\$656 million (2023: HK\$312 million).

Goodwill, intangible and other assets

During the year, we recognised an impairment loss of HK\$85 million related to goodwill and HK\$9 million associated with intangible and other assets, mainly the tradename, linked to our acquisition of Ztore Group in 2021. This decision was driven by several key factors.

In December 2023, in response to a difficult Hong Kong retail market, we downsized our e-Commerce business by merging our Ztore platform with Neigbuy, which then became our sole e-commerce platform serving customers in Hong Kong.

In 2024, Hong Kong's retail environment has remained difficult, and while the downsizing of our e-Commerce business has resulted in cost savings, revenue has also remained under downward pressure. Compared to the HK\$863 million of revenue achieved in 2022, our e-Commerce revenue in 2024 was HK\$127 million or 85% below the 2022 record high. With no foreseeable catalyst for a strong recovery in the near future, we deemed the recoverability of the value of the goodwill and related intangible assets including the tradename arising from our acquisition to be remote. We engaged a third-party valuer to conduct an in-depth assessment of this goodwill, taking into account relevant market data as well as cash flow projections of the Ztore group reflecting the current environment. The outcome of this assessment supported our conclusion that the carrying amount of goodwill is no longer recoverable. Consequently, we wrote off all goodwill and related intangible and other assets, amounting to HK\$85 million, HK\$4 million and HK\$5 million respectively, for a total of HK\$94 million in write-downs.

FAIR VALUE LOSS ON MOVIE INVESTMENTS

During the Year, the Group recognised a fair value loss of HK\$63 million (2023: nil) against our movie investment portfolio, which had a gross balance of HK\$74 million. In 2018 and 2019, we invested in a number of movie titles to be made by a third-party film production company. In subsequent years, the film production company had indeed produced a number of movie titles pursuant to our investment, and in relation to most of these titles, we have received settlement statements from the film production company and hence made appropriate recognition on our consolidated financial statements in the relevant years. However, we are still awaiting settlement for 2 movie titles amounting to a net carrying value of HK\$72 million. During 2024, we came to learn that the film production company is potentially in financial difficulty, hence the recoverability of this remaining investment balance is at risk. We are negotiating with the film production company to secure the best settlement possible under the circumstances. Meanwhile, based on a preliminary indication of the settlement outcome, we consider it appropriate to write down the remaining investment balance of the movie portfolio by HK\$63 million, to a net carrying value of HK\$11 million.

INCOME TAX

The Group recorded an income tax expense of HK\$5 million (2023: HK\$20 million).

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

LOSS ATTRIBUTABLE TO EQUITY HOLDERS

The Group's loss attributable to equity holders of the Company for the Year totalled HK\$491 million, an improvement of HK\$272 million or 36% from HK\$763 million in 2023.

Excluding the effect of non-recurring items of a non-operating nature such as impairment losses on receivables from a joint venture, goodwill, intangible assets and other assets, as well as fair value loss on movie investments and changes in the fair value of financial and derivative instruments, the Group's adjusted loss attributable to equity holders of the Company would otherwise have been HK\$88 million, or a reduction of HK\$519 million or 86% from HK\$607 million in 2023.

LOSS PER SHARE

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$491 million (2023: HK\$763 million). The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share throughout the year ended 31 December 2024 was 448,672,000 (2023: 438,122,000), giving a basic and diluted loss per share of HK\$1.09 (2023: HK\$1.74).

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the year ended 31 December 2024.

DIVIDENDS PER SHARE

The Board of Directors did not recommend the payment of a dividend for the year ended 31 December 2024.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the total equity of the Group was HK\$2,196 million (31 December 2023: HK\$2,739 million). The share capital of the Company increased from 438,218,000 to 466,961,836 ordinary shares in issue due to the allotment of new shares to GF Global Capital Limited and Shaw Brothers Limited during the Year.

As at 31 December 2024, the Group had unrestricted bank and cash balances of HK\$700 million (31 December 2023: HK\$714 million). About 67% of the unrestricted bank and cash balances (approximately HK\$471 million) were maintained in mainland China and overseas subsidiaries to support daily operations. Unrestricted bank and cash balances held by the Group were denominated mainly in Hong Kong dollars, Renminbi and US dollars.

As at 31 December 2024, the Group's net current assets amounted to HK\$1,763 million (31 December 2023: HK\$2,037 million). The current ratio, expressed as the ratio of current assets to current liabilities, was 1.9 at 31 December 2024 (31 December 2023: 2.2).

As at 31 December 2024, bank borrowings amounted to HK\$1,719 million (31 December 2023: HK\$1,731 million) which mainly consisted of the HK\$1,567 million term loan with Shanghai Commercial Bank. Additionally, there were other borrowings of HK\$308 million and convertible bonds of HK\$103 million. As at 31 December 2024, the Group's gearing ratio, expressed as a ratio of net debt to total equity, was 66.7% (31 December 2023: 59.0%).

BOND PORTFOLIO

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

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

CAPITAL COMMITMENTS

At 31 December 2024, the Group had capital commitments totalling HK\$21 million (2023: HK\$30 million), mainly for the enhancement or replacement of transmission and production related equipments.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	2	3,258,089	3,322,778
Cost of sales		<u>(1,929,842)</u>	<u>(2,299,489)</u>
Gross profit		1,328,247	1,023,289
Other revenues	2	29,634	21,366
Interest income	2	105,815	95,659
Selling, distribution and transmission costs		(539,098)	(710,431)
General and administrative expenses		(809,873)	(833,742)
Other losses, net		(69,961)	(34,591)
Finance costs	4	(147,388)	(146,687)
Reversal of impairment loss on trade and other receivables		5,308	1,713
Impairment loss on receivables from a joint venture	10	(344,815)	(86,300)
Impairment loss on goodwill, intangible and other assets	9	(93,856)	(16,454)
Impairment loss on other financial assets at amortised cost		–	(6,221)
Impairment loss on interest in an associate		–	(126,000)
Share of losses of associates		(295)	(105)
Share of profits of joint ventures		48	36
Loss before income tax	5	(536,234)	(818,468)
Income tax expense	6	(5,062)	(19,701)
Loss for the year		<u>(541,296)</u>	<u>(838,169)</u>
Loss attributable to:			
Equity holders of the Company		(491,049)	(762,796)
Non-controlling interests		(50,247)	(75,373)
		<u>(541,296)</u>	<u>(838,169)</u>
Loss per share (basic and diluted) for loss attributable to equity holders of the Company during the year	7	<u>HK\$(1.09)</u>	<u>HK\$(1.74)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK\$'000	2023 HK\$'000
Loss for the year		(541,296)	(838,169)
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations			
– Subsidiaries		(30,140)	(14,941)
– Joint ventures		1,492	(60)
Share of other comprehensive loss of an associate		(5,242)	(4,463)
Reclassification adjustments of exchange differences to profit or loss on liquidation of subsidiaries		–	27
Items that may not be reclassified to profit or loss:			
Change in fair value of equity instruments at fair value through other comprehensive income (“FVOCI”)			
	11	(78,058)	(11,315)
Actuarial loss on provision for long service payment		(1,503)	–
Other comprehensive loss for the year, net of tax		(113,451)	(30,752)
Total comprehensive loss for the year		(654,747)	(868,921)
Total comprehensive loss attributable to:			
Equity holders of the Company		(598,760)	(789,208)
Non-controlling interests		(55,987)	(79,713)
Total comprehensive loss for the year		(654,747)	(868,921)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		926,994	1,071,781
Investment properties		1,415	1,653
Intangible assets		162,458	211,448
Goodwill	9	–	85,131
Interests in joint ventures	10	189,792	479,289
Interests in associates		28,054	33,591
Financial assets at FVOCI	11	71,822	150,364
Bond securities at amortised cost	12	23,515	24,238
Financial assets at fair value through profit or loss		–	28
Deferred income tax assets		381,208	381,447
Prepayments		17,166	33,757
		<u>1,802,424</u>	<u>2,472,727</u>
Total non-current assets		<u>1,802,424</u>	<u>2,472,727</u>
Current assets			
Programmes and film rights		1,578,819	1,579,245
Stocks		16,287	30,720
Trade receivables	13	751,605	867,598
Other receivables, prepayments and deposits		582,308	508,104
Movie investments	14	11,038	73,582
Tax recoverable		2,685	3,458
Bank deposits maturing after three months		53,058	54,863
Cash and cash equivalents		647,324	658,832
		<u>3,643,124</u>	<u>3,776,402</u>
Total current assets		<u>3,643,124</u>	<u>3,776,402</u>
Total assets		<u>5,445,548</u>	<u>6,249,129</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		771,829	665,227
Other reserves		(112,426)	(11,886)
Retained earnings		1,604,652	2,098,193
		<u>2,264,055</u>	<u>2,751,534</u>
Non-controlling interests		<u>(68,341)</u>	<u>(12,354)</u>
Total equity		<u>2,195,714</u>	<u>2,739,180</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2024

	Note	2024 HK\$'000	2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	15	1,175,400	1,583,134
Convertible bonds	16	102,846	92,893
Financial liability at fair value through profit or loss	16	29,492	30,706
Lease liabilities		16,601	8,585
Deferred income tax liabilities		45,183	55,714
		<hr/>	<hr/>
Total non-current liabilities		1,369,522	1,771,032
		<hr/>	<hr/>
Current liabilities			
Trade and other payables and accruals	17	868,539	947,145
Written put option liabilities		140,000	140,000
Current income tax liabilities		2,198	6,785
Borrowings	15	851,285	612,283
Lease liabilities		18,290	32,704
		<hr/>	<hr/>
Total current liabilities		1,880,312	1,738,917
		<hr/>	<hr/>
Total liabilities		3,249,834	3,509,949
		<hr/>	<hr/>
Total equity and liabilities		5,445,548	6,249,129
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

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

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of annual results 2024 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2024 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. For the year ended 31 December 2024, the auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(a) New and amended standards adopted by the Group

The following standards and interpretations apply for the first time to current reporting period commencing on or after 1 January 2024:

Classification of Liabilities as Current or Non-current liabilities with covenants – Amendments to HKAS 1

Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (Revised)

The Group has assessed the impact of the adoption of these amended standards and interpretation that are effective for the first time for this year. The adoption of these amended standards and interpretation did not result in any significant impact on the consolidated financial statements of the Group.

1. Basis of preparation and accounting policies (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 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. Revenue, interest income and other revenues

The amount of each significant category of revenue recognised during the year is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue		
Advertising income, net of agency deductions	1,729,129	1,528,525
e-Commerce income	173,655	516,553
Licensing income	319,774	399,346
Subscription income	326,912	433,058
Others	708,619	445,296
	<u>3,258,089</u>	<u>3,322,778</u>
Interest income	<u>105,815</u>	<u>95,659</u>
Other revenues	<u>29,634</u>	<u>21,366</u>
	<u><u>3,393,538</u></u>	<u><u>3,439,803</u></u>

3. Segment information

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

The segments are managed separately according to the nature of products and services provided. Segment performance is evaluated based on a measure of adjusted earnings before interest income, finance costs, income tax, depreciation and amortisation, impairment losses on receivables from a joint venture, interest in an associate, goodwill, intangible and other assets, other financial assets at amortised cost, changes in fair value of a financial asset and a financial liability at fair value through profit or loss, change in fair value of movie investments, share of profits/losses of joint ventures and associates (EBITDA, see below) to assess the performance of the operating segments which in certain respects, as explained in the table below, is measured differently from the results before income tax in the consolidated financial statements.

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

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

	Hong Kong TV Broadcasting		OTT Streaming		e-Commerce Business		Mainland China Operations		International Operations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	26,238	19,154	1,522	1,872	126,754	486,095	123,485	148,760	244	3,786	278,243	659,667
Over time	1,611,837	1,377,909	343,480	354,103	-	-	727,995	580,006	296,534	351,093	2,979,846	2,663,111
External customers	1,638,075	1,397,063	345,002	355,975	126,754	486,095	851,480	728,766	296,778	354,879	3,258,089	3,322,778
Reportable segment												
EBITDA	110,357	(271,971)	91,121	84,033	(33,641)	(49,205)	126,209	63,112	936	33,753	294,982	(140,278)
Additions to non-current assets*	65,785	71,758	28,585	54,477	8,255	444	1,618	4,723	3,203	14,122	107,446	145,524

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

3. Segment information (continued)

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

	2024 HK\$'000	2023 HK\$'000
Reportable segment EBITDA	294,982	(140,278)
Depreciation and amortisation	(289,367)	(373,365)
Finance costs	(147,388)	(146,687)
Interest income	12,135	8,857
Interest income from a joint venture	93,680	86,802
Changes in fair value of		
– movie investments	(62,544)	–
– a financial asset at fair value through profit or loss	(28)	(17,231)
– a financial liability at fair value through profit or loss	1,214	(1,522)
Impairment losses on		
– receivables from a joint venture (Note 10)	(344,815)	(86,300)
– goodwill, intangible and other assets	(93,856)	(16,454)
– other financial assets at amortised cost	–	(6,221)
– interest in an associate	–	(126,000)
Share of losses of associates	(295)	(105)
Share of profits of joint ventures	48	36
	<hr/>	<hr/>
Loss before income tax	(536,234)	(818,468)

3. Segment information (continued)

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

	2024 HK\$'000	2023 HK\$'000
Hong Kong	2,111,431	2,243,881
Mainland China	855,348	734,720
Malaysia and Singapore	115,897	138,795
USA and Canada	105,526	116,662
Vietnam	19,692	29,037
Australia	15,451	14,975
Europe	3,873	4,001
Other territories	30,871	40,707
	<u>3,258,089</u>	<u>3,322,778</u>

4. Finance costs

	2024 HK\$'000	2023 HK\$'000
Interest on bank loans, overdraft and other borrowings	130,139	140,296
Interest expense on convertible bonds	15,529	4,761
Interest expense on lease liabilities	1,720	1,630
	<u>147,388</u>	<u>146,687</u>

5. Loss before income tax

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

	2024 HK\$'000	2023 HK\$'000
Net exchange losses	8,603	15,838
Depreciation	221,834	293,525
Amortisation of intangible assets	67,533	79,840
Short-term leases		
– Equipment and transponders	–	4,175
– Land and buildings	5,004	3,398
Employee benefit expense (excluding directors' emoluments)	<u>1,288,381</u>	<u>1,397,371</u>

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the 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 charged to the consolidated income statement represents:

	2024 HK\$'000	2023 HK\$'000
Current income tax:		
– Hong Kong	111	1,845
– Mainland China and Overseas	15,904	12,099
– Over-provisions in prior years	(745)	(1,440)
Total current income tax expense	<u>15,270</u>	<u>12,504</u>
Deferred income tax:		
– Origination and reversal of temporary differences	(10,208)	7,197
Total deferred income tax (credit)/expense	<u>(10,208)</u>	<u>7,197</u>
	<u>5,062</u>	<u>19,701</u>

7. Loss per share

Loss per share is calculated based on the Group's loss attributable to equity holders of the Company of HK\$491,049,000 (2023: HK\$762,796,000). The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share throughout the year ended 31 December 2024 was 448,672,000 (2023: 438,122,000).

As at 31 December 2024 and 2023, the ordinary shares were 466,961,836 and 438,218,000 respectively. No fully diluted loss per share was presented as the basic and diluted loss per share are of the same amount. This is because the assumed exercise of the share options and the conversion of the Company's outstanding convertible bonds would result in a decrease in loss per share.

8. Dividends

The Directors did not recommend a dividend for the years ended 31 December 2024 and 2023.

9. Goodwill

	2024 HK\$'000	2023 HK\$'000
Opening net book amount	85,131	85,131
Less: Impairment loss	(85,131)	—
	<u> </u>	<u> </u>
Net book amount	<u> </u> —	<u> </u> 85,131

Goodwill on the Group's consolidated statement of financial position arose from the Group's acquisition in 2021 of the Ztore Group and its operating subsidiaries.

The recoverable amount of this goodwill is tested at the end of each financial reporting period by calculating its "value-in-use", which is based on five years of projected cash flows and a terminal value derived from an assumed estimated terminal growth rate. The projected cashflows and terminal value are then discounted back to the present using an appropriate discount rate that reflects the risk and volatility of the underlying business. For the year ended 31 December 2024, we assumed a terminal growth rate of 2.0% (2023: 2.0%), and a discount rate of 29.0% (2023: 27.0%) in our calculations. Our calculations are then assessed and verified by an independent valuer.

In 2024, Hong Kong's retail environment has remained difficult, and while the downsizing of our e-Commerce business has resulted in cost savings, revenue has also remained under downward pressure. Compared to the HK\$862,595,000 of revenue achieved in 2022, our e-Commerce revenue in 2024 was HK\$126,754,000 or 85% below the 2022 record high. With no foreseeable catalyst for a strong recovery in the near future, we deemed the recoverability of the value of the goodwill from our acquisition to be remote. We engaged a third-party valuer to conduct an in-depth assessment of this goodwill, taking into account relevant market data as well as cash flow projections of the Ztore group reflecting the current environment. The outcome of this assessment supported our conclusion that the carrying amount of goodwill is no longer recoverable. Consequently, we wrote off all goodwill amounting to HK\$85,131,000.

10. Interests in joint ventures

	2024 HK\$'000	2023 HK\$'000
Non-current		
Investment costs (note)	205,264	206,539
Funds advanced to joint ventures	17,731	17,731
Less: accumulated share of losses	<u>(221,854)</u>	<u>(223,177)</u>
	1,141	1,093
	-----	-----
Loan and interest receivable from a joint venture (note)	845,066	789,796
Less: impairment loss on receivables from a joint venture	<u>(656,415)</u>	<u>(311,600)</u>
	188,651	478,196
	-----	-----
	<u>189,792</u>	<u>479,289</u>
	=====	=====

Note:

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

10. Interests in joint ventures (continued)

Note (continued):

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

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

In determining the impairment assessment of the Promissory Note from ITT in 2022 and 2023, the Group has observed that the US market for premium TV content has been increasingly dominated by streaming platforms, resulting in a reduced number of opportunities for ITT which is based in the US to pursue independent non-deficit-financing productions, which was its primary focus. As such, the Company measured the outstanding balance under a stage 2 Expected Credit Loss (ECL) model and certain forward looking assumptions to estimate a probability of default. The ECL model involves assessing key measuring parameters and inputs, such as the probability of default ("PD") and the loss given default ("LGD"). The Group considered various factors in determining the PD and LGD of the Promissory Note, including the scale of the business, business model, financial performance, financial position, market share trend, and financial policy of ITT. The Group also adjusted for forward-looking information, such as the future development plan of ITT. The impairment provision of HK\$211,800,000 and HK\$86,300,000 were recognised in the consolidated income statement in 2022 and 2023 respectively.

As of 31 December 2024, the gross amount of the Promissory Note reached HK\$845,066,000, accruing interest at a rate of 12% annually. The total tangible assets of ITT were HK\$186,916,000. In 2024, due to continued slowness in the US market for traditional TV drama production, ITT did not see any meaningful recovery in production activity. Consequently, it suffered a net loss of approximately HK\$116,000,000 for the year ended 31 December 2024, and its cash position declined further to a low level. With no immediate catalysts on the horizon to drive a large improvement in ITT's performance, the Group considered there were significant further risks regarding ITT's ability to repay the Promissory Note, which has already been considered as credit-impaired. Hence, in assessing the value of the Promissory Note, we switched from a Stage 2 to Stage 3 ECL Model this year, which led to an increase in the ECL rate on the gross amount of the Promissory Note to 77.6% (2023: 39.4%). This resulted in an additional provision of HK\$344,815,000 for the year (2023: HK\$86,300,000) and a corresponding increase in the accumulated lifetime ECL provision on the carrying value of the Promissory Note to HK\$656,415,000 (2023: HK\$311,600,000).

11. Financial assets at fair value through other comprehensive income

	2024 HK\$'000	2023 HK\$'000
At 1 January	150,364	161,634
Changes in fair value	(78,058)	(11,315)
Exchange difference	(484)	45
	<hr/>	<hr/>
At 31 December	<u>71,822</u>	<u>150,364</u>

As the above 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.

As at 31 December 2024, the fair value of Imagine Holding Company, LLC was HK\$66,378,000 (2023: HK\$144,920,000), based on a valuation report conducted by an independent valuer. The valuation report employed calibration method using a market-based approach. The fair value of the equity instrument as at valuation date was calibrated based on the latest completed transaction to deduce an implied market multiple. The implied market multiple is then adjusted for market movements of comparable listed companies to reflect the changes in market conditions between the latest transaction date and the valuation date. This adjusted market multiple is then applied to the latest financial parameter of Imagine Holding Company, LLC to generate the fair value as at the valuation date. The fair value loss of HK\$78,058,000 (2023: HK\$11,315,000) was recorded in the other comprehensive income during the year 2024. The unfavorable change was primarily due to the continuing difficult market conditions for film and TV content production in the United States, which significantly impacted the financial performance of companies involved in the industry.

12. Bond securities at amortised cost

	2024 HK\$'000	2023 HK\$'000
Non-current		
Bond securities at amortised cost:		
Unlisted	426,706	426,995
Listed in other countries	69,872	70,306
Less: provision for impairment loss on bond securities	(473,063)	(473,063)
	<u>23,515</u>	<u>24,238</u>

Note:

As at 31 December 2024, the Company's portfolio of fixed income securities, net of expected credit losses amounted to HK\$23,515,000 (31 December 2023: HK\$24,238,000), which were classified under "Bond securities at amortised cost". Issuers of these securities include listed or unlisted companies in Hong Kong and overseas. No bond securities were disposed of or redeemed during the year (2023: Nil).

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

As at 31 December 2024, no further impairment (2023: HK\$6,221,000) was recognised in the consolidated income statement.

13. Trade receivables

At 31 December 2024, the ageing of trade receivables, net of provision for impairment based on invoice dates was as follows:

	2024 HK\$'000	2023 HK\$'000
Up to 1 month	337,064	443,591
1–2 months	124,492	146,116
2–3 months	89,523	71,346
3–4 months	48,760	49,621
4–5 months	38,010	26,503
Over 5 months	113,756	130,421
	<u>751,605</u>	<u>867,598</u>

14. Movie investments

	2024 HK\$'000	2023 HK\$'000
At 1 January	73,582	73,582
Fair value loss on movie investments	(62,544)	–
	<u>11,038</u>	<u>73,582</u>
At 31 December	<u>11,038</u>	<u>73,582</u>

During the Year, the Group recognised fair value loss of HK\$62,544,000 (2023: nil) against our movie investment portfolio, which had a gross balance of HK\$73,582,000. In 2018 and 2019 we invested in a number of movie titles to be made by a third party film production company. In subsequent years, the film production company had indeed produced a number of movie titles pursuant to our investment, and in relation to most of these titles, we have received settlement statements from the film production company and hence made appropriate recognition on our consolidated financial statements in the relevant years. However, we are still awaiting settlement for 2 movie titles amounting to a net carrying value of HK\$71,544,000. During 2024, we came to learn that the film production company is potentially in financial difficulty, hence the recoverability of this remaining investment balance is at risk. We are negotiating with the film production company to secure the best settlement possible under the circumstances. Meanwhile, based on a preliminary indication of the settlement outcome, we consider it appropriate to write down the remaining investment balance of the movie portfolio by HK\$62,544,000, and recognise this as a fair value loss in the consolidated income statement.

15. Borrowings

	2024 HK\$'000	2023 HK\$'000
Non-current		
Bank borrowings, unsecured (note (a))	1,175,400	1,567,200
Other borrowings, unsecured (note (d))	–	15,934
	<u>1,175,400</u>	<u>1,583,134</u>
Current		
Bank borrowings, unsecured (note (a) and (c))	543,226	164,083
Other borrowings, unsecured (note (b) and (d))	308,059	448,200
	<u>851,285</u>	<u>612,283</u>
	<u><u>2,026,685</u></u>	<u><u>2,195,417</u></u>

Notes:

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

In May 2023, the Group converted the functional currency of the loan facility from US dollars to Hong Kong dollars. This resulted in the conversion of our US\$250,000,000 outstanding loan balance into HK\$1,959,000,000. During the year ended 31 December 2023, the Group repaid an amount of HK\$391,800,000 (being the equivalent of US\$50,000,000) to SCBL.

In December 2024, SCBL agreed to revise the repayment terms of the remaining HK\$1,567,200,000 outstanding loan facility amount to the following: (i) HK\$391,800,000 portion to be repaid on the original maturity date of 6 July 2025; (ii) HK\$117,540,000 portion to be repaid on 6 July 2026, which is one year after the original maturity date; and (iii) the remaining HK\$1,057,860,000 portion to be repaid on 6 January 2027. A supplemental loan agreement reflecting the foregoing revised repayment terms was executed on 10 March 2025.

Interest on the Group’s term loan with SCBL bears a variable rate, which was approximately 6.7% as at 31 December 2024 (2023: 7.7%).

15. Borrowings (continued)

Notes (continued):

- (b) On 13 August 2023, the Group entered into a loan facility agreement with CMC and Young Lion Holdings Limited. Pursuant to this agreement, CMC and Young Lion Holdings Limited have made available, on an unsecured basis, a term loan facility of HK\$700,000,000 (the “Facility”) to the Group. The Facility, which was originally valid up to 31 December 2024, bears an interest rate of 3-month HIBOR plus 1.25%, which is lower than the Group’s current market cost of borrowing in Hong Kong. Under certain circumstances whereby the Company is able to raise new equity related financing, including through issuance of new shares or instruments convertible into new shares, the size of the Facility may be correspondingly reduced. In addition, following the Company’s successful issuance of HK\$156,000,000 in convertible bonds to Cardy Oval Limited on 6 September 2023 (as disclosed below in note 16), this term loan facility made available by CMC and Young Lion Holdings Limited has been correspondingly reduced to HK\$544,000,000 and the Company drew down HK\$448,200,000 from the Facility as at 31 December 2023. During the year, the Company repaid HK\$156,075,000 to CMC and the remaining loan balance was HK\$292,125,000 as at 31 December 2024. Pursuant to a supplemental letter dated 14 March 2025, repayment date of this Facility has been extended to the 31 March 2026.

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

- (c) As at 31 December 2024, excluding the loan with SCBL, the Group had short-term bank borrowings of HK\$151,426,000 (31 December 2023: HK\$164,083,000) from various commercial banks, with fixed interest rates ranging from 3.1% to 3.3% per annum (31 December 2023: 3.6% per annum).
- (d) As at 31 December 2024, the Group’s other borrowings of HK\$15,934,000 (2023: HK\$15,934,000) from the third parties bear interest rate of 5% (2023: 5%) per annum with maturity date of 30 September 2025.

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

The Company completed the issuance of convertible bonds with 3.5% coupon rate at a par value of HK\$156,000,000 on 6 September 2023. The convertible bonds are denominated in Hong Kong dollars and will mature in 5 years from date of issue. Based on the initial conversion price of HK\$4.45 per conversion share, a total of 35,056,164 conversion shares will be allotted and issued upon exercise in full of the conversion right attached to the convertible bonds.

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

The convertible bonds contain three components, a debt component, a derivative component and an equity component. The derivative component is measured at fair value with change in fair value recognised in the consolidated income statement.

The movement of the convertible bonds for the year is set out below:

	Debt component	Derivative component	Equity component	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Issuance on 6 September 2023	90,708	29,184	36,108	156,000
Transaction costs	(771)	–	(232)	(1,003)
Interest expense	4,761	–	–	4,761
Interest paid/payable	(1,805)	–	–	(1,805)
Fair value change	–	1,522	–	1,522
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2023	<u>92,893</u>	<u>30,706</u>	<u>35,876</u>	<u>159,475</u>
	<hr/>	<hr/>	<hr/>	<hr/>
As at 1 January 2024	92,893	30,706	35,876	159,475
Interest expense	15,529	–	–	15,529
Interest paid/payable	(5,576)	–	–	(5,576)
Fair value change	–	(1,214)	–	(1,214)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2024	<u>102,846</u>	<u>29,492</u>	<u>35,876</u>	<u>168,214</u>

17. Trade and other payables and accruals

	2024 HK\$'000	2023 HK\$'000
Trade payables to:		
Associates	433	6,926
Third parties	179,270	227,766
	<u>179,703</u>	<u>234,692</u>
Contract liabilities	163,415	190,223
Provision for employee benefits and other expenses	57,936	59,550
Accruals and other payables	467,485	462,680
	<u>868,539</u>	<u>974,145</u>

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

	2024 HK\$'000	2023 HK\$'000
Up to 1 month	90,919	91,059
1–2 months	41,662	47,305
2–3 months	20,443	29,045
3–4 months	7,100	28,752
4–5 months	2,772	15,268
Over 5 months	16,807	23,263
	<u>179,703</u>	<u>234,692</u>

ADDITIONAL INFORMATION

HUMAN RESOURCES

At the year end, the Group had a total of 2,982 employees in Hong Kong and 322 employees in mainland China and overseas. These figures include contract artistes and staff but exclude directors and freelance workers.

For employees in Hong Kong, different pay schemes apply to contract artistes, sales, and non-sales personnel. Contract artistes are paid either per show or per package of shows. Sales personnel are remunerated on commission-based schemes, while non-sales personnel receive monthly salaries. Discretionary bonuses may be awarded as an incentive for good performance.

Under the share option schemes of the Group, options may be granted to directors and employees of the Group to subscribe for shares in the Company and in TVB e-Commerce Group Limited.

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 30 April 2025 to Wednesday, 28 May 2025, 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, 28 May 2025 (“2025 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, 29 May 2025.

In order to be entitled to attend and vote at the 2025 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, 29 April 2025.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The Company was in compliance with the code provisions in Part 2 of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout 2024.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 of the Listing Rules, as amended from time-to-time, as the code for Directors and members of Senior Management in their dealings in the securities of the Company.

All Directors and members of Senior Management were subject to specific enquiries by the Company as part of their bi-annual confirmations of compliance and have confirmed that they had complied with the Model Code during 2024.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the consolidated financial statements for the year ended 31 December 2024, before such statements were presented to the Board for approval.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the designated issuer website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (<https://corporate.tvb.com>). The Company's 2024 Annual Report containing the information required by the Listing Rules will be despatched to shareholders of the Company and made available on the above websites in April 2025.

ANNUAL GENERAL MEETING

The 2025 AGM of the Company will be held at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong on Wednesday, 28 May 2025.

By Order of the Board
LEE Lai Yi
Company Secretary

Hong Kong, 26 March 2025

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

Executive Directors

Thomas HUI To JP, Executive Chairman
TSANG Lai Chun

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