

# TVB 2010 Interim Report 中期報告



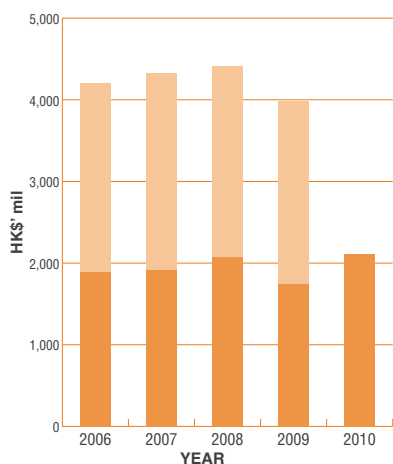
**Television Broadcasts Limited**  
電視廣播有限公司

Stock Code 股份代號 : 00511

# FINANCIAL HIGHLIGHTS

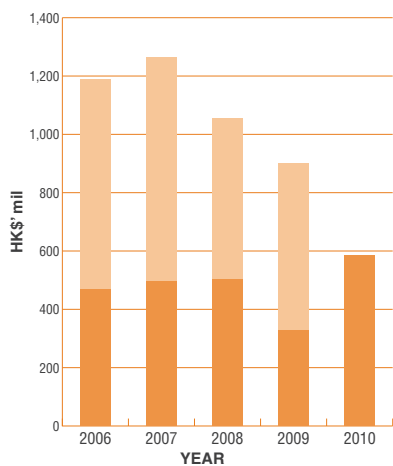
## Turnover

■ 1st Half ■ 2nd Half



## Profit Attributable to Equity Holders of the Company

■ 1st Half ■ 2nd Half



## Six months ended 30 June

### Performance

	2010	2009	Change
Earnings per share	HK\$1.33	HK\$0.75	+77%
Interim dividend per share	HK\$0.35	HK\$0.25	+40%

	HK\$'mil	HK\$'mil	
	30 June 2010	31 December 2009	
Turnover			
- Hong Kong terrestrial TV broadcasting	1,115	832	+34%
- Programme licensing and distribution	337	328	+3%
- Overseas satellite pay TV operations	183	162	+13%
- Taiwan operations	348	300	+16%
- Channel operations	161	160	+1%
- Other activities	44	46	-4%
- Inter-segment elimination	(79)	(74)	+7%
	2,109	1,754	+20%

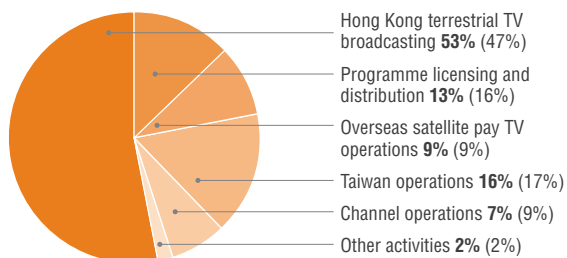
Total expenses	(1,332)	(1,330)	0%
Share of losses of associates	(47)	(30)	+57%
Profit attributable to equity holders	584	330	+77%

Total assets	7,109	7,043	+1%
Total liabilities	1,293	1,224	+6%
Total equity	5,816	5,819	0%
Number of issued shares	438,000,000	438,000,000	

### Ratios

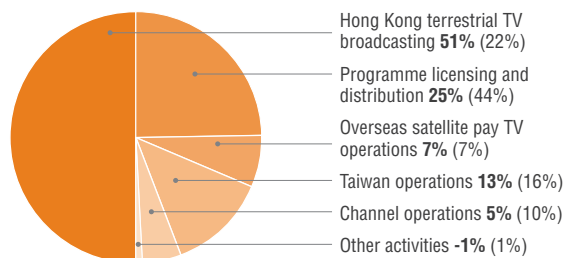
Current ratio	4.05	4.39
Gearing	4%	5%

## Turnover by Operating Segment



% relating to 1st half of 2009 are shown in brackets

## Reportable Segment Profit by Operating Segment



% relating to 1st half of 2009 are shown in brackets

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Sir Run Run SHAW<sup>#</sup>, G.B.M. (Chairman)  
(re-designated on 1 January 2010)

Dr. Norman LEUNG Nai Pang\*, G.B.S., LL.D., J.P.  
(Executive Deputy Chairman)

Mona FONG\* (Deputy Chairperson and Managing Director,  
and Alternate Director to Sir Run Run SHAW)

Christina LEE LOOK Ngan Kwan<sup>#</sup>

Dr. CHOW Yei Ching<sup>#</sup>, G.B.S.

Kevin LO Chung Ping<sup>#</sup>

Edward CHENG Wai Sun<sup>^</sup>, S.B.S., J.P.

Chien LEE<sup>^</sup>

Gordon SIU Kwing Chue<sup>^</sup>, G.B.S., J.P.

Vivien CHEN Wai Wai<sup>^</sup>

Mark LEE Po On\* (appointed on 24 March 2010)

Anthony LEE Hsien Pin

(Alternate Director to Christina LEE LOOK Ngan Kwan)

\* Executive Directors

<sup>#</sup> Non-executive Directors

<sup>^</sup> Independent Non-executive Directors

## BOARD COMMITTEES

### EXECUTIVE COMMITTEE

Dr. Norman LEUNG Nai Pang (Chairman)  
(appointed as the Committee Chairman on 1 January 2010)

Sir Run Run SHAW

(resigned as the Committee Chairman on 1 January 2010)

Mona FONG

Christina LEE LOOK Ngan Kwan

Kevin LO Chung Ping

Mark LEE Po On

(appointed as member on 24 March 2010)

## AUDIT COMMITTEE

Gordon SIU Kwing Chue (Chairman)

Chien LEE

Kevin LO Chung Ping

## REMUNERATION COMMITTEE

Chien LEE (Chairman)

Edward CHENG Wai Sun

Gordon SIU Kwing Chue

Vivien CHEN Wai Wai

(appointed as member on 26 May 2010)

## EXECUTIVE OFFICERS

### SENIOR MANAGEMENT

Mark LEE Po On (Group General Manager)

Stephen CHAN Chi Wan (General Manager – Broadcasting)

CHEONG Shin Keong (General Manager – Broadcasting)

### COMPANY SECRETARY

Adrian MAK Yau Kee

## REGISTERED OFFICE

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

## AUDITORS

PricewaterhouseCoopers  
22/F, Prince's Building  
Central, Hong Kong



## PRINCIPAL BANKERS

Shanghai Commercial Bank Limited  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited

## SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Rooms 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

## AMERICAN DEPOSITARY RECEIPTS

The Bank of New York Mellon  
BNY Mellon Shareowner Services  
PO Box 358516  
Pittsburgh, PA 15252-8516  
USA

## STOCK CODES

Ordinary Shares

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

## WEBSITE

[www.tvb.com](http://www.tvb.com)

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Company, I am pleased to present the Group's interim report and condensed consolidated financial information for the six months ended 30 June 2010, which are set out on pages 18 to 40 of this report.

## RESULTS AND INTERIM DIVIDEND

I am pleased to report that, for the six months ended 30 June 2010 ("Period"), the Group's turnover increased by 20% from HK\$1,754 million to HK\$2,109 million, and the profit before income tax increased by 85% from HK\$406 million to HK\$751 million, which included the Group's share of the losses of our associate of HK\$47 million (2009: loss of HK\$30 million). As a result, the Group's profit attributable to shareholders increased by 77% from HK\$330 million to HK\$584 million, giving an earnings per share of HK\$1.33 (2009: HK\$0.75).

An interim dividend of HK\$0.35 (2009: HK\$0.25) per share has been declared for the 438,000,000 ordinary shares in issue of HK\$0.05 each in respect of the Period. This interim dividend will be paid to shareholders, on or around 22 September 2010, whose names are recorded on the Register of Members on 17 September 2010.

## BUSINESS AND OUTLOOK

The market has rebounded from the depths of the global financial crisis since the middle of 2009, and has shown signs of stability and continuous recovery. I am very pleased to report that the Company has benefited from this market recovery through, principally, an increase of 34% year-on-year in the revenue from our Hong Kong terrestrial TV broadcasting business.

During the last few years, we have made substantial investments in digital broadcasting, including hilltop sites and in-studio equipment, as well as investment in programming every year. As a result of these investments, the Group now enjoys one of the most comprehensive set of media platforms, encompassing five free-to-air digital TV channels, Internet portal tvb.com, publication, and pay TV platform in Hong Kong.

After many years of operation by only two free-to-air operators in Hong Kong, our competitors in the pay TV business have expressed their intentions to develop cross media platforms, and have lodged applications to the Government for new licenses to operate free-to-air TV broadcasting business. We anticipate in the years to come increased competition, should the Government decide to grant the new licences.

Our investment in Internet operation continues. We are pleased to note that our audience now embraces the new technology for entertainment, expression of opinion and ideas, and tvb.com has become an integral part of their lives. In the months to come, we will be rolling out new plans to further enhance its services and to maintain its leading position in entertainment services.

**Run Run Shaw**  
Chairman

Hong Kong, 18 August 2010

# REVIEW OF OPERATIONS

## OPERATING RESULTS FOR THE PERIOD

For the six months ended 30 June 2010, the Group recorded a turnover of HK\$2,109 million (2009: HK\$1,754 million), representing an increase of 20% over the same period of last year. Cost of sales amounted to HK\$850 million (2009: HK\$854 million), representing a decrease of 1% over the same period of last year. Gross profit for the Period stood at HK\$1,259 million (2009: HK\$900 million).

Included in cost of sales were the cost of programmes, film rights and stocks for the Period which amounted to HK\$571 million (2009: HK\$582 million), representing a decrease of 2% over the same period of last year.

Selling, distribution and transmission costs for the Period amounted to HK\$237 million (2009: HK\$218 million), an increase of 9% over the same period of last year.

General and administrative expenses for the Period amounted to HK\$245 million (2009: HK\$258 million), representing a decrease of 5% over the same period of last year.

The Group's share of the losses of an associate, TVB Pay Vision Holdings Limited ("TVBPVH"), increased from HK\$30 million to HK\$47 million<sup>1</sup> for the Period as the percentage of share of losses increased from 29% to 60% upon the completion of the acquisition of an additional 31% equity interests in TVBPVH on 16 November 2009.

Overall, the Group's profit attributable to equity holders amounted to HK\$584 million (2009: HK\$330 million), representing an increase of 77% over the same period of last year. The earnings per share was HK\$1.33 (2009: HK\$0.75).

## HONG KONG OPERATIONS

### HONG KONG TERRESTRIAL TV BROADCASTING

#### ADVERTISING REVENUE

The bottoming out of the recession in advertising spending began in the last quarter of 2009 and led to a very rapid recovery in advertising spending in the first half of 2010.

Compared with the first half of 2009, revenue from Hong Kong terrestrial TV broadcasting for this first half grew by 34% to HK\$1,115 million which represented the return to the level achieved in the pre-financial crisis periods. This growth rate of 34% is understandably high as the first half of 2009 represented the trough of the post-financial crisis advertising recession.

Three main factors contributed to this strong revenue performance. Firstly, strong spending growth was experienced in the categories of skin care and milk powder. Secondly, continued steady moderate to strong growth was experienced in supermarket and insurance categories, as well as in cameras, movies, personal cleaning products, and mobile phone/equipment categories. Thirdly, revenue performance was also helped by a return to normal levels of spending in the important banks and finance companies categories which suffered major declines in 2009.

During this Period, we also made progress in integrated selling of our newer media properties consisting of tvb.com, J2, HD Jade, iNews and the pay TV channels.

<sup>1</sup> Upon the completion of the acquisition of an additional 31% equity interests in TVBPVH on 16 November 2009, TVB's interest in TVBPVH had risen from 29% to 60%, while its voting interest continues to remain at 15%. For the reason that the Group does not exercise the control over TVBPVH, the income statement and the statement of financial position of TVBPVH are equity accounted for in the Group, rather than consolidated.

# REVIEW OF OPERATIONS

## TERRESTRIAL TV CHANNELS PERFORMANCE

During the first half year of 2010, TVB continued to attain a majority audience share<sup>2</sup> in the terrestrial free TV market. Total Jade<sup>3</sup> (in Cantonese) achieved an average of 85% share (2009 Jan-Jun: 84%) during weekday primetime<sup>4</sup>; and Pearl (in English) achieved an average of 74% share (2009 Jan-Jun: 72%) during weekly primetime<sup>5</sup>.

TVB continued to utilise its line up of self-produced dramas during the primetime on Jade and HD Jade. Among the self-produced drama series, *The Mysteries of Love*, which starred Raymond Lam Fung and Tarvia Yeung Yi, was the most well-received. This series achieved 32 TVRs<sup>6</sup> and a 92% share on average, with the rating for the finale soared to 38 TVRs, representing a 92% share. The other successful drama series during the Period included *A Watchdog's Tale*, *A Fistful of Stances*, and *Ghost Writer*.

The daily half hour situation comedy named *Off Pedder* drew to a close in February with an average rating of 26 TVRs, representing an 85% share. It was followed by the hilarious six episode comedy series *Don Juan DeMercado* which celebrated the station's "Season of Love" campaign as part of a "Double Valentines" period from February 14 to the Japanese Valentine's Festival, White Day (March 14). In

June, a new situation comedy named *Some Day* with a strong cast debuted, which averaged to date 24 TVRs, representing an 85% share.

In the non-drama category, a new variety show *Fun with Liz and Gods* which was broadcast during Saturdays' primetime starred the famous Liza Wang and the trio Wong Cho Nam, Johnson Lee Sze Chit and Yuen Siu Cheung. This programme became an instant talk-of-the town, achieving 26 TVRs and an 88% share. A brand new season of *Super Trio GameMaster*, the long-running game show, was launched in April which achieved an average of 28 TVRs and an 85% share in the second quarter. Gourmet series *Admiral's Feasts*, which was hosted by a renowned chef, captured an average of 24 TVRs and an 84% share. The finale of the singer talent contest *The Voice* which was concluded in February, generated 24 TVRs and an 89% share.

TVB continued to bring key world events to our local audience. Jade and HD Jade broadcast live the *Shanghai Expo 2010 – Opening Ceremony* on 30 April 2010 which attracted 24 TVRs and followed by a series of related programmes including *Shanghai Delicacy Exposed* (local cuisine), *Go! EXPO* (tours of various pavilions) and *The All Star Celebrity Expo* (variety shows).

Although the station was only granted limited right to broadcast the 2010 FIFA World Cup

<sup>2</sup> Audience Share (%) is the percentage of ratings of particular channel(s) over the total ratings of the base channels for a specific period of time. The base Chinese channels are Total Jade (Jade and HD Jade) and Asia Television Limited's Home. The base English channels are Pearl and Asia Television Limited's World. From 1 June 2009 onwards, measurement of TV ratings<sup>6</sup> (TVR) included both analogue and digital broadcast.

<sup>3</sup> Total Jade is defined as the aggregate of Jade and HD Jade.

<sup>4</sup> Jade's weekday primetime runs from 7 p.m. to 11 p.m.

<sup>5</sup> Pearl's weekly primetime runs from 7 p.m. to midnight.

<sup>6</sup> TV rating (TVR) represents the size of audience expressed as a percentage of the total TV population. For 2010, the TV population was 6,374,000, and therefore, 1 TVR represents 63,740 viewers (1% of the TV population). Ratings data source: CSM Media Research.



matches, the opening match (live) and four group matches, daily highlights and HD Jade for the semi-finals (live) and the final (live) were brought to our audience on the digital channels. TVB despatched the only TV station crew from Hong Kong to Cape Town and Johannesburg to produce an infotainment series *2010 Soccer Fever – South Africolours* to highlight the World Cup atmosphere, and provide daily updates from South Africa for Jade, Pearl and J2. A live talk show on Jade, *2010 Soccer Fever – Get It On*, featured celebrity guests and commentators' daily analysis of the matches, and three gala events of *2010 Soccer Fever – Let's Party* served as lead-in to the semi-finals and the final.

Movies on Pearl continued to be its main attraction. The mega movie *Mission: Impossible III* was top-rated with 8 TVRs; and the other blockbusters which included *Die Hard 4.0*, *Transporter 2* and *Stealth*, achieved 7 TVRs. Pearl featured nine Valentine movies as part of the station's "Season of Love" campaign. To enhance our competitive edge on the drama front, a new drama series *FlashForward* was telecast just weeks after its U.S. debut. New seasons of *Fringe* (the highest-rated drama), *House* and *24* continued to captivate their fans. The ever popular *Breaking the Magician's Code Magic's Biggest Secrets Finally Revealed* returned in June with a brand new season, capturing 5 TVRs. *Dolce Vita* remains Pearl iconic self-produced lifestyle magazine show and has a Cantonese version on HD Jade which is also popular.

HD Jade continued to deliver impressive audio and visual enjoyment to audience who sought the full high definition ("HD") experience. Apart from simulcasting Jade's primetime line-up, HD programming such as acquired dramas *Dwelling Narrowness* (from mainland China) and *Change*, documentaries and sports events, like NBA continued to appeal to the discerning viewers.

For J2, two new station-produced programmes were introduced early in the year – *Big Boys*

*Club*, which is a talk show hosted by young artistes, and *The Session*, which takes a closer look at the contestants in their preparation for the talent singing competition *The Voice (Sr.2)*.

## DIGITISATION

Compared to the end of 2009, digital terrestrial TV ("DTT") household penetration (including PC-based receivers) grew by 6.8 percentage points from 46.5% to 53.3% as at 30 June 2010, which was fuelled mainly by consumers buying flat screen TVs, now equipped with integrated digital receivers. Falling prices of such TVs will continue to fuel DTT adoption.

The work of building fill-in stations to extend coverage to the 90% level continues with good progress being made in completing the 8 fill-in stations scheduled for 2010.

Work is in progress to construct an electronic archive for storage and retrieval of self-produced television programmes in digital format.

## HONG KONG PAY TV BUSINESS

### INVESTMENT IN PAY TV PLATFORM

TVB has a 60% equity interest in the shares of TVBPVH, while its voting interest remains at 15%. For the reason that the Group does not exercise the control over TVBPVH, the income statement and statement of financial position of TVBPVH are equity accounted for in the Group, rather than consolidated. During the Period, TVB shared a net loss of HK\$ 47 million (2009: net loss of HK\$ 30 million).

The market for Pay TV in Hong Kong remains extremely competitive as the three major operators, namely now TV, i-cable and TVB Pay Vision ("TVBPV"), offer pay channels with different nature and contents, and compete fiercely for subscribers in a small market. TVBPVH adopts a strategy to provide locally produced programmes, and contents from the rich TVB library.

# REVIEW OF OPERATIONS

## SUPPLY OF CHANNELS TO PAY TV PLATFORM

TVB continues to supply, on a non-exclusive basis, a total of nine channels to TVBPV which include three drama channels (TVB Select, TVB Drama, TVB Classics), four entertainment channels (TVB Lifestyle, TVB Kids, TVB Music, TVB Entertainment News), and two news channels (TVBN and TVBN2) under a channel supply agreement. This supply constitutes the largest single supplier of channels to TVBPV.

## OTHER HONG KONG OPERATIONS

### INTERNET OPERATIONS

Equipped with its rich programme offerings and web contents, our Internet platform tvb.com continued its growing momentum in gaining viewership. In June 2010, it attracted approximately five million unique viewers<sup>7</sup>, which represented a 35% growth when compared with June 2009. Over 100 million video of programmes<sup>7</sup> were served during the Period, representing a 130% growth over last year. It attracted brand advertisers to leverage on our platform in targeting their audiences.

Independent research showed that 80% of our audience are aged below 40. With a young audience profile, we are experimenting with *The Perfect Match*, an online dating show shown over tvb.com and J2, to engage and interact with our audience.

Plans are being worked on to extend tvb.com services overseas. To provide overseas web surfers with a choice of soundtrack, tvb.com streamed a station-produced commentary soundtrack of the World Cup Final match in July. The live video commentary was streamed over the Internet and attracted approximately 500,000 viewers over 50 countries. This had proven that tvb.com had reached out to countries which we do not have any market presence.

To expand our business further, we will focus on growing our advertising revenue by developing more competitive offering and will, at the same time, look for additional revenue sources.

### MOVIE PRODUCTION

Movie *72 Tenants of Prosperity* was screened during the Chinese New Year holiday period in February this year at a time when a number of major films were on screen. Despite the heated competition, this movie generated encouraging box office takings in Hong Kong and secured a number of important distribution agreements worldwide. A second movie, *The Jade and the Pearl*, which was produced under a joint venture between TVB, the Shaw group and the Emperor group, was released to the market in August.

### MAGAZINE PUBLISHING

The first half of 2010 was a rebuilding period for TVB Weekly. Magazine sales dropped 5%, yet advertising revenue increased 14% comparing to first half of 2009.

We continued to develop creative sales events and integrated marketing projects. TVB Weekly's cover sponsorship was largely welcomed by advertisers and generated significant advertising revenue.

<sup>7</sup> Source: Nielsen Online

## INTERNATIONAL OPERATIONS

### PROGRAMME LICENSING AND DISTRIBUTION

Total revenue from programme licensing and distribution rose 3% from HK\$328 million last year to HK\$337 million during the Period. Revenue contributions from traditional telecast markets including Malaysia and Singapore, and mainland China remained strong. After many months of negotiation, we successfully renewed during the Period the master programme licensing agreements in Malaysia and Singapore.

In Malaysia, a three-year deal with ASTRO All Asia Networks plc was concluded based on constructive terms which catered for the mutual benefits of both enterprises. More value-added contents, namely new channels TVB Classic and TVB E-News and dramas in HD, are being provided to strengthen TVB's position in the market. These new offerings are set to appeal to the high income audience and the advertisers.

In Singapore, the master agreements with StarHub Cable Vision Ltd. were renewed for three years. According to the new agreement, a total of twelve channels are being supplied to StarHub on an exclusive basis with the addition of four new channels. This reaffirmed our leadership position as the Chinese TV content provider in the market.

In Vietnam, we launched a Vietnamese dubbed drama channel on the largest pay TV network in Ho Chi Minh City in the fourth quarter of 2009. The channel has fast become one of the most watched channels in Vietnam. Leveraging on the success of this partnership, we are committing resources to further expand our coverage in this growing market.

In mainland China, we revamped our digital media business with a new collaboration with a new business partner to explore Internet TV and IPTV markets. This cooperation has not only provided better licensing income to the Company but could also enhance our knowledge and understanding of the markets. We are formulating a new marketing strategy to better develop this market.

### OVERSEAS SATELLITE PAY TV OPERATIONS

All the overseas pay TV platforms recorded significant growth with the aggregate net profit after tax growing 77% from same period of last year. In the USA, we successfully raised the subscription fee by 8% starting in March this year with minimal subscriber churn. In Australia, we recorded good profit growth which was mainly attributable to the substantial increase in TV advertising. In Europe, higher ARPU from multi-channel subscription helped boost the bottom line.

### TAIWAN OPERATIONS

#### TVBS – Taiwan

The strongly rebounded economy of Taiwan made a difference to the financial performance of TVBS during the first half of 2010. Revenue was HK\$347 million which represented an increase of over 16%, when compared with the same period in 2009.

The Economic Cooperation Framework Agreement ("ECFA"), a bilateral agreement between Taiwan and mainland China, was passed by the Legislative Yuan of Taiwan on 17 August 2010. It is hoped that the ECFA which offers business and employment opportunities to Taiwan will further stimulate the economic performance of Taiwan when it is implemented. Further, TVBS is well-positioned to benefit from the advertising revenues in respect of municipal elections of the five metropolitan cities scheduled in the fourth quarter of the year.

# REVIEW OF OPERATIONS

## CHANNEL OPERATIONS

### TVB8 and Xing He

The overall performance of TVB8 and Xing He channels was satisfactory in the first half of 2010. Out of the three key markets of Malaysia, Singapore and mainland China, Malaysia and Singapore remain the core markets. The business in these markets have resumed to normal after the economic downturn in 2009. During the Period, total revenue was HK\$56 million, which was 4% better than same period of last year.

As the landing rights in mainland China are restricted under licences to hotels and service apartments, distribution of these channels remains limited. During the first half of 2010, resources were allocated in promotion of the Shanghai World Expo with a series of programmes being produced. They were broadcast on TVB8 to overseas countries and were well received by the audience.

## FINANCIAL REVIEW

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to maintain a strong financial position. At 30 June 2010, total equity stood at HK\$5,816 million (31 December 2009: HK\$5,819 million).

The Group had bank deposits and cash balances of HK\$2,083 million at 30 June 2010 (31 December 2009: HK\$2,088 million). About 19% of bank deposits and cash balances were maintained in overseas subsidiaries for their daily operation. Bank deposits and cash balances held by the Group were denominated mainly in Hong Kong dollars, US dollars, Renminbi and New Taiwan dollars.

The Group's net current assets amounted to HK\$2,877 million (31 December 2009: HK\$2,802 million), representing an increase of 3% over the last year-end. The current ratio, expressed as a percentage of current assets to current liabilities, was 4.05 at 30 June 2010 (31 December 2009: 4.39).

The Group's total bank borrowing at 30 June 2010 was HK\$244 million, which is secured, denominated in New Taiwan dollars and is bearing interest at floating rates. The maturity profile of the Group's borrowings was as follows: within one year, HK\$23 million (9%); in the second year, HK\$23 million (9%); in the third to fifth years, HK\$69 million (29%); over five years, HK\$129 million (53%). At 30 June 2010, the gearing ratio, expressed as a ratio of gross debts to total equity, stood at 4% (31 December 2009: 5%).

At 30 June 2010, certain assets of a subsidiary of the Group with net asset value of HK\$771 million were pledged to secure loans and banking facilities granted to that subsidiary. In addition, bank deposits of HK\$6 million were pledged to secure banking and credit facilities granted to certain subsidiaries of the Group.

At 30 June 2010, capital commitments of the Group amounted to HK\$355 million (31 December 2009: HK\$390 million), representing a decrease of 9%.

### TAX AUDIT

The Group had received protective profits tax assessment notices from the Inland Revenue Department of Hong Kong ("IRD") for the six consecutive years of assessment from 1998/99 to 2003/04 on the profits generated by the Group's programme licensing and distribution business carried out overseas, to which the Group had objected. Out of the total tax demanded, the Group had been granted conditional holdovers by the purchase of tax reserve certificates in the amounts of HK\$24 million, HK\$24 million, HK\$20 million, HK\$35 million, HK\$49 million and HK\$54 million for

the six consecutive years of assessment from 1998/99 to 2003/04 respectively, whereas unconditional holdovers had been granted for the remaining tax demanded of HK\$74 million, HK\$75 million, HK\$66 million, HK\$110 million, HK\$160 million and HK\$153 million for the six consecutive years of assessment from 1998/99 to 2003/04 respectively. The Group is of the view that all or some of the tax reserve certificates purchased for holding over the tax would be recoverable.

In view of the tax challenged by the IRD, the Group had made a provision of HK\$102 million in 2009 against the tax exposures under question. Management will continue to monitor the status of discussions with the IRD and to assess the adequacy of the level of provision against this tax audit.

### **CONTINGENT LIABILITIES**

At 30 June 2010, there were guarantees given to bank amounting to HK\$10 million (31 December 2009: HK\$10 million) for banking facilities granted to an investee company.

### **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 loans. 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 Period.

### **HUMAN RESOURCES**

At 30 June 2010, the Group employed, excluding Directors and freelance workers but including contract artistes and staff in overseas subsidiaries, a total of 4,155 full-time employees (31 December 2009: 4,252).

About 27% of the Group's manpower is employed in overseas subsidiaries and is paid on a scale and system appropriate to the respective localities and local legislations. For employment in Hong Kong, different pay schemes apply to contract artistes, sales and non-sales personnel. Contract artistes are paid either on a per-show basis or by a package of shows. Sales personnel are remunerated on commission based schemes. Non-sales personnel are remunerated on monthly salaries. Discretionary bonuses may be awarded as an incentive for better performance.

The Group does not operate any employee share option scheme.

From time to time, the Group organises, either in-house or with vocational institutions, seminars, courses and workshops on subjects of technical interest, such as industrial safety, management skills and other related studies, apart from sponsorship of training programmes that employees may enrol on their own initiatives.



# CORPORATE GOVERNANCE

## BOARD AND COMMITTEES

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 shareholders.

### BOARD OF DIRECTORS

The Board 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.

Sir Run Run Shaw was the Executive Chairman of the Company between 1980 and 2009. On 1 January 2010, he became the Chairman of the Company.

On 24 March 2010, Mr. Mark Lee Po On was appointed as Executive Director of the Company.

At 30 June 2010, the Board comprises the following members:

Run Run Shaw<sup>#</sup>

Norman Leung Nai Pang<sup>\*</sup>

Mona Fong<sup>\*</sup> (also as an Alternate Director to Run Run Shaw)

Christina Lee Look Ngan Kwan<sup>#</sup>

Chow Yei Ching<sup>#</sup>

Kevin Lo Chung Ping<sup>#</sup>

Edward Cheng Wai Sun<sup>^</sup>

Chien Lee<sup>^</sup>

Gordon Siu Kwing Chue<sup>^</sup>

Vivien Chen Wai Wai<sup>^</sup>

Mark Lee Po On<sup>\*</sup>

Anthony Lee Hsien Pin (Alternate Director to Christina Lee Look Ngan Kwan)

\* Executive Directors

# Non-executive Directors

^ Independent Non-executive Directors

## CHANGE IN DIRECTORS' INFORMATION

There is no change in the directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") since the date of the 2009 Annual Report of the Company. Directors' biographies were published in the said annual report which is available on the Company's website.

### BOARD COMMITTEES

The Board is supported by three Board Committees, namely the Executive Committee, the Audit Committee and the Remuneration Committee. Each of them has defined terms of reference covering its duties, powers and functions. The terms of reference of each Committee are available on the Company's website.

On 1 January 2010, Sir Run Run Shaw resigned as the Chairman of Executive Committee but remains as a member of the Executive Committee.

On 1 January 2010, Dr. Norman Leung Nai Pang was appointed as the Chairman of Executive Committee.

On 24 March 2010, Mr. Mark Lee Po On was appointed an additional member of the Executive Committee, which increased the number of members of the Executive Committee from five to six.

On 26 May 2010, Ms. Vivien Chen Wai Wai was appointed an additional member of the Remuneration Committee, which increased the number of members of the Remuneration Committee from three to four.

### Executive Committee

At 30 June 2010, the Executive Committee comprised the following six members:

Norman Leung Nai Pang\* (*Chairman*)  
Run Run Shaw#  
Mona Fong\*  
Christina Lee Look Ngan Kwan#  
Kevin Lo Chung Ping#  
Mark Lee Po On\*

\* Executive Directors  
# Non-executive Directors

### Audit Committee

At 30 June 2010, the Audit Committee comprised the following three members:

Gordon Siu Kwing Chue^ (*Chairman*)  
Chien Lee^  
Kevin Lo Chung Ping#

# Non-executive Director  
^ Independent Non-executive Directors

The majority of members of the Audit Committee are Independent Non-executive Directors of the Company and all of the members are experienced in reviewing and analysing financial information.

### Remuneration Committee

At 30 June 2010, the Remuneration Committee comprised the following four members:

Chien Lee^ (*Chairman*)  
Edward Cheng Wai Sun^  
Gordon Siu Kwing Chue^  
Vivien Chen Wai Wai^

^ Independent Non-executive Directors

All members of the Remuneration Committee are Independent Non-executive Directors of the Company.

### COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company adopted its own code on corporate governance (TVB CG Code) which complies with all the code provisions of the Code on Corporate Governance Practices (“CG Code”) set out in Appendix 14 of the Listing Rules, save for one of the code provisions that the Chairman is not subject to retirement (as required under code provision A.4.2) pursuant to Article 114(C) of the Company’s Articles of Association. The Board considers that this deviation is well-founded as the Chairman, being a founder of the Company, has a wealth of experience which is essential to the Board and contributes to the continued stability of the Company’s business.

The Board reviews the corporate governance practices adopted by the Company from time to time to comply with the increasingly stringent regulatory requirements and to meet the rising expectations of stakeholders.

During the Period, the Company fully complied with all code provisions set out in the CG Code, except that the Chairman is exempted from retirement for the reason as above mentioned.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUER

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

All of the Directors and Senior Management confirmed that, following specific enquiries by the Company, they had complied with the Model Code throughout the Period.

# C O R P O R A T E G O V E R N A N C E

## INTERNAL CONTROLS

The Board has overall responsibility for the Group's internal control system and management of risks. It is committed to maintaining a sound and effective internal control system to safeguard the Group's assets and shareholders' interests, while the responsibility of day-to-day management of operational risks and implementation of remedial control measures rests with Management and individual divisions, departments and offices.

A system of internal controls has been designed by Management in safeguarding assets from unauthorised use or disposition, ensuring reliability of financial reporting, and ensuring effectiveness and efficiency of operation and compliance with applicable laws and regulations. This system of internal controls is, however, designed to provide reasonable, but not absolute, assurance of no material mis-statement or loss, to manage, rather than eliminate, risk of failure in operational systems, and to help achieve the Group's objectives.

A report on the review of internal controls for the year ending 31 December 2010, pursuant to the requirements set out under Appendix 14 of the Listing Rules, will be included in the Company's next annual report.

## OTHER INFORMATION

### REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the Period has not been audited, but has been reviewed by PricewaterhouseCoopers, the Company's external auditors whose report is set out on page 41. 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 unaudited condensed consolidated financial information and this interim report for the Period.

## INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK\$0.35 per share for the 438,000,000 ordinary shares in issue of HK\$0.05 each in respect of the six month ended 30 June 2010. The interim dividend will be payable in cash to shareholders whose names are recorded on the Register of Members of the Company on 17 September 2010. The dividend warrants will be despatched to shareholders on or around 22 September 2010.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 15 September 2010 to Friday, 17 September 2010, both dates inclusive, for the purpose of determining shareholders' entitlements to the interim dividend, and during which period, no transfer of shares will be registered. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 14 September 2010 for registration.



## DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

At 30 June 2010, the interests and short positions of the Directors in the shares of the Company as recorded in the register required to

be kept pursuant to Section 352 of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code, are set out below:

### Long position in the shares of the Company

Name of Director	Number of ordinary shares of HK\$0.05 each held				Total	Percentage of issued share capital (%) (a)
	Personal interests	Family interests	Corporate interests	Other interests		
Run Run Shaw	–	1,146,000 <sup>#</sup>	141,174,828 <sup>*(b)</sup>	–	142,320,828	32.49
Christina Lee Look Ngan Kwan	602,144	–	16,701,000 (c)	–	17,303,144	3.95
Mona Fong	1,146,000 <sup>#</sup>	–	–	–	1,146,000	0.26
Chien Lee	400,000	–	–	–	400,000	0.09
Chow Yei Ching	100,000	–	–	–	100,000	0.02

Duplication of shareholdings occurred between parties<sup>#</sup> shown above and between parties<sup>\*</sup> shown above and below under the sub-heading of "Other Persons' Interests in the Shares of the Company".

Notes:

- (a) Percentage of issued share capital was based on the 438,000,000 ordinary shares of the Company in issue at 30 June 2010.
- (b) The total of 141,174,828 shares included 113,888,628 shares held by Shaw Brothers (Hong Kong) Limited and 27,286,200 shares held by The Shaw Foundation Hong Kong Limited. Shaw Holdings Inc., directly and through its wholly owned subsidiaries, together with Ms. Mona Fong, the wife of Sir Run Run Shaw, have total equity interest of 100% in Shaw Brothers (Hong Kong) Limited. Shaw Holdings Inc. also holds 100% equity interest in The Shaw Foundation Hong Kong Limited. Sir Run Run Shaw exerts 100% control over Shaw Holdings Inc. through The Sir Run Run Shaw Charitable Trust.
- (c) The total of 16,701,000 shares included 10,377,000 shares held by Trio Investment Corporation S.A., 1,581,000 shares held by Crystal Investments Limited, 3,162,000 shares held by Compass Inc. and 1,581,000 shares held by Bonus Inc. and in respect of such shares only, directors of these companies are all accustomed to act in accordance with the directions of Mrs. Christina Lee Look Ngan Kwan.

## C O R P O R A T E G O V E R N A N C E

Save for those disclosed above, at 30 June 2010, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

The Company and any of its subsidiaries did not operate any employee share option scheme, and therefore, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors

or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### OTHER PERSONS' INTERESTS IN THE SHARES OF THE COMPANY

At 30 June 2010, the interests or short positions of the persons (other than the Directors of the Company) in the shares of the Company as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO, or as otherwise notified to the Company, are set out below:


### Long position in the shares of the Company

Name	Number of ordinary shares of HK\$0.05 each held	Percentage of issued share capital (%) (a)
Shaw Brothers (Hong Kong) Limited	113,888,628*	26.00
The Shaw Foundation Hong Kong Limited	27,286,200*	6.23
Dodge & Cox	27,065,000 (b)	6.18
Silchester International Investors Limited	22,143,000 (b)	5.06
Marathon Asset Management LLP	22,142,135 (b)	5.06

Duplication of shareholdings occurred between parties\* shown here and above under the sub-heading of "Directors' Interests in the Shares of the Company".

Notes:

- (a) Percentage of issued share capital was based on the 438,000,000 ordinary shares of the Company in issue at 30 June 2010.
- (b) The Interests were held in the capacity of investment managers.



Save for those disclosed above, at 30 June 2010, no other persons (other than the Directors or chief executive of the Company) had any interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO or as otherwise notified to the Company.

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

During the Period, 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.

#### **INTERIM REPORT**

This Interim Report for the Period containing all the information required by the Listing Rules is published on the designated issuer website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.tvb.com](http://www.tvb.com)).

# FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Note	30 June 2010 Unaudited HK\$'000	31 December 2009 Audited HK\$'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,457,258	2,549,087
Goodwill	5	163,910	163,248
Interests in jointly controlled entity		18,750	7,500
Interests in associates	6	629,867	675,830
Available-for-sale financial assets		3	3
Deferred income tax assets		17,224	17,995
Total non-current assets		3,287,012	3,413,663
<b>Current assets</b>			
Programmes and film rights		335,856	366,133
Stocks		11,127	13,056
Trade and other receivables, prepayments and deposits	7	1,380,746	1,152,715
Tax recoverable		4,845	2,802
Pledged bank deposits		6,263	7,002
Bank deposits maturing after three months		197,596	194,179
Cash and cash equivalents		1,885,321	1,893,586
Total current assets		3,821,754	3,629,473
<b>Total assets</b>		<b>7,108,766</b>	<b>7,043,136</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	8	21,900	21,900
Other reserves	9	738,607	723,094
Retained earnings			
– Interim/final dividend	16	153,300	591,300
– Others		4,876,395	4,457,097
		5,790,202	5,793,391
<b>Non-controlling interests</b>		<b>25,451</b>	<b>25,234</b>
<b>Total equity</b>		<b>5,815,653</b>	<b>5,818,625</b>

	Note	30 June 2010 Unaudited HK\$'000	31 December 2009 Audited HK\$'000 (Restated)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11	220,747	279,030
Deferred income tax liabilities		121,631	111,713
Retirement benefit obligations		5,990	6,706
Total non-current liabilities		348,368	397,449
<b>Current liabilities</b>			
Trade and other payables and accruals	10	675,370	640,153
Current income tax liabilities		246,465	164,131
Borrowings	11	22,910	22,778
Total current liabilities		944,745	827,062
<b>Total liabilities</b>		<b>1,293,113</b>	<b>1,224,511</b>
<b>Total equity and liabilities</b>		<b>7,108,766</b>	<b>7,043,136</b>
<b>Net current assets</b>		<b>2,877,009</b>	<b>2,802,411</b>
<b>Total assets less current liabilities</b>		<b>6,164,021</b>	<b>6,216,074</b>

The notes on pages 24 to 40 form an integral part of this condensed consolidated financial information.

# FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

	Note	Unaudited Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Turnover	4	2,108,619	1,754,296
Cost of sales		(849,671)	(853,692)
<b>Gross profit</b>		<b>1,258,948</b>	900,604
Other revenues	12	11,192	12,454
Selling, distribution and transmission costs		(237,271)	(218,175)
General and administrative expenses		(245,109)	(257,994)
Other gains, net		9,448	1,592
Finance costs		(1,947)	(2,303)
Share of profit/(losses) of Jointly controlled entity Associates		2,519 (47,220)	– (30,155)
<b>Profit before income tax</b>	13	<b>750,560</b>	406,023
Income tax expense	14	(165,929)	(75,799)
<b>Profit for the period</b>		<b>584,631</b>	330,224
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		584,437	330,264
Non-controlling interests		194	(40)
		<b>584,631</b>	330,224
<b>Earnings per share (basic and diluted) for profit attributable to equity holders of the Company during the period</b>	15	<b>HK\$1.33</b>	HK\$0.75
<b>Dividends</b>	16	<b>153,300</b>	109,500

The notes on pages 24 to 40 form an integral part of this condensed consolidated financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
<b>Profit for the period</b>	<b>584,631</b>	330,224
Other comprehensive income:		
Currency translation differences	<b>3,697</b>	(6,613)
<b>Other comprehensive income for the period</b>	<b>3,697</b>	(6,613)
<b>Total comprehensive income for the period</b>	<b>588,328</b>	323,611
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Company	<b>588,111</b>	323,660
Non-controlling interests	<b>217</b>	(49)
	<b>588,328</b>	323,611

The notes on pages 24 to 40 form an integral part of this condensed consolidated financial information.

# FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Note	Unaudited					
		Attributable to equity holders of the Company				Non-controlling interests HK\$'000	Total equity HK\$'000
		Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
Balance at 1 January 2009		21,900	696,886	4,889,514	5,608,300	25,613	5,633,913
Total comprehensive income for the period ended 30 June 2009		–	(6,604)	330,264	323,660	(49)	323,611
Transactions with owners in their capacity as owners:							
Transfer	9	–	17,662	(17,662)	–	–	–
2008 final dividends paid in May 2009		–	–	(613,200)	(613,200)	–	(613,200)
Total transactions with owners		–	17,662	(630,862)	(613,200)	–	(613,200)
Balance at 30 June 2009		21,900	707,944	4,588,916	5,318,760	25,564	5,344,324
Balance at 1 January 2010		21,900	723,094	5,048,397	5,793,391	25,234	5,818,625
Total comprehensive income for the period ended 30 June 2010		–	3,674	584,437	588,111	217	588,328
Transactions with owners in their capacity as owners:							
Transfer	9	–	11,839	(11,839)	–	–	–
2009 final dividends paid in June 2010	16	–	–	(591,300)	(591,300)	–	(591,300)
Total transactions with owners		–	11,839	(603,139)	(591,300)	–	(591,300)
Balance at 30 June 2010		<b>21,900</b>	<b>738,607</b>	<b>5,029,695</b>	<b>5,790,202</b>	<b>25,451</b>	<b>5,815,653</b>

The notes on pages 24 to 40 form an integral part of this condensed consolidated financial information.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Net cash generated from operating activities	685,740	431,533
Net cash used in investing activities	(42,530)	(364,926)
Net cash used in financing activities	(650,919)	(625,776)
Net decrease in cash and cash equivalents	(7,709)	(559,169)
Cash and cash equivalents at 1 January	1,893,586	1,963,094
Effect of foreign exchange rate changes	(556)	3,232
Cash and cash equivalents at 30 June	1,885,321	1,407,157

The notes on pages 24 to 40 form an integral part of this condensed consolidated financial information.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

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

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

This condensed consolidated financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated financial information was approved for issue on 18 August 2010.

This condensed consolidated financial information has not been audited.

### 2 BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

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

The Group adopted the following new or revised standards and amendments to standards, which are mandatory for the financial year ending 31 December 2010 and are relevant to its operation.

	HKAS 7 (amendment)	Statement of cash flow
*	HKAS 17 (amendment)	Leases
	HKAS 18 (amendment)	Revenue
	HKAS 27 (revised)	Consolidated and separate financial statements
	HKAS 36 (amendment)	Impairment of assets
	HKAS 38 (amendment)	Intangible assets
	HKFRS 3 (revised)	Business combinations
*	HKFRS 8 (amendment)	Operating segments

\* represented the amendments to existing HKFRS under the HKICPA Annual Improvements Project published in 2009

### 3 ACCOUNTING POLICIES (continued)

HKAS 17 (amendment), “Leases”, deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under “Leasehold land”, and amortised over the lease term.

HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified leasehold land from operating lease to finance lease. Comparative information has been restated to reflect this change in accounting policy.

The effect of the adoption of this amendment is as below:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Decrease in leasehold land	<b>203,466</b>	208,922
Increase in property, plant and equipment	<b>203,466</b>	208,922

There is no impact upon the reported income for the current or prior periods.

Leasehold land classified as finance lease is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the land interest. Depreciation commences from the land interest becomes available for its intended use, and is calculated using straight-line method to allocate the cost over the unexpired term of the lease.

The adoption of the other new or revised standards and amendments to standards do not have material financial effect on the Group's results and financial position for current or prior periods.

The Group has not early adopted new or revised standards, amendments to standards and interpretations that have been issued but are not yet effective for the accounting period ending 31 December 2010. The Group is in the process of making an assessment of the impact of these new or revised standards, amendments to standards and interpretations to the Group's results and financial position in the period of initial application.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 4 SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. The Group has six reportable segments as follows:

- |   |   |
|---|---|
| (a) Hong Kong terrestrial TV broadcasting | – free-to-air broadcasting of television programmes and commercials and production of programmes                            |
| (b) Programme licensing and distribution  | – distribution of television programmes and channels to video and telecast operators  |
| (c) Overseas satellite pay TV operations  | – provision of satellite pay television services to subscribers in USA, Europe and Australia                                |
| (d) Taiwan operations                     | – production of programmes and distribution of television channels to pay television operators in Taiwan                    |
| (e) Channel operations                    | – compilation and distribution of television channels in mainland China, Malaysia, Singapore, Hong Kong and other countries |
| (f) Other activities                      | – provision of contents to mobile devices, website portal, magazine publication and other related services                  |

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

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 were charged on a cost plus basis or at similar terms as that contracted with third parties.

#### 4 SEGMENT INFORMATION (continued)

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

	Hong Kong terrestrial TV broadcasting HK\$'000	Programme licensing and distribution HK\$'000	Overseas satellite pay TV operations HK\$'000	Taiwan operations HK\$'000	Channel operations HK\$'000	Other activities HK\$'000	Elimination HK\$'000	Total HK\$'000
Six months ended 30 June 2010								
Turnover								
External customers	1,109,912	276,741	182,521	344,909	153,457	41,079	-	2,108,619
Inter-segment	5,113	60,260	177	2,661	7,606	3,376	(79,193)	-
<b>Total</b>	<b>1,115,025</b>	<b>337,001</b>	<b>182,698</b>	<b>347,570</b>	<b>161,063</b>	<b>44,455</b>	<b>(79,193)</b>	<b>2,108,619</b>
Reportable segment profit	402,793	197,974	54,253	103,587	42,683	(6,029)	-	795,261
Interest income	4,320	444	68	217	-	114	-	5,163
Finance costs	-	-	-	(1,947)	-	-	-	(1,947)
Depreciation	(101,760)	(1,649)	(2,507)	(20,678)	(77)	(4,427)	-	(131,098)
Additions to non-current assets*	20,304	325	1,043	3,395	3	9,779	-	34,849
Six months ended 30 June 2009								
Turnover								
External customers	828,968	270,676	162,077	297,814	153,150	41,611	-	1,754,296
Inter-segment	3,120	57,401	176	1,752	7,214	4,465	(74,128)	-
<b>Total</b>	<b>832,088</b>	<b>328,077</b>	<b>162,253</b>	<b>299,566</b>	<b>160,364</b>	<b>46,076</b>	<b>(74,128)</b>	<b>1,754,296</b>
Reportable segment profit	94,181	191,713	32,286	70,381	44,533	3,084	-	436,178
Interest income	4,814	1,683	155	356	-	188	-	7,196
Finance costs	-	-	-	(2,303)	-	-	-	(2,303)
Depreciation	(118,426)	(2,572)	(2,729)	(16,253)	(88)	(1,627)	-	(141,695)
Additions to non-current assets*	63,605	342	1,093	125,950	2	7,385	-	198,377

\* Amount comprises additions to property, plant and equipment (including prepayments) and goodwill.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 4 SEGMENT INFORMATION (continued)

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

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Reportable segment profit	795,261	436,178
Share of profit of a jointly controlled entity	2,519	–
Share of losses of associates	(47,220)	(30,155)
Profit before income tax	750,560	406,023

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

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Hong Kong	1,255,440	978,179
Taiwan	347,937	299,080
USA and Canada	116,786	107,497
Australia	54,741	43,982
Europe	34,225	38,916
Mainland China	85,756	88,037
Malaysia and Singapore	200,512	185,290
Other countries	13,222	13,315
	2,108,619	1,754,296

## 5 CAPITAL EXPENDITURE

	Goodwill HK\$'000	Property, plant and equipment HK\$'000	Leasehold land HK\$'000
As at 1 January 2009 (as previously reported)	161,145	2,322,872	208,922
Adjustment for adoption of amendment to HKAS 17	–	208,922	(208,922)
As at 1 January 2009 (as restated)	161,145	2,531,794	–
Additions	–	147,871	–
Disposals	–	(707)	–
Depreciation (Note 13)	–	(141,695)	–
Exchange differences	(508)	(1,526)	–
As at 30 June 2009	160,637	2,535,737	–
As at 1 January 2010 (as previously reported)	163,248	2,345,621	203,466
Adjustment for adoption of amendment to HKAS 17	–	203,466	(203,466)
As at 1 January 2010 (as restated)	163,248	2,549,087	–
Additions	–	34,849	–
Disposals	–	(686)	–
Depreciation (Note 13)	–	(131,098)	–
Exchange differences	662	5,106	–
As at 30 June 2010	<b>163,910</b>	<b>2,457,258</b>	–

As at 30 June 2010, land and buildings with net book value of HK\$771,172,000 (31 December 2009: HK\$773,190,000) were pledged to secure loans and banking facilities granted to a subsidiary of the Group.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6 INTERESTS IN ASSOCIATES

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Investment costs	<b>528,872</b>	528,872
Less: Accumulated share of losses	<b>(621,856)</b>	(574,636)
	<b>(92,984)</b>	(45,764)
Loans to associates	<b>719,212</b>	719,212
Interest receivables from associates	<b>3,639</b>	2,382
	<b>629,867</b>	675,830
Unlisted shares, at cost	<b>528,872</b>	528,872

### 7 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Receivables from:		
Jointly controlled entity (Note 20(c))	<b>1,323</b>	939
Associates (Note 20(c))	<b>268,859</b>	187,614
Related parties (Note 20(c))	<b>110,712</b>	69,251
Trade receivables (note)	<b>900,395</b>	860,238
	<b>1,281,289</b>	1,118,042
Less: provision for impairment loss of receivables from:		
Associates	<b>(136,622)</b>	(136,668)
Third parties	<b>(101,547)</b>	(106,625)
Other receivables, prepayments and deposits	<b>131,668</b>	125,817
Tax reserve certificates (Note 14)	<b>205,958</b>	152,149
	<b>1,380,746</b>	1,152,715

Note:

The Group operates a controlled credit policy and allows an average credit period of forty to sixty days to the majority of the Group's customers who satisfy the credit evaluation of the Group. Cash on delivery, advance payments or bank guarantees are required from other customers of the Group.



## 7 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

At 30 June 2010 and 31 December 2009, the aging analysis of the trade receivables including trading balances due from jointly controlled entity, associates and related parties is as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Current	455,497	429,077
1-2 months	243,857	202,915
2-3 months	160,424	132,257
3-4 months	109,284	103,082
4-5 months	33,873	39,067
Over 5 months	278,354	211,639
	<b>1,281,289</b>	<b>1,118,037</b>
Trade receivables due from:		
Third parties	900,395	860,238
Jointly controlled entity, associates and related parties	380,894	257,799
	<b>1,281,289</b>	<b>1,118,037</b>
Non-trading amounts due from associates	–	5
	<b>1,281,289</b>	<b>1,118,042</b>

## 8 SHARE CAPITAL

	<b>Number of ordinary shares of HK\$0.05 each</b>	<b>Nominal value HK\$'000</b>
Authorised: At 1 January and 30 June 2009 and 1 January and 30 June 2010	<b>1,300,000,000</b>	<b>65,000</b>
Issued and fully paid: At 1 January and 30 June 2009 and 1 January and 30 June 2010	<b>438,000,000</b>	<b>21,900</b>

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 9 OTHER RESERVES

	Share premium HK\$'000	General reserve HK\$'000	Capital reserve HK\$'000	Legal reserve HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Total HK\$'000
Balance at 1 January 2009	602,026	70,000	864	63,437	40,118	(79,559)	696,886
Currency translation differences:							
– Group	–	–	–	–	–	(6,604)	(6,604)
Transfer from retained earnings	–	–	–	17,662	–	–	17,662
Balance at 30 June 2009	602,026	70,000	864	81,099	40,118	(86,163)	707,944
Currency translation differences:							
– Group	–	–	–	–	–	13,951	13,951
Transfer from retained earnings	–	–	–	1,199	–	–	1,199
Balance at 31 December 2009	602,026	70,000	864	82,298	40,118	(72,212)	723,094
Balance at 1 January 2010	602,026	70,000	864	82,298	40,118	(72,212)	723,094
Currency translation differences:							
– Group	–	–	–	–	–	3,674	3,674
Transfer from retained earnings	–	–	–	11,839	–	–	11,839
Balance at 30 June 2010	<b>602,026</b>	<b>70,000</b>	<b>864</b>	<b>94,137</b>	<b>40,118</b>	<b>(68,538)</b>	<b>738,607</b>

### 10 TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Trade payables to:		
Associates	2,121	2,395
Related parties	2,471	5,314
Third parties	55,686	72,091
Other payables and accruals	60,278	79,800
	<b>615,092</b>	<b>560,353</b>
	<b>675,370</b>	<b>640,153</b>

## 10 TRADE AND OTHER PAYABLES AND ACCRUALS (continued)

At 30 June 2010 and 31 December 2009, the aging analysis of the trade payables including trading balances due to associates and related parties is as follows:

	<b>30 June 2010 HK\$'000</b>	<b>31 December 2009 HK\$'000</b>
Current	<b>37,622</b>	49,672
1-2 months	<b>17,546</b>	19,195
2-3 months	<b>3,404</b>	6,433
3-4 months	<b>392</b>	690
4-5 months	<b>281</b>	2,198
Over 5 months	<b>1,033</b>	1,612
	<b>60,278</b>	79,800

## 11 BORROWINGS

	<b>30 June 2010 HK\$'000</b>	<b>31 December 2009 HK\$'000</b>
Bank borrowings:		
Non-current	<b>220,747</b>	279,030
Current	<b>22,910</b>	22,778
Total bank borrowings	<b>243,657</b>	301,808

Movement in bank borrowings is analysed as follows:

	<b>30 June 2010 HK\$'000</b>	<b>31 December 2009 HK\$'000</b>
Beginning of the period/year	<b>301,808</b>	318,724
Repayments	<b>(60,358)</b>	(22,157)
Exchange differences	<b>2,207</b>	5,241
End of the period/year	<b>243,657</b>	301,808

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 11 BORROWINGS (continued)

The Group's bank borrowings were repayable as follows:

	<b>30 June 2010 HK\$'000</b>	31 December 2009 HK\$'000
Within 1 year	22,910	22,778
Between 1 and 2 years	22,910	22,778
Between 2 and 5 years	68,731	68,334
Over 5 years	129,106	187,918
	<b>243,657</b>	<b>301,808</b>

### 12 OTHER REVENUES

	<b>Six months ended 30 June</b>	
	<b>2010 HK\$'000</b>	2009 HK\$'000
Interest income	5,163	7,196
Others	6,029	5,258
	<b>11,192</b>	<b>12,454</b>

### 13 PROFIT BEFORE INCOME TAX

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

	<b>Six months ended 30 June</b>	
	<b>2010 HK\$'000</b>	2009 HK\$'000
Depreciation	131,098	141,695
Costs of programmes, film rights and stocks	570,900	582,185
Net exchange gain	(9,448)	(1,592)

## 14 INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2009: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

The amount of income tax charged to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Current income tax:		
– Hong Kong	119,531	45,442
– Overseas	35,486	29,118
– (Over)/under provisions in prior periods	(213)	2,386
Deferred income tax:		
– Origination and reversal of temporary differences	11,125	(1,147)
	<b>165,929</b>	<b>75,799</b>

### Note:

The Group had received protective profits tax assessment notices from the Inland Revenue Department of Hong Kong ("IRD") for the six consecutive years of assessment from 1998/99 to 2003/04 on the profits generated by the Group's programme licensing and distribution business carried out overseas, to which the Group had objected. Out of the total tax demanded, the Group has been granted conditional holdovers by the purchase of tax reserve certificates in the amounts of HK\$23,990,000, HK\$23,561,000, HK\$20,205,000, HK\$35,028,000, HK\$49,365,000 and HK\$53,809,000 for the six consecutive years of assessment from 1998/99 to 2003/04 respectively, whereas unconditional holdovers have been granted for the remaining tax demanded of HK\$74,287,000, HK\$75,015,000, HK\$65,819,000, HK\$109,538,000, HK\$159,902,000 and HK\$152,722,000 for the six consecutive years of assessment from 1998/99 to 2003/04 respectively. The Group is of the view that all or some of the tax reserve certificates purchased for holding over the tax would be recoverable.

In 2009, Management had obtained the IRD's initial view of the case and made a provision of HK\$102,000,000 against the tax exposures under question.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15 EARNINGS PER SHARE

The earnings per share is calculated based on the Group's profit attributable to equity holders of HK\$584,437,000 (2009: HK\$330,264,000) and 438,000,000 ordinary shares in issue throughout the six months ended 30 June 2010 and 2009. No fully diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

### 16 DIVIDENDS

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Interim dividend, declared after the end of the reporting period, of HK\$0.35 (2009: HK\$0.25) per ordinary share	153,300	109,500

Final dividend of HK\$1.35 per ordinary share for the year ended 31 December 2009 amounting to HK\$591,300,000 was approved by shareholders on 26 May 2010 and paid on 2 June 2010.

### 17 CONTINGENT LIABILITIES

The amounts of contingent liabilities are as follows:

	30 June	31 December
	2010 HK\$'000	2009 HK\$'000
Guarantees for banking facilities granted to an investee company	9,628	9,559

## 18 CAPITAL COMMITMENTS

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

	<b>30 June 2010 HK\$'000</b>	<b>31 December 2009 HK\$'000</b>
Authorised but not contracted for	<b>337,441</b>	375,319
Contracted but not provided for	<b>17,505</b>	14,218
	<b>354,946</b>	<b>389,537</b>

## 19 TELEVISION BROADCASTING LICENCE

The Company operates under the terms of a domestic free television programme licence granted by the Government of the HKSAR which runs for a period of twelve years to 30 November 2015. Following the mid-term review of the licence conducted by the Broadcasting Authority ("BA"), the Government announced on 2 July 2010 that the Chief Executive in Council had approved the recommendations made by the BA, including new licence conditions to be imposed for the coming six years, i.e. 2010 to 2015. Under the new licence conditions, the Company is required to (i) make a programming and capital investment of HK\$6,336 million for the period from 2010 to 2015; (ii) commit to enhanced programme requirements; (iii) increase the amount of high definition television programming; (iv) step up incrementally its subtitling service; and (v) participate in annual public engagement activities in the form of focus group discussion to be conducted by the BA.

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 20 SIGNIFICANT RELATED PARTY TRANSACTIONS

#### (a) Transactions with related parties

The following is a summary of significant related party transactions during the period carried out by the Group in the normal course of its business:

	Note	Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Sales of services:			
Jointly controlled entity			
Movie production charges	(i)	2,140	–
Associates			
Programmes/channel licensing fee	(ii)	102,483	102,518
Channel package service fee	(ii)	450	750
Rental income and related charges	(ii)	3,530	3,162
Advertising income	(ii)	73	1,304
Others	(ii)	1,536	1,783
Other related parties			
Programmes/channel licensing fee	(iii)	123,050	92,402
Advertising agency fee	(iii)	22,710	22,131
Management fee	(iii)	2,907	15,933
Marketing and consultancy service fee	(iii)	–	4,102
Facilities service fee	(iii)	–	1,295
Advertising income	(iv)	–	1,551
		<b>258,879</b>	<b>246,931</b>
Purchases of services:			
Jointly controlled entity			
Programmes licensing fee	(i)	(1,200)	–
Associates			
Playback and uplink service fee	(ii)	(15,105)	(15,016)
Others	(ii)	(1,334)	(2,406)
Other related parties			
Rental fee and related charges	(v)	(4,315)	–
Technical service fee	(v)	(2,134)	–
Programmes/channel licensing fee	(vi)	(1,239)	(972)
		<b>(25,327)</b>	<b>(18,394)</b>



## 20 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

### (a) Transactions with related parties (continued)

Notes:

- (i) The fees were received from/(paid to) Concept Legend Limited, a jointly controlled entity of the Company.
- (ii) The fees and other amounts were received from/(paid to) TVB Pay Vision Limited, an associate of the Company.
- (iii) The fees were received from MEASAT Broadcast Network Systems Sdn. Bhd., an associate of a minority shareholder of non wholly-owned subsidiaries of the Company.
- (iv) The income was received from Sharp-Roxy (Hong Kong) Limited, an associate of a retired Director of the Company.
- (v) The fees were paid to Hong Kong Movie City Company Limited, an associate of a substantial shareholder of the Company.
- (vi) The fees were paid to Celestial Movie Channel Limited, an associate of a minority shareholder of non wholly-owned subsidiaries of the Company.

### (b) Key management compensation

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Salaries and other short-term employee benefits	9,314	10,972

### (c) Balances with related parties

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
	Receivables from jointly controlled entity	1,323
Receivables from associates (note)	268,859	187,614
Receivables from other related parties	110,712	69,251
	<b>380,894</b>	<b>257,804</b>
Payables to associates	2,121	2,395
Payables to other related parties	2,471	5,314
	<b>4,592</b>	<b>7,709</b>

# FINANCIAL INFORMATION

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 20 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (c) Balances with related parties (continued)

Note:

At 30 June 2010, a provision for impairment loss of receivable from associates of HK\$136,622,000 (31 December 2009: HK\$136,668,000) had been provided.

#### (d) Fund advanced/loans to related parties

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Fund advanced to jointly controlled entity		
Beginning of the period/year	7,500	–
Fund advanced	8,731	7,500
End of the period/year	16,231	7,500
Loans to associates		
Beginning of the period/year	721,594	569,212
Additional loan	–	150,000
Interest charged	1,257	2,382
End of the period/year	722,851	721,594

The loans to the associates carries interest at the rate of 1-month HIBOR plus 0.25%, and is repayable in accordance with the terms of the loan agreement dated 31 December 2009.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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**TO THE BOARD OF DIRECTORS OF TELEVISION BROADCASTS LIMITED**  
(incorporated in Hong Kong with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 40 which comprises the condensed consolidated statement of financial position of Television Broadcasts Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 18 August 2010



**Television Broadcasts Limited**  
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