Television Broadcasts Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

ANNOUNCEMENT OF 2012 INTERIM RESULTS

HIGHLIGHTS

- Turnover increased from HK$2,365 million to HK$2,451 million, an increase of 4%.
- Total costs increased from HK$1,338 million to HK$1,451 million, an increase of 8%.
- Profit attributable to equity holders increased from HK$719 million to HK$850 million, and earnings per share increased from HK$1.64 to HK$1.94, an increase of 18%. This represents a record profit attributable to equity holders for the first half of a year.
- Interim dividend was declared at HK$0.60 per share (2011: HK$0.45 per share).

The Board of Directors ("Board") of Television Broadcasts Limited ("Company" or "TVB") are pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, "Group") for the six months ended 30 June 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	**Unaudited Six months ended 30 June 2012 HK$'000**	2011 HK$'000
Turnover	3	**2,451,157**	2,365,288
Cost of sales		**(895,088)**	(839,948)
Gross profit		**1,556,069**	1,525,340
Other revenues	4	**34,470**	19,659
Selling, distribution and transmission costs		**(246,501)**	(231,703)
General and administrative expenses		**(309,087)**	(266,142)
Other (losses)/gains, net		**(1,252)**	9,662
Finance costs		**(2,019)**	(2,004)
Share of losses of:			
Jointly controlled entities		**(821)**	(1,164)
Associates		**(195)**	(28,951)
Profit before income tax	5	**1,030,664**	1,024,697
Income tax expense	6	**(179,817)**	(305,245)
Profit for the period		**850,847**	719,452
Profit attributable to:			
Equity holders of the Company		**849,940**	718,604
Non-controlling interests		**907**	848
		850,847	719,452
Earnings per share (basic and diluted) for profit attributable to equity holders of the Company during the period	7	**HK$1.94**	HK$1.64
Dividends	8	**262,800**	197,100

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Unaudited	
	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Profit for the period	**850,847**	719,452
Other comprehensive income:		
Currency translation differences	**12,244**	6,905
Other comprehensive income for the period	**12,244**	6,905
Total comprehensive income for the period	**863,091**	726,357
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**862,106**	725,472
Non-controlling interests	**985**	885
Total comprehensive income for the period	**863,091**	726,357

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	**30 June 2012 Unaudited HK$'000**	31 December 2011 Audited HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,316,120**	2,352,012
Investment properties		**11,461**	11,821
Land use rights		**53,921**	55,614
Goodwill		**172,474**	170,525
Interests in jointly controlled entities		**15,783**	16,604
Interests in associates	9	**725,190**	529,112
Available-for-sale financial assets		**3**	3
Deferred income tax assets		**21,658**	26,050
Prepayment	10	**20,888**	16,695
Total non-current assets		**3,337,498**	3,178,436
Current assets			
Programmes and film rights		**391,726**	336,911
Stocks		**13,265**	13,122
Trade and other receivables, prepayments and deposits	10	**1,643,745**	1,605,239
Tax recoverable		**4,118**	461
Pledged bank deposits		**7,217**	7,316
Bank deposits maturing after three months		**14,143**	397,060
Cash and cash equivalents		**3,512,264**	3,295,584
Total current assets		**5,586,478**	5,655,693
Total assets		**8,923,976**	8,834,129
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**21,900**	21,900
Other reserves	13	**843,859**	807,568
Retained earnings			
– Interim/final dividend	8	**262,800**	766,500
– Others		**6,030,495**	5,467,480
		7,159,054	7,063,448
Non-controlling interests		**30,267**	30,044
Total equity		**7,189,321**	7,093,492

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT 30 JUNE 2012

	Note	**30 June 2012 Unaudited HK$'000**	31 December 2011 Audited HK$'000
LIABILITIES			
Non-current liabilities			
Borrowing	11	**188,014**	197,153
Deferred income tax liabilities		**158,859**	179,779
Retirement benefit obligations		**5,187**	5,189
Total non-current liabilities		**352,060**	382,121
Current liabilities			
Trade and other payables and accruals	12	**834,205**	896,693
Current income tax liabilities		**523,765**	437,589
Borrowing	11	**24,625**	24,234
Total current liabilities		**1,382,595**	1,358,516
Total liabilities		**1,734,655**	1,740,637
Total equity and liabilities		**8,923,976**	8,834,129
Net current assets		**4,203,883**	4,297,177
Total assets less current liabilities		**7,541,381**	7,475,613

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Independent review

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2012 has been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). An unmodified review report is included in the interim report to be sent to shareholders. The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2012 has also been reviewed by the Audit Committee of the Company.

2. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, 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 has adopted the following new or revised standards and amendments to standards, which are mandatory for the financial year ending 31 December 2012 and are relevant to its operation.

* HKAS 1 (amendment)	Presentation of financial statements
* HKFRS 7 (amendment)	Financial instruments: disclosures

* representing amendments to existing HKFRS under the HKICPA Annual Improvements Project published in 2011

2. Basis of preparation and accounting policies (continued)

The adoption of these new or revised standards and amendments to standards has not had a material financial effect on the Group's results and financial position for current or prior periods.

The Group has not early adopted other 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 2012. 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.

3. Segment information

Operating segments are reported in a manner consistent with the internal reporting reviewed by the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. As programmes being produced for the Hong Kong pay TV channels are increasingly shared between terrestrial TV and pay TV channels in Hong Kong, and advertising packages covering terrestrial TV and pay TV channels are increasingly offered to advertisers, the segments of Hong Kong terrestrial TV broadcasting and channel supply to Hong Kong pay TV market have been combined and presented to the chief operating decision maker during the period for the purpose of allocating resources, producing channel contents and assessing performance. Accordingly, the previous "Hong Kong terrestrial TV broadcasting" operating segment has been expanded to include the "Channel supply to Hong Kong pay TV platform", previously analysed under Channel Operations, and has been renamed as "Hong Kong TV broadcasting". Corresponding comparative figures have been adjusted to conform with the re-classification.

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, are measured differently from the profit before income tax in the condensed consolidated financial information.

3. Segment information (continued)

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

	Hong Kong 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 2012								
Turnover								
External customers	**1,323,991**	**395,957**	**186,571**	**426,082**	**46,685**	**71,871**	**–**	**2,451,157**
Inter-segment	**11,324**	**67,334**	**184**	**1,639**	**7,686**	**3,917**	**(92,084)**	**–**
Total	**1,335,315**	**463,291**	**186,755**	**427,721**	**54,371**	**75,788**	**(92,084)**	**2,451,157**
Reportable segment profit	**475,589**	**312,677**	**39,166**	**178,963**	**12,762**	**12,523**	**–**	**1,031,680**
Interest income	**22,308**	**3,398**	**108**	**810**	**–**	**963**	**–**	**27,587**
Finance costs	**–**	**–**	**–**	**(2,019)**	**–**	**–**	**–**	**(2,019)**
Depreciation and amortisation	**(86,396)**	**(1,219)**	**(2,458)**	**(21,363)**	**(43)**	**(8,766)**	**–**	**(120,245)**
Additions to non-current assets*	**54,058**	**1,999**	**4,820**	**6,170**	**103**	**6,374**	**–**	**73,524**

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

	Hong Kong 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 2011								
Turnover								
External customers	1,287,621	357,971	192,514	416,778	51,525	58,879	–	2,365,288
Inter-segment	5,570	66,605	189	2,416	7,064	3,060	(84,904)	–
Total	1,293,191	424,576	192,703	419,194	58,589	61,939	(84,904)	2,365,288
Reportable segment profit	543,253	284,490	54,491	145,926	20,271	6,381	–	1,054,812
Interest income	10,337	1,046	79	513	–	1,306	–	13,281
Finance costs	–	–	–	(2,004)	–	–	–	(2,004)
Depreciation and amortisation	(86,178)	(1,321)	(2,142)	(21,910)	(54)	(6,076)	–	(117,681)
Additions to non-current assets#	29,967	774	4,656	4,975	3	4,969	–	45,344

Non-current assets comprise goodwill, property, plant and equipment, investment properties and land use rights (including prepayment related to capital expenditure if any). The amount of HK$74,512,000 transferred from prepayment has been excluded since it had already been reported within additions to non-current assets in the year 2010.

3. **Segment information** (continued)

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

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Reportable segment profit	**1,031,680**	1,054,812
Share of losses of jointly controlled entities	**(821)**	(1,164)
Share of losses of associates	**(195)**	(28,951)
Profit before income tax	**1,030,664**	1,024,697

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

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Hong Kong	**1,395,228**	1,346,675
Taiwan	**427,210**	418,893
USA and Canada	**111,787**	115,869
Australia	**61,054**	63,269
Europe	**32,036**	33,962
Mainland China	**135,001**	110,690
Malaysia and Singapore	**265,929**	258,381
Other countries	**22,912**	17,549
	2,451,157	2,365,288

4. **Other revenues**

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Interest income	**27,587**	13,281
Others	**6,883**	6,378
	34,470	19,659

5. Profit before income tax

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

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Depreciation	**118,854**	117,232
Amortisation of land use rights	**1,391**	449
Costs of programmes, film rights and stocks	**594,038**	538,543
Net exchange losses/(gains)	**1,252**	(9,662)

6. Income tax expense

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2011: 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 the best estimate of the weighted average annual income tax rate expected for the full financial year.

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

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Current income tax:		
– Hong Kong	**119,698**	118,645
– Overseas	**73,218**	80,781
– Under/(Over) provisions in prior periods	**3,385**	(187)
– Additional provision for prior years (note)	**–**	118,000
Deferred income tax:		
– Origination and reversal of temporary differences	**(16,484)**	(11,994)
	179,817	305,245

Note:
In 2004, the Inland Revenue Department of Hong Kong ("IRD") initiated a tax audit on the Group. Since then the Group has received protective profits tax assessment notices from the IRD for the eight consecutive years of assessment from 1998/99 to 2005/06 relating to the profits generated by the Group's programme licensing and distribution business carried out overseas, to which the Group has objected. Of the total additional tax demanded in these assessments, the Group had 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, HK$53,809,000, HK$56,199,000 and HK$56,434,000 for the eight consecutive years of assessment from 1998/99 to 2005/06 respectively. The total amount of tax reserve certificates purchased by the Group is HK$318,591,000. Similar additional assessments are expected for subsequent years of assessment.

6. Income tax expense (continued)

The Group is in discussion with the IRD with a view to resolving the dispute for the entire period from 1998/99 up to the current year. As of 30 June 2012, the Group has provided a total provision of HK$324 million against the potential tax exposures for the years of assessment from 1998/99 to 2010/11. The tax provision is considered to be adequate and not excessive.

The Group will continue to monitor the progress of the tax audit and vigorously defend the Group's position. Due to the uncertainty inherent in a tax audit, the outcome of the tax dispute could be different from the amounts provided; such difference would impact the income tax provisions in the year in which any determination is made.

7. Earnings per share

The earnings per share is calculated based on the Group's profit attributable to equity holders of HK$849,940,000 (2011: HK$718,604,000) and 438,000,000 ordinary shares in issue throughout the six months ended 30 June 2012 and 2011. No fully diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

8. Dividends

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Interim dividend, declared after the end of the reporting period, of HK$0.60 (2011: HK$0.45) per ordinary share	**262,800**	197,100

Final dividend of HK$1.75 per ordinary share for the year ended 31 December 2011 amounting to HK$766,500,000 was approved by shareholders on 16 May 2012 and paid on 30 May 2012.

9. Interests in associates

	30 June 2012 HK$'000	31 December 2011 HK$'000
Investment costs (note)	**736,813**	542,598
Less: Accumulated share of losses	**(730,349)**	(730,154)
	6,464	(187,556)
Loans to associates	**719,212**	719,212
Interest receivables from associates	**10,791**	8,733
	736,467	540,389
Less: Provision for impairment loss	**(11,277)**	(11,277)
	725,190	529,112
Unlisted shares, at cost	**736,813**	542,598

Note:
During the period, TVB Satellite TV Holdings Limited, a wholly-owned subsidiary of the Company, acquired 304,042,972 non-voting preferred shares (28% of the entire issued share capital) of TVB Pay Vision Holdings Limited ("TVBPVH") at a total cash consideration of HK$194,215,000. However, the Group's voting interest in TVBPVH remains unchanged at 15%. Without the existence of control, the Group is of the view that equity accounting for TVBPVH as an associate continues to be appropriate.

10. Trade and other receivables, prepayments and deposits

	30 June 2012 HK$'000	31 December 2011 HK$'000
Non-current portion		
Prepayment related to capital expenditure	**20,888**	16,695
Current portion		
Receivables from:		
Jointly controlled entities	**151**	2,785
Associates	**411,579**	400,550
Related parties	**88,506**	73,927
Trade receivables (note)	**1,105,191**	1,159,723
	1,605,427	1,636,985
Less: Provision for impairment loss on receivables from:		
Associates	**(400,215)**	(400,217)
Third parties	**(86,313)**	(85,728)
Other receivables, prepayments and deposits	**206,255**	192,042
Tax reserve certificates (Note 6)	**318,591**	262,157
	1,643,745	1,605,239
Total	**1,664,633**	1,621,934

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.

10. Trade and other receivables, prepayments and deposits (continued)

At 30 June 2012 and 31 December 2011, trade receivables including trading balances due from jointly controlled entities, associates and related parties were aged as follows:

	30 June 2012 HK$'000	31 December 2011 HK$'000
Current	**500,355**	539,452
1-2 months	**291,549**	262,871
2-3 months	**196,168**	205,351
3-4 months	**119,822**	125,998
4-5 months	**20,172**	52,084
Over 5 months	**477,361**	451,229
	1,605,427	1,636,985
Trade receivables due from:		
Third parties	**1,105,191**	1,159,723
Jointly controlled entities, associates and related parties	**500,236**	477,262
	1,605,427	1,636,985

11. Borrowing

	30 June 2012 HK$'000	31 December 2011 HK$'000
Bank borrowing:		
Non-current	**188,014**	197,153
Current	**24,625**	24,234
Total bank borrowing	**212,639**	221,387

12. Trade and other payables and accruals

	30 June 2012 HK$'000	31 December 2011 HK$'000
Trade payables to:		
Jointly controlled entities	**–**	11
Related parties	**6,093**	3,637
Third parties	**82,524**	82,756
	88,617	86,404
Other payables and accruals	**745,588**	810,289
	834,205	896,693

At 30 June 2012 and 31 December 2011, trade payables including trading balances due to jointly controlled entities and related parties were aged as follows:

	30 June 2012 HK$'000	31 December 2011 HK$'000
Current	**60,597**	56,317
1-2 months	**22,030**	22,695
2-3 months	**2,676**	4,028
3-4 months	**1,446**	1,009
4-5 months	**837**	498
Over 5 months	**1,031**	1,857
	88,617	86,404

13. 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 2011	602,026	70,000	839	95,266	40,118	9,995	818,244
Currency translation differences:							
– Group	–	–	–	–	–	6,868	6,868
Transfer from retained earnings	–	–	–	21,249	–	–	21,249
Balance at 30 June 2011	602,026	70,000	839	116,515	40,118	16,863	846,361
Currency translation differences:							
– Group	–	–	–	–	–	(40,069)	(40,069)
Transfer from retained earnings	–	–	–	1,276	–	–	1,276
Balance at 31 December 2011	602,026	70,000	839	117,791	40,118	(23,206)	807,568
Balance at 1 January 2012	602,026	70,000	839	117,791	40,118	(23,206)	807,568
Currency translation differences:							
– Group	–	–	–	–	–	12,166	12,166
Transfer from retained earnings	–	–	–	24,125	–	–	24,125
Balance at 30 June 2012	**602,026**	**70,000**	**839**	**141,916**	**40,118**	**(11,040)**	**843,859**

14. Event subsequent to the period end

Upon obtaining the final approval and a business license certificate from the relevant PRC authorities on 8 August 2012, the Group has formed a joint venture company ("JV") together with the Shanghai Media Group ("SMG") and China Media Capital ("CMC") in the shareholding ratio of 55% owned by the Group and in aggregate of 45% owned by SMG and CMC. Total investment of the shareholders in the JV is RMB200 million (approximately HK$245 million).

CHAIRMAN'S STATEMENT

The Board of Directors of Television Broadcasts Limited ("Board") is pleased to present the 2012 interim report and condensed consolidated financial information for the six months ended 30 June 2012 ("Period") of Television Broadcasts Limited ("Company" or "TVB") and its subsidiaries (collectively, "Group").

RESULTS AND INTERIM DIVIDEND

For the Period, the Group's turnover increased by 4% from HK$2,365 million to HK$2,451 million, and the profit before income tax increased by 1% from HK$1,025 million to HK$1,031 million. The Group's profit attributable to equity holders increased by 18% from HK$719 million to HK$850 million, giving an earnings per share of HK$1.94 (2011: HK$1.64). I am very pleased to report that this represents another record profit attributable to equity holders for the first half of a year.

An interim dividend of HK$0.60 (2011: HK$0.45) per share has been declared for the 438,000,000 shares in issue of HK$0.05 each in respect of the Period. This interim dividend will be paid to shareholders on or around 5 October 2012, whose names are recorded on the Register of Members on 26 September 2012.

BUSINESS AND OUTLOOK

We continued to invest and produce drama serials and a wide genre of programmes to engage our audience in Hong Kong. During the Period, we succeeded in further increasing our ratings and market share for Jade and Pearl channels over last year. We saw a growth of 5.7% in advertising revenue from terrestrial TV broadcasting in Hong Kong over the same period of last year.

Under the current inflation cycle in Hong Kong, we reviewed and adjusted in July the salaries and wages of our employees to keep pace with the living cost increases and to award our better performers. These efforts, although gave rise to increase in costs, helped maintain a robust workforce. We will continue to develop the television industry through our development programmes for script writers and artistic talents who will become an important part of our production team in the years to come.

On 8 August 2012 and after receiving the final approval and a business licence certificate from the relevant PRC authorities, we commenced our joint venture with the Shanghai Media Group and China Media Capital to further our business development including programme licensing and distribution business in mainland China. This marked the beginning of a very significant step forward for our business operations in the Mainland. I would like to wish the joint venture every success, and look forward to working closely with our partners in this venture.

Norman Leung Nai Pang
Executive Chairman

Hong Kong, 22 August 2012

REVIEW OF OPERATIONS

HONG KONG TV BROADCASTING

TV ADVERTISING

Advertising revenue from Hong Kong terrestrial TV broadcasting for the Period grew by 5.7% from HK$1,206 million to HK$1,274 million. Growth in revenue from the second quarter of 2012 was significant, given that the second quarter is usually a quiet quarter amongst the four quarters.

Spending in skin care/cosmetic products continued to show modest growth, and milk powder spending maintained its low double-digit growth. Digital/electronics equipment (cameras, mobile phones, tablet computers), restaurants and supermarket/stores contributed strong advertising revenue. With the exception of lending services/finance companies, spending in financial services categories (including banks and credit cards) continued to be weak.

The key growing categories in the Period were mobile phone networks and digital/electronics equipment. Revenue in the Period was also exceptionally boosted by campaigns by China property developments, company anniversary campaigns (e.g. Citibank's 200th Anniversary) and reunification projects.

We continued to aggressively promote our integrated advertising packages to small and medium-sized advertisers (including our TV channels, online and magazine offerings) which generated positive response from the market.

TERRESTRIAL TV CHANNELS PERFORMANCE

During the Period, TVB attained even better TV rating[1] results than last year, further strengthening its dominant position in the terrestrial free TV market. Jade[2] achieved an average of 93% audience share[3] during weekday primetime[4], up from 86% in 2011. Pearl achieved an average of 83% share during weekly primetime[5], versus 78% in 2011.

High-quality, in-house produced drama serials remained a key attraction for our audience. *The Hippocratic Crush*, headlined by Tavia Yeung Yi and Kenneth Ma Kwok Ming, was the top-rated title for the Period, achieving 31 TVRs and 94% share on average. The hospital drama, which featured up-and-coming artistes such as Law Chung Him and Mandy Wong Chi Man, revolved around the lives of young doctors and their mentors.

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1 TV rating (TVR) represents the size of the audience expressed as a percentage of the total TV population. For 2012, the total TV population comprises 6,407,000 viewers, and therefore, 1 TVR represents 64,070 viewers (1% of the total TV population). TV ratings data source: CSM Media Research.

2 During weekday primetime, Jade is defined as an aggregate of Jade and HD Jade ("Total Jade").

3 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 and Asia Television Limited's Home. The base English channels are Pearl and Asia Television Limited's World. TV ratings data source: CSM Media Research.

4 Jade's weekday primetime runs from 7 p.m. to 11 p.m. between Monday and Friday.

5 Pearl's weekly primetime runs from 8 p.m. to 1 a.m. between Monday and Sunday.

Drama themes echoing social issues and phenomenon continued to gain audience acclaim in 2012, which included *Wish and Switch*, a comedy about a housewife's obsession with a website that lets her exchange what she owns for anything she wants; *L'Escargot*, which explored the problems faced by the younger generation who could not afford to buy their own apartments; and *No Good Either Way*, which depicts the lives of Hong Kong employees and their abusive bosses.

A new weekday family situation comedy *Come Home Love* – launched in May after *Til Love Do Us Lie* wrapped up – achieved stable average ratings of 25 TVRs.

To strengthen weekend primetime programming, we strategically scheduled the airing of five drama series' finales on Sundays. Furthermore, a new police TV drama, *Tiger Cubs* was scheduled on Saturday and Sunday night-time slots – the second one since *The File of Justice* in 1995. The debut episode of *Tiger Cubs* on 24 June (Sunday) achieved an average rating of 29 TVRs, which was 59% higher than the ratings recorded in the corresponding time slots of the four Sundays prior to its airing.

In the non-drama category, the breakout programme was *Bride Wannabes*, a reality show featuring five single women in their pursuit of "Mr. Right". It achieved an average rating of 25 TVRs, an 18% increase over the programmes broadcast in the same time slot in 2011. The show also captured strong online ratings[6] of 3.1 TVRs. Other popular titles included a new game show, *Battle of the Senses*, and a new travelogue, *Homecoming*, featuring TVB artistes returning to their hometowns in mainland China and introducing local cultures to the audience. These shows achieved strong average ratings of 27 TVRs and 21 TVRs, respectively.

During Chinese New Year, TVB successfully engaged the audience by introducing an interactive game called *CNY Lucky* where viewers could send their answers via smart phone during the Chinese New Year period and win prize money in the form of red packets. More than nine million votes received over the three-day event between 23 January and 25 January, and a total of 123 red packets worth HK$738,000 were given away. The game boosted the ratings of *CNY Fireworks Display 2012* and *2012 Cathay Pacific International Chinese New Year Night Parade* by 28% and 24% respectively compared to the same programmes aired in 2011.

Since 7 May, we began including a session called *Pearl Tonight* in Jade's infotainment programme, *Scoop*, on weekdays as part of our cross-channel promotion. This measure helped push up Pearl's primetime ratings to a monthly high of 1.9 TVRs in June.

Documentaries as well as variety and reality shows continued to be well received. *Life on Fire*, a documentary on volcanoes, attracted an average rating of 4.7 TVRs and 83% share in June; *Breaking the Magician's Code: Magic's Biggest Secrets Finally Revealed* also achieved high ratings of 4.4 TVRs on weekends in June; and *Junior MasterChef Australia* – strategically scheduled to air on two weekdays per week, attained 21% higher ratings than its previous season broadcast in 2011.

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6 Data sourced from Nielsen SiteCensus and then converted based on TV ratings formula.

Movies on Pearl remained its top attractions. Blockbuster *The Day the Earth Stood Still* became the top-rated English channel programme during the Period, with an average rating of 10 TVRs and 97% share. A series of new dramas produced by acclaimed director Steven Spielberg, including *Terra Nova and Falling Skies*, drew many fans and reached an average rating of 2.1 TVRs and 2.0 TVRs as of June, respectively.

Under the joint effort of the Government and three local TV stations, an agreement was reached in July 2012 to allow the two terrestrial TV stations, being TVB and Asia Television Limited ("ATV"), to carry the London 2012 Olympic Games allowing Hong Kong audiences to follow the events on the free-to-air channels, in addition to the more comprehensive coverage on a pay TV station. Under this agreement, TVB and ATV jointly produced for the first time the Olympics live programmes and event highlights totalling 200 hours, which were broadcast and shared between TVB and ATV channels. This service attracted good TV ratings on Pearl.

Continuing its upward trend, HD Jade attracted a weekly average of 2.7 million viewers in its non-simulcast time slot during the first six months, representing a 24% increase over the same period in 2011. Acquired major Mainland dramas such as *Three Kingdoms* and high-quality documentaries, including *Frozen Planet* and *When The Louvre And The Forbidden City Come Together*, contributed to the high-definition channel's success. In June, it carried a simulcast of four live matches from the UEFA EURO 2012 – a much-awaited international sports event for soccer fans. The final match, *Spain Vs. Italy*, achieved an outstanding rating of 8 TVRs and 95% share, representing a 53% increase over the UEFA EURO Final in 2008.

J2's ratings also improved during its primetime (Mon-Sun 19:00-24:00) by 50% in the first six months over the same period last year, making it the second highest rated channel (after Total Jade) during weekday primetime (Mon-Fri 19:00-24:00) since May. In-house productions continued to strengthen during the Period, including the launch of a new talk show by famous DJ Vincci Cheuk, *I Know Men*, in January. Travelogues remained the most attractive genre for J2's audience, with average ratings increasing by 42% compared to the same time slot[7] last year. A new series of travelogues, *When in Taiwan* and *Singapore Galore*, were introduced in March and May respectively; both were well received. To strengthen its music programme offerings, J2 continued to serve as the official broadcaster of this year's Hong Kong Asian-Pop Music Festival, which aims to identify and promote new singers who have regional appeal.

iNews, which underwent a revamp on 30 June, remained the most watched 24-hour news channel in Hong Kong. On 25 March, the day of the Hong Kong Chief Executive election, 80% of the audience tuned in to TVB. The station boosted its news coverage by appointing the Chinese University of Hong Kong to conduct four opinion polls of the Chief Executive candidates from December 2011 to the week prior to the election. The *2012 Chief Executive Candidates Forum* achieved an average rating of 31 TVRs on Jade – 31% higher than the same programme telecasted in 2007, while the *Chief Executive Election Debate 2012* attained an average of 29 TVRs.

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[7] J2's travelogue time slot runs from 8:30 p.m. to 9:30 p.m. between Monday and Friday.

SUPPLY OF CHANNELS TO PAY TV PLATFORM

From April 2012, TVB provides an additional channel, TVB Encore, which assembles TVB Jade's weekly primetime programmes for same-day review. The 12 channels being supplied are TVB Lifestyle; TVB Drama; TVB Classic; TVB Select; TVB Entertainment News; TVB Kids; TVB Food; TVB Movies; TVBM (a music channel); TVBN and TVBN2 (both offering 24-hour news service) and TVB Encore.

As further explained under Investment in Hong Kong Pay TV Platform, from 1 January 2012, TVB supplies the channels to TVB Pay Vision Limited ("TVBPV") in exchange for an additional 25% share, which TVBPV was previously entitled to, of the advertising revenue that can be generated from the said channels.

DIGITISATION

The growth in digital household penetration continued at the approximate pace of 2.5% per quarter (10% per year), reaching 71.4% of all households by June 2012 (previous quarter: 69.2%).

We are in the final stages of securing approval for changing the source coding of the Multi Frequency Network (MFN) which currently simulcasts our Jade and Pearl channels from MPEG-2 to MPEG-4. When this is approved, we will be in a position to broadcast Pearl in high definition.

Three technical trials are also being prepared, in cooperation with Radio Television Hong Kong. The first is to test the impact of using more advanced channel coding (PN420) to improve the bit rate yield. The second test is for the new advanced Chinese DTT standard called DMBT Advanced. Finally, the broadcasting of 3DTV over the air will also be tested. These trials will be conducted from September to November 2012.

DIGITAL BUSINESS DEVELOPMENT

Advertising revenue from tvb.com grew by 54% over last year in the Period. This strong growth helped compensate for a drop in licensing income from other mobile operations, resulting in an overall gross revenue growth of 36% for the first half.

The dedicated efforts of the online sales, traffic and research teams to monetise every piece of online inventory resulted in high sell-through rates and premium CPM's.

In-stream video advertising sell-through rates exceeded practical operational limits (usually 70-80%), achieving over 90% throughout most of the quarter. Other ad units that sold well were wallpaper and first-fold banner ads on key pages (home page, category index pages).

A major development in the monetisation of myTV Mobile is the launch of mid-roll instream video ads. This was achieved in June and we look forward to significant mobile advertising revenue contribution in the second half of this year.

The TVB News App has also undergone final stages of debugging and trial, and will be launched in the third quarter.

OTHER HONG KONG OPERATIONS

PAY TV BUSINESS

Investment in Hong Kong Pay TV Platform

As reported in the 2011 Annual Report, the Group's economic interest in TVB Pay Vision Holdings Limited ("TVBPVH") was further increased from 62% to 90% during the Period, through the acquisition of additional non-voting shares in TVBPVH under two sale and purchase agreements for a total cash consideration of HK$194 million. The Group's voting interest in TVBPVH remains at 15%. As the Group does not exercise control over TVBPVH, the income statement and the statement of financial position of TVBPVH are equity accounted for as an associate in the accounts of the Group.

During the Period, the channel supply arrangement between TVB and TVB Pay Vision Limited (the operating subsidiary of TVBPVH) has been restructured. Under the revised terms, TVB supplies, from 1 January 2012, the channels to TVBPV in exchange for an additional 25% share, which TVBPV was previously entitled to, of the advertising revenue that can be generated from the said channels.

TVB's share of TVBPVH's net loss for the Period was approximately HK$195,000, as a result of equity accounting of losses during the Period (2011: a net loss of HK$29 million).

MOVIE PRODUCTION

TVB continues to produce movies under a joint venture with Shaw Productions Ltd. *I Love Hong Kong 2012* was released in Hong Kong and the international markets in January 2012. The Hong Kong box office reached HK$20 million during Chinese New Year. Production for a new movie – *Buddy Cops* is targeted for release in Hong Kong in October 2012.

MAGAZINE PUBLISHING

Results in the second quarter had improved over the first quarter, resulting in 8% turnover growth and a modest profit of HK$2 million.

The actions to revamp TVB Weekly reached a conclusive stage in the second quarter. On 9 July 2012, TVB Weekly was re-launched at a lower cover price of HK$10 and restructured into two books. The first book consists of many feature stories and lifestyle articles. The second book, called "TVB Zone" is a more focused offering of our programme schedules and detailed programme synopses.

These actions provide a foundation for the future development of a hybrid paid and free magazine model.

INTERNATIONAL OPERATIONS

PROGRAMME LICENSING AND DISTRIBUTION

Revenue from programme licensing and distribution grew 9% from HK$425 million to HK$463 million during the Period. Strong revenue growth was recorded from licensing of our programmes in traditional markets. This business continued to contribute growth in segment profit from HK$284 million to HK$313 million, representing an increase of 10%.

In Malaysia, the economy was affected by the government election as most of the advertisers withheld their budgets pending the outcome of the election. Given that our three-year supply agreement with ASTRO All Asia Networks plc ("ASTRO") will expire in the first quarter of 2013, TVB and ASTRO have begun discussions on the terms for renewal. As the major content provider to Wah Lai Toi channel under the ASTRO platform, TVB will devote additional resources to develop local production so as to strengthen our position in the Malaysian market against competition from other importers of programmes from Asia.

In Singapore, we are working well with our business partner StarHub Cable Vision Ltd, despite increasing competition from the Korean and Taiwanese imported programmes which have been eroding our audience base. More resources will be allocated to promote our content via different media platforms in an attempt to recoup the younger generation.

In Vietnam, a multi-year contract for distributing TVB Vietnamese drama channel was concluded with Saigontourist Cable Television Company Limited ("SCTV"), the largest cable network in Vietnam which has a market share of over 60% and covers key cities including Ho Chi Minh City and Hanoi. TVB Vietnamese drama channel also captured the highest rating among other channels on the SCTV platform. This new multi-year contract is seen as a critical step to a successful collaboration with key operators in developing countries.

Riding on the success in Vietnam, TVB continues to widen our network for distribution of our programmes in non-traditional markets. In the first half of 2012, preliminary studies on market potential were undertaken for Indochina markets including Indonesia and Cambodia, as well as for the Latin America markets covering Argentina, Brazil, Panama, Peru and Venezuela. These countries represent new markets to us, and due to the substantial population of Chinese residents in key cities, we believe the demand for Chinese language programmes will be strong. We started discussions with local operators who have expressed interest in carrying TVB channels or distributing TVB programmes. In the course of the next few months, we will be finalising our distribution strategies.

CHINA OPERATIONS

A joint venture named 上海翡翠東方傳播有限公司 ("TVBC") between TVB, the Shanghai Media Group ("SMG") and China Media Capital ("CMC") in the shareholding ratio of 55% owned by TVB and in aggregate of 45% owned by SMG and CMC received the final approval and a business licence certificate from the relevant PRC authorities on 8 August 2012. TVBC will carry the primary objective to distribute TVB programmes and develop other business initiatives with TVB's wealth of resources throughout mainland China. The key business scope of TVBC includes the licensing of TVB programmes to TV stations and Internet portals in the Mainland, the management and distribution of two TVB Hong Kong channels (Jade and Pearl) in Guangdong Province. TVBC will also handle matters in relation to the stage performance of our management artistes in the Mainland.

The uptrend in China revenue continued in the first six months of 2012 and outgrew the nation's GDP for the period by far. In the midst of the cooling mainland China marketplace especially in the media business, our business in the first half of the year grew as budgeted. The growth was attributed to the increasing episodic price of our drama serials. The somewhat conservative GDP growth projection in 2012 by the PRC government reflects its concerns of the overall economy. In addition, a series of SARFT (The State Administration of Radio Film and Television) policies which was issued to cool down the rapid growth in the Chinese TV programme market began to make an impact. However, relaxation of some of those policies that control drama types is expected after a cool down period.

As a major importer of programmes into mainland China, our business performance has been much affected by the local policies and political environment. Through TVBC, we hope to transform our business in the mainland China market from licensing and distribution to one with involvement in different dimensions of the media industry. We will have the opportunities to participate in the production of local dramas by means of investment, trades of production resources such as artistes, scripts, etc. Revenue opportunities in product placements inside the dramas that TVBC will take part in can be created by the synergies with TVB's advertising functions.

OVERSEAS PAY TV OPERATIONS

Overall in this Period, the turnover for the three TVB platforms overseas recorded a turnover of HK$187 million (2011: HK$193 million), representing a decline of 3%. The decline was attributable to certain loss of subscribers due to online pirated programmes. In this segment, we have established an internal task force to combat against the illegal practice on a continuous basis.

During the Period, a brand new Vietnamese pay TV service comprising two channels was launched in Australia. The response from the local Vietnamese community was positive. In addition, we enriched the content of the Chinese language channel package by replacing two existing Mandarin channels with Mei Ah Movie Channel and Star Movie Channel which have wider appeal. This helped raise the monthly subscription fee by around 7%. In Europe, we introduced a new IPTV service after a six month trial period, alongside our satellite distribution. A new Chinese movie channel will be added to the existing Cantonese package to further enhance the channel line-up. In USA, the business was relatively stable with slight growth in advertising income during the Period.

In all of the markets, online piracy is rampant. It has already affected our subscription services in USA, Australia and Europe. TVB is taking a serious and aggressive stance to curb illegal distribution of programme content and, as mentioned above, a dedicated task force comprising of legal and IT experts has been set up to combat infringement actions, including raiding the sources of illegal contents.

TAIWAN OPERATIONS

TVBS-Taiwan

More robust revenue and success in reducing spending in the second quarter helped overcome a lackluster first quarter. The growth in revenue was made since the start of the year represented a testimony to our sales team's spectacular effort. As the typhoon season arrived earlier than usual, the news channel received an unexpected lift. Incremental improvements in both ratings and advertisement buys for the entertainment channel were the factors contributing to an exceptional first half.

However, the prospect for the second half is less encouraging as there will be no election to boost revenue this time. The summer months have never been a strong period for TVBS due to our consistent lack of entertainment programming favoured by younger viewers. Therefore, the third quarter will probably be a difficult one. The fourth quarter, we hope, will help us hold the fort and as long as there are no downside surprises.

CHANNEL OPERATIONS

TVB8 and Xing He

The cautious spending behaviour of advertisers before election in Malaysia had a negative impact on the business. Total revenue experienced a drop of 7% to HK$54 million. Nonetheless, positive feedback was received for carrying TVB8 channel in Malaysia on a new platform via Telecom Malaysia (TM Net) IPTV services. The subscription performance was promising with an intake of around 10,000 subscribers during the Period. Xing He channel has been well received by the audiences and advertisers in both Malaysia and Singapore. To widen distribution in Asia, TVB8 channel will also be distributed to Indonesia with Bahasa subtitle in the fourth quarter of 2012. More local events will be organised in the region to enhance the publicity of both TVB8 and Xing He channels e.g. International Chinese New Talent Singing Championship and International New Era Chinese Kung Fu Competition.

FINANCIAL REVIEW

OPERATING RESULTS FOR THE PERIOD

For the six months ended 30 June 2012, the Group recorded a turnover of HK$2,451 million (2011: HK$2,365 million), representing an increase of 4% over the same period of last year. Cost of sales amounted to HK$895 million (2011: HK$840 million), representing an increase of 7% over the same period of last year. Gross profit for the Period stood at HK$1,556 million (2011: HK$1,525 million).

Included in cost of sales were the cost of programmes, film rights and stocks for the Period which amounted to HK$594 million (2011: HK$539 million), representing an increase of 10% over the same period of last year.

Selling, distribution and transmission costs for the Period amounted to HK$247 million (2011: HK$232 million), an increase of 6% over the same period of last year, mainly due to increase in staff costs in Hong Kong.

General and administrative expenses for the Period amounted to HK$309 million (2011: HK$266 million), representing an increase of 16% over the same period of last year.

During the Period, the Group's economic interest in an associate, TVBPVH increased from 62% to 90% while its voting interest remained at 15%. Effective 1 January 2012, TVBPV agreed to restructure the channel supply agreement ("Restructured Agreement") which covers the supply of pay TV channels by TVB to TVBPV. Under the Restructured Agreement, TVB will provide the channels to TVBPV in exchange for an additional 25% share, which TVBPV was previously entitled to, of the advertising revenue which the pay channels generate. As a result, the Group's share of the losses of TVBPVH reduced from HK$29 million for the six months ended 30 June 2011 to less than HK$0.2 million for the Period.

Income tax for the Period amounted to HK$180 million (2011: HK$305 million), a decrease of HK$125 million as a provision of HK$118 million relating to the tax challenge from the IRD on profits generated in prior years by the Group's programme licensing and distribution business carried out overseas was included in 2011 and no such provision against profits generated in prior years was made during the six months ended 30 June 2012.

Overall, the Group's profit attributable to equity holders amounted to HK$850 million (2011: HK$719 million), representing an increase of 18% over the same period of last year. The earnings per share was HK$1.94 (2011: HK$1.64).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's financial position remained strong. At 30 June 2012, total equity stood at HK$7,189 million (31 December 2011: HK$7,093 million).

The Group had bank deposits and cash balances of HK$3,526 million at 30 June 2012 (31 December 2011: HK$3,693 million). About 12% of bank deposits and cash balances were maintained in overseas subsidiaries for their daily operations. 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$4,204 million (31 December 2011: HK$4,297 million), representing a decrease of 2% over the last year end. The current ratio, expressed as the ratio of current assets to current liabilities, was 4.0 at 30 June 2012 (31 December 2011: 4.2).

The Group's total bank borrowing at 30 June 2012 was HK$213 million, which is secured, denominated in New Taiwan dollars and interest bearing at floating rates. The maturity profile of the Group's borrowing was as follows: within one year, HK$25 million (12%); in the second year, HK$25 million (12%); in the third to fifth years, HK$74 million (34%); over five years, HK$89 million (42%). At 30 June 2012, the gearing ratio, expressed as the ratio of gross debts to total equity, stood at 3.0% (31 December 2011: 3.1%).

At 30 June 2012, certain assets of a subsidiary of the Group with a net asset value of HK$803 million were pledged to secure loans and banking facilities granted to that subsidiary. In addition, bank deposits of HK$7 million were pledged to secure banking and credit facilities granted to certain subsidiaries of the Group.

At 30 June 2012, capital commitments of the Group amounted to HK$446 million (31 December 2011: HK$496 million), representing a decrease of 10%.

TAX AUDIT

In 2004, the IRD initiated a tax audit on the Group. Since then the Group has received protective profits tax assessment notices from the IRD for the eight consecutive years of assessment from 1998/99 to 2005/06 relating to the profits generated by the Group's programme licensing and distribution business carried out overseas, to which the Group has objected. Of the total additional tax demanded in these assessments, 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, HK$54 million, HK$56 million and HK$57 million for the eight consecutive years of assessment from 1998/99 to 2005/06 respectively. The total amount of tax reserve certificates purchased by the Group is HK$319 million. Similar additional assessments may be issued for subsequent years of assessment.

The Group is in discussion with the IRD with a view to resolving the dispute for the entire period from 1998/99 up to the current year. As of 30 June 2012, the Group has provided a total provision of HK$324 million against the potential tax exposures for the years of assessment from 1998/99 to 2010/11. The tax provision is considered to be adequate and not excessive.

The Group will continue to monitor the progress of the tax audit and vigorously defend the Group's position. Due to the uncertainty inherent in a tax audit, the outcome of the tax dispute could be different from the amounts provided; such difference would impact the income tax provisions in the year in which any determination is made.

CONTINGENT LIABILITIES

At 30 June 2012, there were guarantees given to bank amounting to HK$10 million (31 December 2011: 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 and at the end of the Period.

HUMAN RESOURCES

At 30 June 2012, the Group employed, excluding Directors and freelance workers but including contract artistes and staff in overseas subsidiaries, a total of 4,411 full-time employees (31 December 2011: 4,251).

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.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Maintaining high standards of business ethics and corporate governance 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.

The Company has adopted its own code on corporate governance, the TVB Code on Corporate Governance ("Code"). Further updates to the Code had been made from time-to-time to reflect changes in corporate governance code provisions as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

Save as disclosed below, the Company was substantially in compliance with the code provisions of the Code on Corporate Governance Practices as set out in old Appendix 14 (which were in effect until 31 March 2012) and the code provisions of the Corporate Governance Code as set out in Appendix 14 (which took effect from 1 April 2012) to the Listing Rules ("CG Code") during the Period.

In respect of compliance with code provision A.4.2 of the CG Code, the Company noted that the Chairman was not subject to retirement under Article 114(C) of the Company's Articles of Association(Note). The Company put forward a special resolution at the annual general meeting of the Company held on 16 May 2012 ("2012 AGM"), and the shareholders, among other things, approved the special resolution to amend the Articles by removing the exclusion of the Chairman from the requirement to retire at the conclusion of the third annual general meeting following his appointment. Therefore, the Company now complies with A.4.2 of the CG Code.

In respect of compliance with code provision A.6.7 of the CG Code, the Company noted that certain Non-executive Directors were not able to attend the 2012 AGM due to other commitments.

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 set out in Appendix 10 of the Listing Rules ("Model Code"), as amended from time to time, as the code for Directors and Senior Management in their dealings in the securities of the Company.

All Directors and members of Senior Management confirmed, following specific enquiries by the Company, that they had complied with the Model Code during the Period, where applicable, from the period started on 1 January 2012 up to their retirement or resignation dates; or from their appointment dates up to the period ended on 30 June 2012.

REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the Period has not been audited, but has been reviewed by PricewaterhouseCoopers, the external auditor of the Company. The Audit Committee (comprising Mr. Gordon Siu Kwing Chue (Chairman), Mr. Chien Lee and Mr. Kevin Lo Chung Ping, majority of them are Independent Non-executive Directors of the Company) has reviewed with Management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed consolidated financial information and the interim report of the Company for the Period.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for two days from Tuesday, 25 September 2012 to Wednesday, 26 September 2012 for the purpose of determining shareholders' entitlement to the interim dividend. During the said book close period, no transfer of shares will be registered. In order to qualify for entitlement to 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, for registration not later than 4:30 p.m. on Monday, 24 September 2012.

Note:
Under this Article, the Chairman was exempted from retirement as it was considered that this deviation was well-founded as the former Chairman, Sir Run Run Shaw being a founder of the Company, had a wealth of experience which was essential to the Board and contributed to the continued stability of the Company's business.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Company (www.tvb.com) and the designated issuer website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2012 Interim Report containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in mid-September 2012.

By Order of the Board
Adrian MAK Yau Kee
Company Secretary

Hong Kong, 22 August 2012

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

Executive Directors
Dr. Norman LEUNG Nai Pang, G.B.S., LL.D., J.P., Executive Chairman
Mark LEE Po On, Group General Manager

Non-executive Directors
Mona FONG
Kevin LO Chung Ping
Dr. Charles CHAN Kwok Keung
Cher WANG Hsiueh Hong
Jonathan Milton NELSON
Anthony LEE Hsien Pin
CHEN Wen Chi

Independent Non-executive Directors
Dr. CHOW Yei Ching, G.B.S.
Edward CHENG Wai Sun, S.B.S., J.P.
Chien LEE
Gordon SIU Kwing Chue, G.B.S., J.P.

Alternate Directors
Dr. Allan YAP, Alternate Director to Dr. Charles CHAN Kwok Keung
Harvey CHANG Hsiao Wei, Alternate Director to Cher WANG Hsiueh Hong
SUN Tao, Alternate Director to Jonathan Milton NELSON