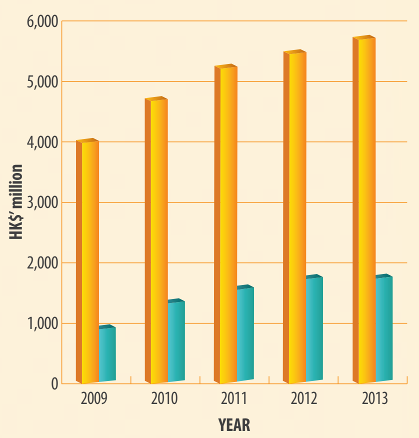
TVB 2013 Annual Report

Television Broadcasts Limited
電視廣播有限公司

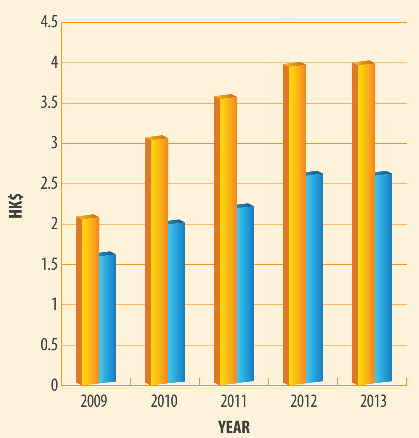
Stock Code : 00511

FINANCIAL HIGHLIGHTS

Turnover & Profit Attributable to Equity Holders of the Company



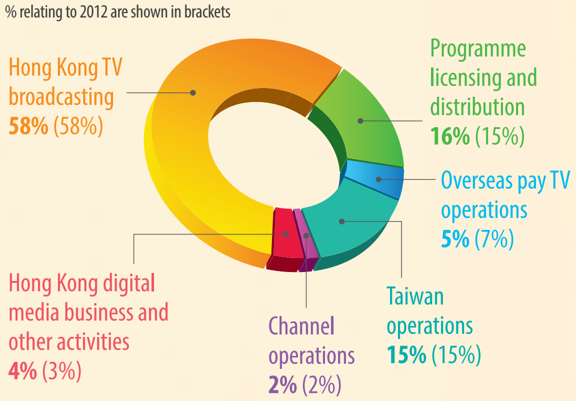
Earnings & Dividends Per Share



	2013	2012 (Restated)	Change
Performance			
Earnings per share	**HK$3.97**	HK$3.95	0.3%
Dividends per share			
- Interim	**HK$0.60**	HK$0.60	-
- Final	**HK$2.00**	HK$2.00	-
	HK$2.60	HK$2.60	-
	HK$'mil	HK$'mil	
Turnover			
- Hong Kong TV broadcasting	**3,322**	3,167	5%
- Programme licensing and distribution	**1,072**	940	14%
- Overseas pay TV operations	**308**	389	-21%
- Taiwan operations	**834**	834	-
- Channel operations	**132**	116	14%
- Hong Kong digital media business and other activities	**222**	190	17%
- Inter-segment elimination	**(204)**	(188)	9%
	5,686	5,448	4%
Total expenses	**3,583**	3,278	9%
Share of results of associates	**(53)**	-	n/a
Profit attributable to equity holders	**1,738**	1,732	0.3%
	31 December 2013 HK$'mil	31 December 2012 HK$'mil (Restated)	
Total assets	**10,301**	9,733	6%
Total liabilities	**1,874**	1,902	-1%
Total equity	**8,427**	7,831	8%
Number of issued shares	**438,000,000**	438,000,000	-
Ratios			
Current ratio	**3.8**	4.0	
Gearing	**3.0%**	2.6%	

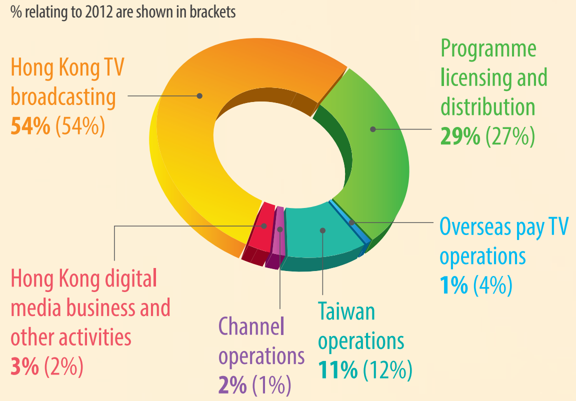
2013 Turnover by Operating Segment

% relating to 2012 are shown in brackets



2013 Reportable Segment Profit* by Operating Segment

% relating to 2012 are shown in brackets



* excluding impairment loss on loan to and trade receivables from an associate

CONTENTS

CORPORATE INFORMATION

CHAIRMAN EMERITUS

The late Sir Run Run SHAW GBM

EXECUTIVE CHAIRMAN

Dr. Norman LEUNG Nai Pang GBS, LLD, JP

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr. Norman LEUNG Nai Pang 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 GBS
Edward CHENG Wai Sun SBS, JP
Chien LEE
Gordon SIU Kwing Chue GBS, JP
Raymond OR Ching Fai SBS, JP

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

BOARD COMMITTEES

EXECUTIVE COMMITTEE

Dr. Norman LEUNG Nai Pang Chairman
Mark LEE Po On
Mona FONG
Kevin LO Chung Ping
Dr. Charles CHAN Kwok Keung
CHEN Wen Chi

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
Raymond OR Ching Fai (appointed on 21 August 2013)

NOMINATION COMMITTEE

Dr. CHOW Yei Ching Chairman
Anthony LEE Hsien Pin
Edward CHENG Wai Sun
Raymond OR Ching Fai (appointed on 21 August 2013)

SENIOR MANAGEMENT

Mark LEE Po On Group General Manager
CHEONG Shin Keong General Manager
Peter AU Wai Lam Assistant General Manager
Desmond CHAN Shu Hung Assistant General Manager
Adrian MAK Yau Kee Chief Financial Officer and Company Secretary

REGISTERED OFFICE

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

AUDITOR

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

PRINCIPAL BANKERS

Shanghai Commercial Bank Ltd.
The Bank of East Asia, Limited
Bank of Communication Co., Ltd.
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICE

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

AMERICAN DEPOSITARY RECEIPTS

BNY Mellon Depositary Receipts
P.O. Box 43006
Providence, RI 02940-3006
USA

STOCK CODES

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

INVESTOR RELATIONS

Email: ir@tvb.com.hk
Fax: +852 23581337
Website: www.corporate.tvb.com

CHAIRMAN EMERITUS

THE LATE SIR RUN RUN SHAW
GBM
(1907-2014)

CHAIRMAN'S STATEMENT

DR. NORMAN LEUNG NAI PANG
GBS, LLD, JP
Executive Chairman

The Board of Directors of Television Broadcasts Limited ("TVB", "the Group" or "the Company") is pleased to present the annual report and financial statements of the Group for the year ended 31 December 2013.

RESULTS AND DIVIDENDS

The Group's turnover increased by 4% from HK$5,448 million to HK$5,686 million, and the profit before income tax decreased by 1% from HK$2,141 million to HK$2,121 million during 2013. The Group's profit attributable to shareholders was HK$1,738 million (2012: HK$1,732 million), giving an earnings per share of HK$3.97 (2012: HK$3.95).

Our total equity stood at HK$8,427 million (2012: HK$7,831 million) at the year-end. Our unpledged cash balance totalled HK$2,900 million (2012: HK$3,604 million), and our bank borrowings amounted to HK$252 million (2012: HK$205 million), giving a net cash balance of HK$2,648 million at 31 December 2013.

As a result, the Group's Directors will recommend a final dividend of HK$2.00 per share at the forthcoming annual general meeting. Together with the interim dividend of HK$0.60 per share paid, this would yield a total dividend of HK$2.60 per share for the full year ended 31 December 2013, representing the same amount as 2012 and a 66% payout of our current year's profit.

BUSINESS REVIEW

The year of 2013 turned out to be challenging and eventful. Despite an intensely competitive market environment, we continued to produce and broadcast programmes that generated solid TV ratings. In early 2013, we upgraded J2 and Jade – the remaining two of our five digital TV channels – to high-definition standard to help position TVB at the forefront of broadcasting in Hong Kong.

Despite our application for a judicial review of the procedure leading to the Communications Authority's recommendation for granting additional domestic free television service ("Free TV") licences, the Government announced on 15 October 2013 its approval-in-principle for granting two additional Free TV licences to Fantastic TV, a company under i-Cable TV, and Hong Kong Television Entertainment, a company under PCCW. The decision doubles the number of Free TV operators from two to four, and we expect these new operators to begin their services in the latter half of 2014.

With our Free TV licence expiring in November 2015, we submitted in accordance with the prescribed procedure in November 2013 an application to the Government for a renewal of our licence for another term of 12 years. Amid intensifying competition from new operators, we continue to strengthen our production capability and programme development. We have invested in plant and equipment while remaining focused on the development of our newer channels, J2 and HD Jade.

With the impending new entrants to the Free TV market and our viewers' changing consumption pattern, the Group will be facing many challenges ahead. We are, however, committed to strengthening our investments so that we can continue to produce top-notch contents for our viewers. We will conduct a detailed study to gauge our future operational needs and fine-tune the plan to build production studios and related facilities at a site close to our headquarters in Tseung Kwan O Industrial Estate, Hong Kong. Meanwhile, our preparation for building a production headquarters in Linkou, New Taipei City, is well underway, and construction will commence in 2014 and is scheduled for completion in 2017.

On Mainland China, I am pleased to note that the total revenue from Mainland China had increased from HK$281 million to HK$402 million during 2013, representing an increase of 43%, thanks to formation of the joint venture 上海翡翠東方傳播有限公司 ("TVBC") in 2012 which helped monetize our contents and develop our talent in the mainland.

Following years of improving financial performance, TVB Network Vision, our pay TV business in Hong Kong, generated a loss of HK$59 million during 2013, of which the Group took its share of HK$53 million. This loss was contributed mainly by increased costs for upgrading TVB Network Vision's infrastructure in Hong Kong from satellite to optical-fibre distribution, which will further enhance picture quality and service stability. With these improvements, we are positive that this business will deliver better financial performance in the future.

A charitable fund, the "TVB, Staff & Artistes Fund for Charities Limited", was set up in February 2013 with the aim of providing emergency financial support to the underprivileged, the elderly, and victims suffering from adversities such as natural disasters and accidents. The Fund received its tax-exempt status in June 2013 and has been actively serving community needs since.

OUTLOOK

Rapidly evolving technologies are transforming the way TV programmes are being delivered and watched, resulting in changing consumer behaviour. These developments have a major impact on the media and entertainment industry. As a player in this business sector, we need to be mindful of these challenges in developing our new business initiatives.

During the year, piracy of our programmes and channels grew in many parts of the world and this could leave a lasting, negative impact on our overseas businesses if not managed properly. We have diligently conducted anti-piracy campaigns and joined forces with government authorities in order to rein in such illegal activities and safeguard our long-term interests.

In 2014, we will continue to serve our viewers' needs for quality entertainment and information. We broadcast the XXII Olympic Winter Games held in Sochi, Russia in February and will air the 2014 FIFA World Cup through our pay TV channels as well as free TV, Internet and mobile platforms in June and July. These events, together with many to come, form part of a strategic move to bring world-class sporting events for our viewers' enjoyment.

CHAIRMAN EMERITUS SIR RUN RUN SHAW

On 7 January 2014, Sir Run Run Shaw passed away peacefully at the age of 107. Sir Run Run was one of the founding directors of TVB and served as our Executive Chairman for 30 years. He deserved our highest respect for his outstanding entrepreneurship and sterling contribution to our business development over the years. Sir Run Run will be fondly remembered by all of us for his leadership and insight, and by the communities in Hong Kong and across Mainland China for his philanthropy.

Last but not least, I would like to sincerely thank our directors for their wise counsel and guidance, and our staff for their on-going support during 2013. Despite the many challenges ahead, I am confident that TVB will continue to play a leading role in the Chinese television markets.

Norman Leung Nai Pang
Executive Chairman

Hong Kong, 26 March 2014

THE GROUP'S BUSINESS

Television Broadcasts Limited
(Hong Kong Listed)

Hong Kong TV Broadcasting	Broadcasting of five digital channels through terrestrial TV network in Hong Kong and programme production	100%
Hong Kong Pay TV	Hong Kong pay television programme service	Economic interest: 90% and Voting interest: 15%
Hong Kong Digital Media	Portal business under www.tvb.com and mobile applications	100%
Publications and Movie Production	Publication of a weekly magazine and production of movies	Publication: 73.68% and Movie: 50%
Programme Licensing and Distribution	Licensing of TVB programmes for distribution in overseas markets (principally Malaysia and Singapore)	100%
China Operations	Programme production, and licensing and distribution of TVB programmes in Mainland China	55%
Taiwan Operations	Production and broadcast of programmes in Taiwan	100%
Overseas Pay TV	Operation of pay TV services in North America, Australia and Europe	100%
Channel Operations	Distribution of two satellite TV channels (TVB8, Xing He) in Mainland China, Malaysia and Singapore, etc	100%

Television Broadcasts Limited (00511): Founded in 1967 and being the first wireless commercial television station in Hong Kong, TVB is now one of the free-to-air TV broadcasters in Hong Kong and one of the largest commercial Chinese programme producers in the world. It owns five free-to-air channels – Jade, J2, HD Jade, iNews (Cantonese) and Pearl (English), and 13 pay TV channels. TVB generates over half of its total revenue in Hong Kong, with the balance from the rest of the world through licensing and subscription businesses. TVB was listed on The Stock Exchange of Hong Kong Limited in 1984.

REVIEW OF OPERATIONS

HONG KONG TV BROADCASTING

TV ADVERTISING

While skincare maintained its top position in the advertisers' spending league table, its growth had slowed to 3.6%. Milk powder manufacturers, even after a short hiccup in August when some New Zealand dairy products were found contaminated, continued to spend healthily on advertising, ranking second and contributing significantly to the overall revenue growth.

Other categories showing strong growth included mobile phone operators and electronic equipment, as all the leading brands launched new models during the year, as well as personal loan and insurance companies. Another category worth mentioning is dental care, which witnessed a 99% year-on-year growth as the market leader was challenged. Meanwhile, banks remained cautious, resulting in a mild decline of 10% in their advertising expenses.

The property market, which contributed significantly to advertising revenue growth in 2012, has been seriously hit after the Government imposed cooling measures to curb property prices; very few new real estate projects were released during the year. Advertising spending from property developers picked up slightly in the last quarter when developers adopted a more aggressive sales approach and offered various incentives to entice potential buyers. Overall, the category still suffered a drop of 27% from 2012.

Camera was another category that experienced a significant slowdown, with spending declining by 35% year-on-year, as key players did not release major product models.

Several integrated advertising packages (consisting of all our TV platforms, online and magazine offerings) in relation to the 2014 FIFA World Cup were favourably received by advertisers and sold out. Looking ahead, we will further enhance our efforts in selling integrated packages by providing our clients with more supporting services, such as simple television commercial production and research.

TERRESTRIAL TV CHANNELS PERFORMANCE

CELEBRATING A LEGENDARY YEAR

In 2013, TVB remained the most-watched TV broadcaster in Hong Kong by a wide margin, achieving an overall audience share[1] of 80% for our terrestrial TV channels[2] against the total TV channels in Hong Kong during weekday primetime[3].

TVB continued to lead the market and attract a wide range of viewers through vast investments on strategic and diversified programming, active engagement across various channels and technologies advancement in equipment and broadcasting quality. In 2013, we celebrated a year filled with remarkable legendary starts for TVB.

1 Audience share (%) is the percentage of ratings of particular channel(s) over the total ratings of the base channels for a specific period. The base channels comprise all of the TV channels (Total TV channels) in Hong Kong. Total TV channels include all free TV channels, all pay TV channels and other TV channels capable of being received in Hong Kong, such as the satellite channels.

2 TVB's terrestrial TV channels comprise Jade, Pearl, HD Jade, J2 and iNews.

3 Weekday primetime for TVB's terrestrial TV channels runs from 7 p.m. to 12 a.m., Mondays to Fridays.

REVIEW OF OPERATIONS

2014 WORLD CUP AGAIN ON TVB

We proudly announced in May the appointment of TVB as Hong Kong's official broadcaster of the 2014 FIFA World Cup, regaining the status after 16 years. The station has been granted the first exclusive multimedia rights for both free and pay TV platforms as well as terrestrial radio, Internet and mobile. Great efforts will be devoted to programme productions, new media developments and outdoor promotion events to drum up excitement prior to and during the World Cup.

As a warm-up to this year's event, we telecast 16 live matches of the *FIFA Confederations Cup 2013* and five major live matches of the *FIFA U-20 World Cup 2013* in June and July across Jade, HD Jade and Pearl; a pay TV channel live telecast the remaining matches. In September, major live matches of *FIFA Beach Soccer World Cup 2013* were also telecast on Jade and HD Jade. Soccer fans were able to enjoy highlights of these international events throughout the day on both the terrestrial TV channels and myTV (web and mobile).

RETURN OF BLOCKBUSTER DRAMA SEQUELS

This year saw the return of two long-awaited, big-budget drama sequels: *Triumph In The Skies II* and *Beauty At War*.

An aviation story filmed in London, Paris and Taiwan, *Triumph In The Skies II* featured Francis Ng Chun Yu and Julian Cheung Chi Lam as charming pilots. Similar to its first instalment in 2003, the sequel again became the talk of the town and the most popular drama of the year, achieving an average consolidated rating[4] of 36 TVRs (a TV rating[5] of 31 TVRs and an online catch-up rating[6] of 4.8 TVRs on average). Cheung's portrayal won him the Most Popular TV Male Character of the year.

Meanwhile, *Beauty At War*, which depicted the conflicts and rumour-mongering among consorts in a Qing palace, was filmed in Hengdian, Zhejiang. In addition to the returning cast from the first instalment in 2004, the sequel featured new characters played by Moses Chan Ho, Ada Choi Siu Fun and Kenny Wong Tak Pun. It received critical acclaim for its creative theme and dazzling scenery and costumes.

NEW PROGRAMME FORMATS, NEW TALENTS

In the non-drama category, we introduced new programme formats on our flagship channel to enrich our programme variety and cultivate new talents.

The Voice Of The Stars, a dream-come-true singing reality show, created great buzz in 2013 and helped several supporting artistes including Fred Cheng Jun Wung, Corinna Chamberlain, Yao Bin and Hoffman Cheng Sai Ho achieve overnight fame. We also introduced an interactive public voting for the contest's champion via our app, TVB fun, and attracted a total of 237,930 votes, more than 160,000 of which were cast to support Fred Cheng Jun Wung.

Innovative production formats were introduced for travelogues, which were well received with award recognition. *Three Amigos Bon Voyage* featured the fun journey of three veteran artistes, Woo Fung, Patrick Tse Yin and Joe Junior, travelling through Portugal, Spain and Turkey for the first time. The trio was well loved by our audience and the show won the Best Variety Programme of 2013.

4 Consolidated rating is defined as the summation of TV rating and online catch-up rating.

5 TV rating ("TVR") represents the size of the audience expressed as a percentage of the total TV population. For 2013, the total TV population comprises 6,420,000 viewers, and therefore, 1 TVR represents 64,200 viewers (1% of the total TV population). Ratings data source: Nielsen TAM. Since 1 January 2013, Nielsen has been appointed as the accredited ratings measurement service company for the industry.

6 Online catch-up rating is defined as an aggregate catch-up rating of web and mobile apps platforms. Data are sourced from Nielsen SiteCensus and conversion is based on a TV rating formula supported by a certified document issued by Nielsen dated 24 July 2013. One online catch-up rating also represents 64,200 viewers.

Because of popular feedback, we introduced the debut series of travelogue *Pilgrimage Of Wealth* and its sequel within the same year. The first instalment was aired in April, while the sequel, *Pilgrimage Of Wealth (Sr. 2)*, was broadcast in August and took our audience to popular Asian destinations including Korea, Japan, Singapore and Shanghai. The sequel was the top-rated thematic programme for the 10:30 p.m. timeslot and was also named the Best Docutainment Programme of 2013. The travelogues successfully boosted the popularity of the shows' hosts, Tony Hung Wing Sing and Priscilla Wong Tsui Yu, who won the Best TV Host of the year.

A parent-child reality show, *Where Are We Going, Dad?*, adopted the programme format of a popular Korean show, featuring five artiste-fathers and their children travelling in camps. The fun-provoking reality show attracted great TV ratings.

LEGENDARY MISS HONG KONG PAGEANT 2013

The *Miss Hong Kong Pageant 2013* reached a big milestone as it marked the first time in its 40-year history where the champion was purely selected by the public. More than 890,000 viewers cast their votes via TVB fun during the semi-final and final competitions.

The *Miss Hong Kong Pageant 2013 – Semi-Final* returned to Jade after 10 years and achieved an average consolidated rating of 25 TVRs (a TV rating of 24 TVRs and an online catch-up rating of 0.4 TVR on average). The grand night of the *Miss Hong Kong Pageant 2013 – Final*, which dazzled the audience with an ancient-train stage design, attained even better results with an average consolidated rating of 30 TVRs (a TV rating of 29 TVRs and an online catch-up rating of 0.6 TVR on average). This represented the best viewership number recorded for the show over the past eight years.

Triumph In The Skies II

Inbound Troubles

REVIEW OF OPERATIONS

JADE CHANNEL

Jade[7] achieved an average 23 TVRs during weekday primetime[8] for 2013. High-quality homegrown drama, variety shows and enrichment programmes catering to local taste continued to attract viewers to our flagship channel.

Drama

Apart from big-budget sequel productions like *Triumph In The Skies II* and *Beauty At War*, we also released new drama serials with innovative themes. Headlined by Roger Kwok Chun On and Wong Cho Lam, *Inbound Troubles* was a comedy reflecting social phenomena arising from cultural differences between Mainland China and Hong Kong. The drama serial won great audience acclaim with an average consolidated rating of 35 TVRs (a TV rating of 30 TVRs and an online catch-up rating of 4.6 TVRs on average). It was the second-most popular drama of the year, a position after *Triumph In The Skies II*. Other popular titles of the year included *Friendly Fire* and *Sergeant Tabloid*.

To kick-off celebrations for TVB's 46th anniversary, epic drama *Brother's Keeper* was set against historical events straddling three decades from the 1980s to 2013 in Hong Kong and Macau. Starring Ruco Chan Chin Pang, Edwin Siu Jing Nam and Kristal Tin Yui Lee, the series showcased a great number of important historical video clips and reminded viewers of the good old days. Tin was named the Best Leading Actress and the Most Popular TV Female Character of the year for her role as "Yiu Man Ying".

Viewers also welcomed the return of many familiar faces to Jade primetime drama in 2013. Francis Ng Chun Yu reprised his acclaimed role as "Sam Tong" in *Triumph In The Skies II*, while Julian Cheung Chi Lam boosted his popularity by playing charming pilot "Captain Cool". Love comedy *Bounty Lady* brought our all-time favourite comedian Dayo Wong Tsz Wah back to Jade and he won the Best Leading Actor of the year for his role as "Heung Kwong Nam". Lawrence Ng Kai Wah returned to play his iconic doctor role in *The Hippocratic Crush II*. Beloved on-screen couple Bobby Au Yeung Chun Wah and Esther Kwan Wing Ho also made an appearance in time-travel serial *Always And Ever*.

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

8 Jade's weekday primetime runs from 7 p.m. to 11 p.m., Mondays to Fridays.

REVIEW OF OPERATIONS

Family situation-comedy *Come Home Love* remained a favourite among our audience, attaining a stable average rating of 24 TVRs in 2013. As a result, the serial will be extended through 2014 with a target of making it the longest-running sitcom since *A Kindred Spirit*.

Non-drama

In addition to the critically acclaimed variety programmes such as *The Voice Of The Stars*, *Three Amigos Bon Voyage* and *Pilgrimage Of Wealth (Sr. 2)*, we also strengthened our non-drama lineup in 2013 with other variety and reality shows.

During the Chinese New Year, Jade adopted a new programme format to welcome the Year of the Snake. *TVB Golden Viva Spectacular*, a five-hour festive show, showcased popular Hong Kong artistes and performances filmed in Korea, Malaysia, Singapore and Taiwan. To further engage our audience during the festive celebrations, an interactive game, *Million Fun In Gold*, was launched and attracted more than 14 million submissions from the audience via our mobile app, TVB fun, over a five-day period.

Audience feedback was favourable towards acquired overseas non-drama programmes, which were re-packaged using TVB artistes as hosts. These included parent-child-themed reality shows *I'm Old Enough* and *What's Daddy*, which were both popular at home in Japan. *I'm Old Enough* featured small children on missions without supervision from their parents, while *What's Daddy* showcased young Japanese children travelling across the globe to visit their far-from-home dads. Mainland-produced documentaries featuring the wonders of China also struck a chord with our viewers – the more popular titles included *A Bite Of China* and *China's Mega Projects*.

Miss Hong Kong Pageant 2013 - Final


Three Amigos Bon Voyage

The Voice Of The Stars

Female Prime Minister

Scarlet Heart

©KBS

Super Fish

©BBC

How Nature Works

REVIEW OF OPERATIONS

HD JADE CHANNEL

HD Jade continued to gain ground in terms of TV ratings, achieving an 18% growth during non-simulcast hours versus the corresponding timeslot in 2012. Its share of Total Jade weekday primetime ratings rose to 38% from 32% in the corresponding timeslot in 2012.

New segments, including *Money Smart Warrants* and *Business Talks*, were added to the channel's signature financial programme *Money Smart* to further engage with our viewers. The programme was well recognized by market participants and top investment banks were recruited as our honoured sponsors.

Popular overseas serials including *New My Fair Princess*, the Chinese palace story of *Female Prime Minister* and Chinese novel-based serial *Scarlet Heart* helped push up ratings during the weekday HD drama timeslot from 11:45 p.m. to 12:45 a.m. on Mondays to Fridays. Co-starring Hong Kong actor Kevin Cheng Ka Wing and Mainland China actress Cecilia Liu Shishi, *Scarlet Heart* was named the most popular drama on HD Jade and one of its episodes reached more than 350,000 viewers, hitting a record for the timeslot.

Food programmes and wildlife documentaries continued to draw in a stable pool of viewers during the 7:00 p.m. to 8:00 p.m. timeslot on weekends. On Saturdays, *Edventures in Asia* was among the most popular food programmes with promising ratings performance. On Sundays, viewers tuned in to high-definition nature and wildlife documentaries. Among the popular ones were *How Nature Works* and *Super Fish*, with as many as 660,000 viewers tuning in during the best minute of the two shows.

As a cross-channel integration campaign, we launched a new timeslot *Pearl Showcase* between 11:00 a.m. and 12:00 noon on Sundays to offer popular infotainment documentaries from Pearl to HD Jade audience.

Popular overseas variety programmes also helped diversify the channels' offerings. Well-received programmes included the popular Chinese singing reality show *The Voice of China* and the Korean dance survival programme *Dancing 9*.

REVIEW OF OPERATIONS

J2

J2 continued to gain viewership during the year and consolidate its position as a young and vibrant channel. The channel's rating during its weekly primetime[9] increased by 30% compared with the corresponding timeslot in 2012.

Several innovative programmes were introduced to strengthen J2's programme lineup. In June, the channel launched its first locally produced micro-cinema, *Blue Magic*. Headlined by Tony Hung Wing Sing and Jacqueline Chong Sze Man, it depicted a fantasy story about alien invasion in an electrical appliances store. This was followed by another micro-cinema, *If It's Meant To Be...*, a romantic story filmed in Bangkok and Taipei starring Oscar Leung Lit Wai, Christine Kuo Yun Hui and Taiwanese actor Huang Tai An. A new mini-programme *Bookworm* featured book recommendations by the city's notables and was well received by viewers.

J2's signature in-house production *Big Boys Club* celebrated its 1,000th episode milestone with a 90-minute special in December. Another signature local production *All Things Girls* revamped its format in September and has since extended its production to four episodes a week from Mondays to Thursdays.

A steady stream of highly rated foreign programmes, including Korean drama *Moon Embracing Sun*, Taiwanese travelogue *Amazing Adventures* and French food programme *Foodie Planet (II)*, helped garner the support of the younger audience.

To strengthen its younger image, J2 acquired overseas reality programmes that were popular among younger viewers, including Korean game show *Running Man*, Korean survival show *The Law of the Jungle* and Japanese animal reality show *Shimura Zoo (II)*. Music lovers were also able to watch the most popular international award presentations and musical gala from the U.S., Europe, Korea, Singapore, Taiwan and Hong Kong on the channel. Some of these events included *2013 Mnet Asian Music Awards*, *2013 American Music Awards*, *2013 European Music Awards*, *KKBOX Digital Music Awards 2012* and *Hong Kong Asian-Pop Music Festival 2013*.

In November, the channel brought one of the most anticipated Japanese animations, *Attack On Titan*, to Hong Kong. The popular production, based on an award-winning Japanese manga series, is expected to run through 2014.

9 J2's weekly primetime runs from 7 p.m. to 12 a.m., Mondays to Sundays.

Big Boys Club

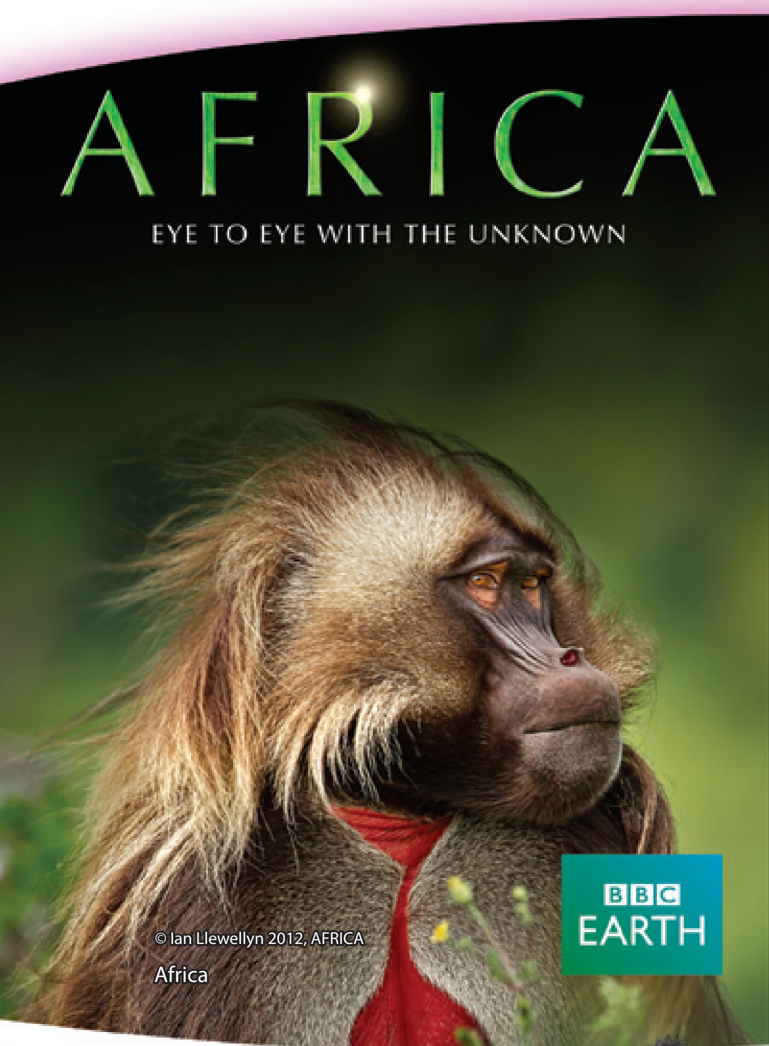
©SBS Contents Hub Co.,Ltd.

Running Man

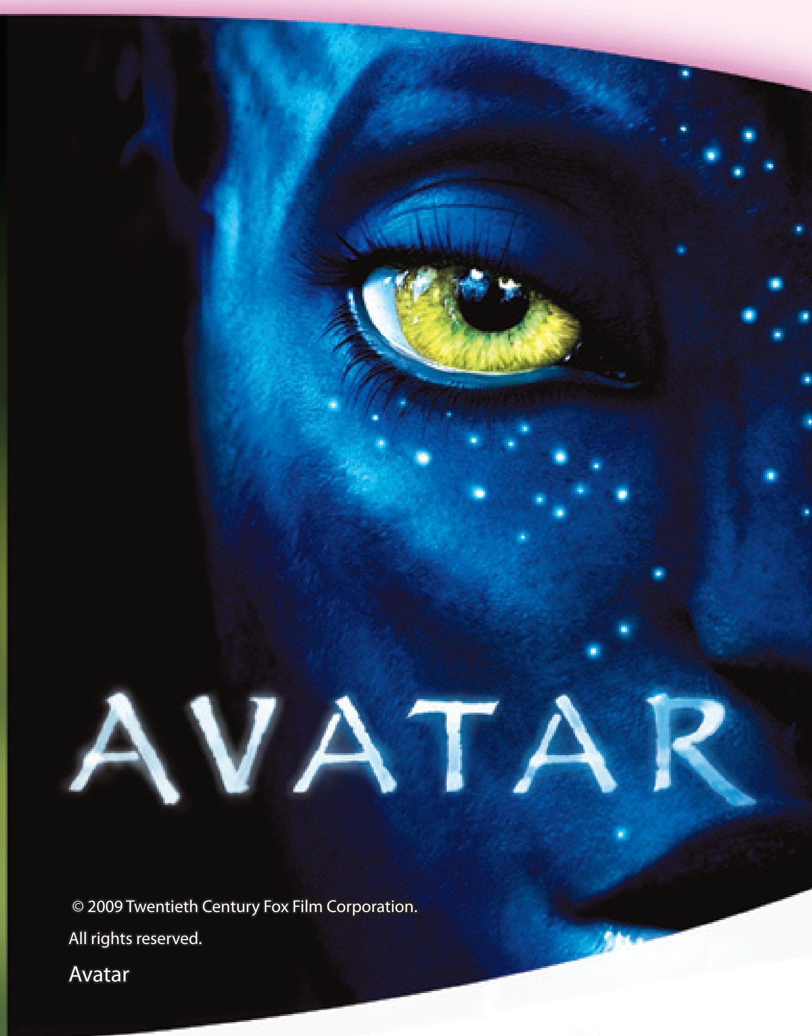
Rooftop Prince

Based on the manga "Shingeki no Kyojin" by Hajime Isayama originally serialized in the monthly BESSATSU SHONEN magazine published by Kodansha Ltd.

Attack On Titan



Africa



Avatar

Dolce Vita

REVIEW OF OPERATIONS

PEARL CHANNEL

For the ninth consecutive year, the top 100 rated English programmes aired on local terrestrial English TV channels were all from Pearl.

During the year, the channel successfully strengthened its leading position in sports offerings, bringing international events *Hong Kong Sevens 2013*, *Snow Polo World Cup 2013* and *Hong Kong Squash Open 2013* to the Hong Kong audience. A livecast of *International Soccer Friendly – Kitchee vs Manchester United* attracted an average rating of 8.2 TVRs and a top-minute rating of 11.0 TVRs, making the match the top-rated English TV programme of the year.

As usual, Pearl live telecast the most anticipated Hollywood event of the year, *The 85th Academy Awards®*. The number of viewers nearly doubled that of last year as people tuned in to watch Taiwanese film director Ang Lee received his second Oscar win as Best Director.

Blockbuster movies remained Pearl's core offerings. *Gulliver's Travels* was the top-rated movie on Pearl during the period, achieving an average rating of 7.2 TVRs and reaching 9.0 TVRs at its highest level. *Avatar*, the highest-grossing movie of all time, made its free TV debut on the channel and received great ratings.

The channel has also brought acclaimed overseas TV miniseries to the Hong Kong audience. For example, the Emmy-nominated miniseries *The Bible* premiered on Pearl in late 2013 and has doubled the timeslot's average ratings since its debut episode.

Since October, Pearl has further strengthened its primetime programme lineup, especially during the midnight hour to extend the channel's reach to late-night and tertiary-educated viewers. We have redefined the different programme timeslots and maintained entertainment and infotainment at 8:00 p.m. and 8:30 p.m. respectively; high-quality documentaries at 9:30 p.m. and primetime drama at 10:30 p.m. on weekdays; and weekend movie blockbusters at 9:30 p.m.. To cater for late-night viewers, we kicked off a new midnight drama timeslot with American supernatural drama series *666 Park Avenue*, which received great feedback from the audience.

Pearl Spectacular, the signature high-definition documentary timeslot between 9:30 p.m. and 10:30 p.m. on Tuesdays, attained promising ratings. *The Sea's Strangest Square Mile*, which showcased weird ocean creatures, was the top-rated documentary series during the period.

REVIEW OF OPERATIONS

iNEWS

iNEWS CHANNEL AND NEWS PROGRAMMES

iNews remained the most-watched 24-hour news channel in Hong Kong in 2013, thanks to our news team's efforts in upholding a high standard of news reporting in Hong Kong.

Major news events that received live coverage included the *U.S. Presidential Inauguration*, the *NPC Opening* and the *NPC Closing: President Xi's Speech*. In February, iNews telecast a series of SARS-themed news footage during its daily programme to commemorate the 10th anniversary of the SARS crisis; there were also two SARS-related episodes in *Sunday's Report* examining Hong Kong's biggest health crisis of the decade and its effect on people.

To tie in with an upgrade on picture-transmission quality in June, iNews officially switched all of its productions, including news clips, news segments and live newscasts, into high-definition picture quality. In addition, Chinese subtitles were inserted into all news clips to further enhance the viewing experience for the audience and cater for the need of those who are hearing impaired. Live coverage featured in news programmes is now readily available on TVB.com and TVB News app, in addition to the traditional platform on iNews.

Two news segments introduced this year received applause from viewers. Global Snaps featured around-the-world cultural and lifestyle information, while *Big Big World* offered a close look at little-known customs and traditions in off-the-beaten-path destinations such as Bhutan, Jamaica and Tonga.

Viewers can obtain the latest schedule of news segments via TVB Weekly, myEPG app or a third news screen on iNews, which also provides animated instant weather updates including typhoon movements.

To strengthen our leading position, iNews has extended the 30-minute 7:30 p.m. newscast on weekdays to a one-hour telecast to offer more in-depth and comprehensive news coverage to our audience. The extended schedule also aims to better serve our busy audience who returns home late from a long day of work. In addition, a new segment *China News* was introduced to cover social, economic and political issues in Mainland China.

DIGITISATION

Penetration of digital terrestrial TV reached 80.2% of all households by December 2013 (including set top boxes, integrated digital TVs and receivers connected to PCs). Through its wide network of transmission stations for digital terrestrial TV broadcasting, TVB now provides coverage for 99% of the population in Hong Kong, which is on par with the population coverage of the analogue TV network. Our five drama, eight variety and four news studios have been upgraded to HD production standard, while the post-production and field-production facilities have substantially been installed with HD capability.

24 iNews Channel Studio


Big Big World


Liaoning 2013


HD Broadcasting


HD Broadcasting

Naoki Hanzawa

Ando Roid

TVB Sports New Studio

Where Are We Going, Dad?

REVIEW OF OPERATIONS

CHANNELS FOR PAY TV PLATFORM

To cater to viewers' increasingly diverse interests, TVB added a new channel – TVB Sports to the Hong Kong pay TV platform in 2013, bringing the total number of TVB-branded channels to 13.

TVB Drama and TVB Select were renamed Drama 1 and Drama 2 in April 2013 in an effort to reinforce the positioning of the two foreign drama channels. Long established as the forerunner in acquired dramas, Drama 1 assembles the most sought-after TV series from Japan, Korea and Taiwan. Highlights included *Naoki Hanzawa*, the phenomenal drama that became the top-rated Japanese show of the 21st century and *Ando Roid*, the thrilling sci-fi series starring Kimura Takuya that we began broadcasting while it was still airing in Japan. Drama 2, which features Asian mega-hits targeting all ages, continued to score excellent ratings. Korean soap opera *Ojakgyo Family*, which won seven prizes at the 2011 KBS Drama Awards and two at the 48th Baeksang Arts Awards, was the most popular title of the genre among viewers in 2013.

In September 2013, TVB Lifestyle was rebranded as TVB Good Show in a relaunch of the channel as an entertainment trendsetter featuring popular Asian variety and reality shows as well as music concerts. Some of the most prominent programmes aired on the channel included the highly anticipated talent show from China, *The Voice of China (II)*, the family-oriented reality show from Korea, *Where Are We Going, Dad?* and the controversial Korean reality show on plastic surgery, *Let Me In*.

TVB Window, renamed from TVB Lifestyle, showcases highlights from pay TV channels including dramas, animations, movies, news and entertainment news, while TVB Sports covers local and international sports events including the *FIFA U-17 World Cup 2013* aired in October and the upcoming 2014 FIFA World Cup.

TVB Food produced new local programmes which were positively received by viewers. A notable example was *The Mischievous Duos* where the two hosts explored local food spots in search of rare recipes and exclusive tips from chefs and experts.

TVB Classic continued to lead the pay TV market by using TVB's vast and star-studded archive to produce distinctive-themed packages of the hottest artistes. For example, riding on the massive hit *Triumph In The Skies II* on Jade, we launched the campaign "When Sam Meets Captain Cool" to showcase acclaimed serials of Francis Ng Chun Yu and Julian Cheung Chi Lam, including *Triumph In The Skies* and *Return of The Cuckoo*.

TVB Movies featured premium Asian films and exclusive Shaw Studio blockbusters such as *I Love Hong Kong 2013*. To commemorate the 10th anniversary of Anita Mui's death, a special package was arranged to showcase her extraordinary works throughout the years.

On top of delivering the latest local and international showbiz news, TVB Entertainment News boasted its own productions in 2013, including *Room 6* and *Director Talk*. Working closely with Astro in Malaysia, we also hosted and produced the *TVB Star Awards Malaysia 2013* for the first time, with the event being broadcast live in Hong Kong and Malaysia in December 2013.

TVB Kids provided a mixture of educational and entertaining programmes for children of all ages. Popular animations included *Inazuma Eleven Go*, *Kung Fu Panda Legends of Awesomeness* and *Dragons Riders of Berk*. We launched the "Parent-Child Theatre" in December 2013 to showcase animated features and family-oriented movies for enjoyment of both parents and children on weekends.

REVIEW OF OPERATIONS

DIGITAL MEDIA BUSINESS

The Internet business recorded decent growth in both usage and advertising income in 2013. Our overall mobile traffic has grown rapidly and the volume of mobile streaming exceeded that of web streaming, thanks to better-quality videos, faster broadband and 3/4G mobile networks as well as a wider variety of affordable Internet-connected devices, such as smartphones, tablets and OTT service enablers.

A faster connection and devices with bigger screens allow viewers to watch videos online more smoothly, and our web and app services have been designed on purpose to ride this digital trend. In addition to our official website (www.tvb.com), we have launched eight mobile applications, namely myTV, GOTV, TVB News, TVB Finance, TVB Zone, TVB fun, myEPG and tvb.com weibo, to help users enjoy TVB programmes and interact with artistes anywhere, anytime. As a result, the stream views of TVB contents from tvb.com and the various apps recorded a 47% growth in 2013 compared to a year earlier. In October 2013, adManGo, an advertising-monitoring company, reported that myTV was the top app with the highest mobile advertisement income in Hong Kong, while TVB News app ranked third.

Our mobile apps, supported by quality content and innovations, continue to lead the market. Since July 2013, online catch-up viewership has been included in the calculation of consolidated TV rating and myTV – now streaming at high-definition mode – has attained more than 30 million monthly stream views. Viewers can watch Jade's primetime dramas on the app from 11:30 p.m. on the same day subsequent to their broadcast. The app's content delivery infrastructure and capacity have also been upgraded to cope with usage growth and to extend the service to Macau users.

Many major international events were streamed live including *The 85th Academy Awards®*, *Hong Kong Sevens 2013*, the *FIFA Confederations Cup 2013* and the *FIFA U-20 World Cup 2013*. A three-hour instant playback for these live events can be accessed on the website, allowing viewers to easily rewind and enjoy the golden moments of the events at their fingertips.

Soccer mania will be hitting Hong Kong soon. In addition to the exclusive television and radio rights for the 2014 FIFA World Cup, TVB has also acquired for the first time the Internet and mobile rights in the territory. A comprehensive myWorldCup mobile app and web service will be launched later for soccer fans to enjoy the live matches and their highlights afterwards. The app will also provide the latest World Cup news, in-match statistics, multiple viewing angles for a brand-new match-viewing experience and interactive games developed for the best possible enjoyment of the event.

A new video-on-demand streaming service, GOTV, was launched in January 2014. Its content is derived from the massive TVB archive of more than 40 years and the high-video-quality service runs on multiple platforms. Once users have purchased a one-month or one-year subscription plan either online or at the retail shops of channel partners, they can watch more than 10,000 episodes of TVB's recommended dramas as many times as they want subject to a fair usage policy. Just a few days after launch, the GOTV app already ranked among the top latest free mobile applications in the App Store and Google Play. In the coming year, we will roll out more content and additional features and gradually extend the service to selected overseas markets.

TVB's first mobile game app "Super Trio Maxis" was released in Hong Kong in December 2013 as our foray into the growing mobile gaming market. The app has accumulated more than 100,000 downloads and has been scheduled for release in Mainland China and other Asian countries in 2014. More games are in the pipeline to promote TVB programmes and characters through mobile devices.


myTV
節目
影片
直播
頻道
微電影
觀看紀錄
我的收藏
6.29 愛情降臨
White Man 愛神搭錯線
FIFA 洲際國家盃 2013
立即觀看
FIFA洲際國家盃2013
錯過 巴西 對 西班牙 決賽？
經「即時回放功能」，收看較早前精彩畫面！
(只限myTV網上版)
AMAZING SUMMER
求愛大作戰

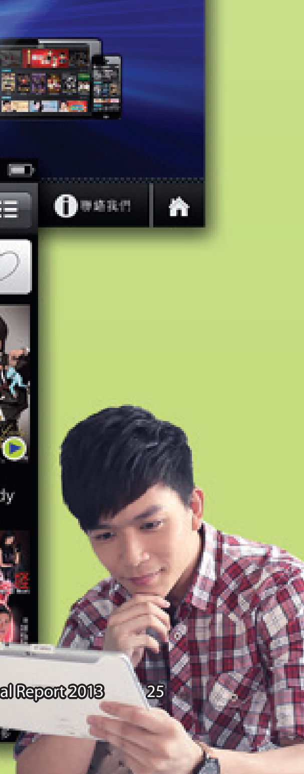

myTV 高清·新體驗


myTV
星夢傳奇
240p
360p
720p HD


GOTV
精彩內容
功能特色
無論用電腦、智能手機及平板電腦
都可以跨平台、隨時欣賞TVB四十多年經精選劇集！
GOTV


返回
GOTV
主頁
劇集
快將播出
我的紀錄
衝上雲霄II
第1集
第2集
第3集


12:00
返回
GOTV
喜劇
貓屎媽媽
舌劍上的公堂
My盛Lady



I Love Hong Kong 2013

REVIEW OF OPERATIONS

OTHER HONG KONG OPERATIONS

INVESTMENT IN HONG KONG PAY TV PLATFORM

The Group's economic interest in TVB Pay Vision Holdings Limited ("TVBPVH") stands at 90% during the year, while its 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.

For the year ended 31 December 2013, TVB's share of the net loss of TVBPVH was HK$53 million (2012: a net profit of HK$0.1 million). The loss incurred reflected mainly the effect of an increase in operating costs due to the migration of residential subscribers from satellite to optical fibre, which required in-building wiring works and the swapping of set-top boxes. The new boxes are HD-enabled and are core to our business objective to provide HD services to attract more subscriptions and achieve higher average revenue per user. The migration, which began in August 2013, is scheduled to complete in mid-2014.

The total interest in TVBPVH as of 31 December 2013 before any impairment loss was HK$1,138 million, which represented the total cost of investment, a long-term loan and trade receivable balances, less the accumulated share of losses. Management had undertaken a vigorous review of the amounts due from TVBPVH and concluded that no further provision for impairment was required to be made in the Group accounts as of 31 December 2013. Accordingly, after deducting the accumulated provision for impairment loss of HK$510 million, the balance of the Group's total interest in TVBPVH amounted to HK$628 million as of 31 December 2013 (2012: HK$649 million).

In April 2013, the Communications Authority approved TVBPVH's main operating wholly owned subsidiary, TVB Network Vision Limited ("TVBNV"), to employ fixed network and In-building Coaxial Cable Distribution Systems ("IBCCDS") as additional means of transmission to provide its domestic pay TV service. The Communications Authority also allocated a maximum of 10 IBCCDS channels in ultra-high frequency band to TVBNV for service delivery, enabling TVBNV to provide stable signal for more channels in HD, a prerequisite for TVBNV to become a competitive pay TV player in the market. TVBNV then started working on subscriber migration from satellite to optical fibre immediately after completing its technical preparations in August 2013.

During the year, TVBNV has significantly improved its contents proposition by increasing its total number of channels from 48 to 62, including 7 drama channels, 12 entertainment channels, 4 sports/action channels, 8 children channels, 4 factual channels, 3 movie channels and 19 news/infotainment channels. TVBNV's contents offer has moved up a notch, from heavily relying on the 16 TVB-branded channels to a new mix of high-value third-party channels like beIN Sports, Warner TV, KIX and Thrill, Nickelodeon and Cartoon Network. TVBNV had a total of 20 HD channels on its platform by the end of 2013.

Given the new infrastructure, improved contents proposition and service quality, the Group has confidence in the business prospects of TVBPVH.

MAGAZINE BUSINESS

The advertising revenue of TVB Weekly, our official TV guide, remained stable and the magazine's average circulation per issue recorded an increase of nearly 5% from 2012 despite the rapid growth of new media, which poses a challenge to traditional entertainment publications.

During the year, TVB Weekly has added regular columns featuring the social lives of celebrities. This helped recruit some of the most exclusive public figures to subscribe to our magazine and raise the profile of our readership.

TVB Zone, the mobile application version of TVB Weekly, was launched in March 2013 to cope with the keen competition in the fragmented market and to diversify the publication business. The free app has been downloaded more than 110,000 times within a year and has helped enhance the profile of our programmes and artistes through a wider readership.

MOVIE PRODUCTION

TVB produces movies under a joint venture with Shaw Productions Limited. It released the latest sequel to the well-received *I Love Hong Kong* movie series, *I Love Hong Kong 2013*, in February 2013. The movie raked in total earnings of about HK$18 million in Hong Kong alone. More productions under the joint venture are in the pipeline for 2014.

TVB also participated in the production of *From Vegas to Macau* starring Chow Yun Fat and Nicholas Tse Ting Fung. The film was released during the 2014 Lunar New Year in Hong Kong, Mainland China and the international markets.

INTERNATIONAL OPERATIONS

ASIA

BRUNEI
CAMBODIA
CHINA
INDONESIA
LAOS
MACAU
MALAYSIA
SINGAPORE
SOUTH KOREA
TAIWAN
THAILAND
VIETNAM

OCEANIA

AUSTRALIA
NEW ZEALAND

NORTH AND CENTRAL AMERICA

CANADA
USA
PANAMA

Jade Channel
USA

TVB - V
Australia, USA

TVBS - E
Europe

TVB8
Australia, China, HK, Indonesia, Macau, Malaysia, New Zealand, Singapore, Taiwan, USA

Xing He
Australia, China, Indonesia, Macau, Malaysia, New Zealand, Singapore, Thailand

AFRICA

SOUTH AFRICA

EUROPE

AUSTRIA
BELGIUM
CZECH REPUBLIC
DENMARK
FINLAND
FRANCE
GERMANY
GREECE
HUNGARY
ITALY
KAZAKHSTAN
LUXEMBOURG
NORWAY
POLAND
PORTUGAL
REPUBLIC OF IRELAND
SPAIN
SWEDEN
SWITZERLAND
THE NETHERLANDS
TURKEY
U.K.

TVBS
Taiwan, USA

TVBS - News
Australia, Indonesia, Macau, Taiwan

TVBS - G
Taiwan

TVBJ
Singapore

Hong Kong International Film & TV Market 2013

The 19th Shanghai TV Festival

TVB Star Awards Malaysia 2013

Kiss Me, Mom!

TVBS

Dragon Gate

TVBS

REVIEW OF OPERATIONS

INTERNATIONAL OPERATIONS

PROGRAMME LICENSING AND DISTRIBUTION

Revenue from programme licensing and distribution, comprising income from distribution of TVB programmes through telecast, video and new media outside of Hong Kong, increased by 14% from HK$940 million to HK$1,072 million.

During the year, we successfully renewed the master licensing agreements with MEASAT Broadcast Network Systems Sdn Bhd ("MEASAT"), previously known as ASTRO All Asia Networks plc in Malaysia and StarHub Cable Vision Limited ("StarHub") in Singapore for three years with increased license fees.

As a commitment to our business partners in Malaysia and Singapore, we increased investment in developing programme contents that cater to local taste and stepped up anti-piracy enforcement. In Malaysia, an infotainment programme *Wellness On The Go* with participation from local audiences was produced with success during the year. It not only strengthened awareness of our brand but also helped recoup some of the lost young subscribers. Our first tripartite collaboration with StarHub to produce the Singapore version of *Lady First* proved to be a successful formula in attracting young female viewers and exploring new business opportunities. We shall continue similar co-production projects in the future.

In Vietnam, our increased marketing efforts, such as organizing the first artistes' visit to the country, have begun generating positive results. We recorded a growth in revenue through sharing advertising income of TVB Drama Channel on the largest cable TV network. We also secured a programme supply contract with a local licensee for broadcasting our programmes at primetime.

To fuel the Group's future business growth, we have made progress in opening up new markets around the world, including Africa, Indonesia, Laos, Latin America and Mongolia. In October 2013, we launched four TVB channels on PT. Link Net (trading as "First Media") in Indonesia with heavy promotion. This aroused the interest of other pay TV operators in distributing our channels on their platforms. Significant on-ground works are underway to further expand our distribution network in other undeveloped markets.

CHINA OPERATIONS

The Group's licensing business, advertising and artiste management in Mainland China continued under TVBC, a joint venture between TVB, China Media Capital ("CMC") and Shanghai Media Group ("SMG"). The shareholdings in TVBC are TVB, holding 55%, and CMC and SMG, holding in aggregate the remaining 45%.

Under TVBC, we are pleased to note that the total revenue from Mainland China increased 43% from HK$281 million to HK$402 million during 2013. In particular, we have had encouraging results from developing the new media licensing business. The segmentation of programme rights into different categories such as Internet, IPTV and OTTTV created better revenue return. We also launched iTVB, a new app for smartphones on the largest mobile network in Mainland China, which offers TVB programmes to its subscribers.

On production of TV dramas, we are planning to set up workshops in Beijing and Shanghai in order to attract resources to facilitate production of dramas in which we have made significant investments. These dramas, which qualify for primetime release in the mainland, are expected to be broadcast on national satellite TV platforms in 2014.

Breakthrough was seen in the artiste management segment as we successfully signed a number of famous TVB artistes through TVBC. Meanwhile, TVBC has been actively promoting TVB's management artistes in Mainland China by casting them in both dramas and non-drama programmes in which it has invested.

We also expanded our advertising sales business by setting up a joint venture in Shanghai in the first quarter of 2014 with Shanghai Oriental Pearl Mobile TV Co., Ltd., which owns more than 9,000 buses in Shanghai with more than 18,000 on board LED screens. These screens will carry clips of selected TVB programmes which will not only help raise our brand's profile in Shanghai but also generate steady revenue for TVBC.

REVIEW OF OPERATIONS

TAIWAN OPERATIONS

TVBS – TAIWAN

Taiwan's economy took an unexpected turn for the worse in 2013. The full-year GDP growth was only 1.9%, well below the 3.6% forecast. Without the boost from political campaigns like in 2012, TVBS still managed to deliver last year's revenue of HK$834 million. This was mainly attributable to the continued strong performance of our stalwart news channel, improvements in our rejuvenated entertainment channel and stellar results from the New Year's Eve Countdown Special.

On the capital expenditure side, TVBS has largely completed its HD upgrade for all three channels broadcast on local cable systems including TVBS, TVBS-News and TVBS-G. Several dozen cable operators were already broadcasting TVBS-News in HD on trial in the third quarter of 2013 and both the audience and the industry reacted positively to this development. Starting from January 2014, Taiwanese households that have set-top boxes can watch TVBS-News in HD. The entertainment channel TVBS-G and the TVBS Channel will switch to HD broadcast shortly, which will make TVBS the first network to go full HD in Taiwan.

We spent great efforts in 2013 in transforming the TVBS Channel from a pure talk-show channel to a comprehensive one that provides business and financial information too. This is the first significant overhaul of the channel since its inception in 1993. It now reports on real-time business and financial news with an emphasis on wealth creation during the day and features in-depth programmes on international news and financial topics in the evening and at night. A newly launched political talk show *Issues@2100* now occupies the 9 p.m. slot to satisfy the political junkies and in anticipation of the island-wide elections scheduled to take place at the end of 2014. So far, the channel's daytime viewership has been steadily climbing, but adjustments to night-time programming might be needed to further boost viewership.

2013 also saw TVBS made its debut on the IPTV platform and immediate headway was achieved. We started making Taiwan's version of TVB8, where half of the contents are produced by TVBS, available on Chunghwa Telecom's Multimedia on Demand channel in September and it has already shot up to number 30 among the 150 channels offered in just a few months.

With digital and mobile platforms dominating the future, content is king. The vast Chinese-speaking market's insatiable appetite for entertainment programmes and dramas is not something that TVBS can afford to neglect or retreat from. Our first in-house produced teen pop idol drama *Dragon Gate* made its debut in summer and our second drama serial *Kiss Me, Mom!* was released in the fourth quarter of 2013.

As to the construction of our brand-new headquarters in Linkou, we expect to break ground in 2014, as soon as we receive official approval for construction to commence.

OVERSEAS PAY TV OPERATIONS

Overall annual revenue recorded a drop of 21% to HK$308 million, as piracy using IP-based devices remains a major problem across all pay TV platforms. We have stepped up legal and enforcement actions to protect our business. On top of our existing satellite TV services, we plan to introduce a new IP-based pay TV service offering HD channels and video on demand catch-up service, mobile TV, tablet TV, Apps TV and air-play viewing experience to retain existing subscribers and attract new ones. We believe this new service is competitive vis-a-vis piracy, easier to expand to markets where we currently have no presence, and more importantly much lower in operating costs when compared to traditional satellite TV operations.

NORTH AMERICA (USA)

We successfully completed the migration of direct-to-home subscribers to DISH Network and also reached an agreement with Time Warner Cable Network to offer our all-channel-package to subscribers on its platform. To increase our exposure to the non-Chinese-speaking market, we secured deals to supply our programmes to Hulu, LLC, a popular U.S. mainstream ad-supported subscription video-on-demand streaming site, and are in collaboration with Crunchyroll Inc. ("Crunchyroll") to debut an application on multiple devices including mobile, OTT, computer, game console and smart TV, during the year. Crunchyroll is a well known streaming website in the U.S. specializing on Asian dramas and animes targeting mainstream viewers.

AUSTRALIA

Our subscription-TV business was adversely affected by rampant piracy using IP-based devices, but we will put more resources in producing local infotainment programmes and organizing corporate events to attract more advertising revenue and sponsorship. The 2013 Miss Sydney Chinese Pageant and other large-scale events showcased to potential advertisers our capability to organize events that were appealing to the Chinese community. We are carefully studying the feasibility of launching the IP-based TV service in Australia in the near future.

EUROPE

Piracy hit our business in Europe the hardest among the three pay TV platforms. We have tentatively scheduled to launch the new IP-based TV service in the first half of 2014 to revive our pay TV business. We are confident that the service's more advanced features coupled with our competitive product offerings will gradually edge out IP-box piracy in the market.

CHANNEL OPERATIONS

TVB8 AND XING HE CHANNELS

Revenue for TVB8 and Xing He Channels mainly comprised license fees, subscription and advertising revenue for distribution of the channels through satellite to Mainland China and as part of the channel offerings to MEASAT, StarHub and Telecom Malaysia. Despite intense competition in the Malaysian market, our advertising revenue was satisfactory. In addition, the renewal of the master agreement with StarHub also attributed to the growth in licensing revenue. Total revenue in 2013 recorded a 14% growth to HK$132 million from a year earlier.

During the year, considerable efforts were devoted to reinforce TVB8 brand positioning in the market. Several TVB-driven projects were organized with our partners in China and South East Asia such as *Chinese New Year Chinese Taste* with SMG, *2013 TVB8 International Chinese Kung Fu Championship* and *StarHub TVB Awards Presentation 2013* with StarHub. The programmes were well received by both Mandarin-speaking viewers, particularly the younger generation, as well as advertisers.

In Indonesia, our partner First Media introduced a brand-new Chinese TV package comprising TVB8 and Xing He channels to its pay TV subscribers in October 2013. This might lead to further expansion of the channel to other potential markets in the region. To further develop non-traditional markets, we will develop a premium Xing He channel in 2014 and Indonesia will be the first territory to launch the channel.

COMBATING PIRACY

Protecting intellectual property rights is one of the important measures we take to protect our revenue.

During the year, the Group increased resources for its internal anti-piracy task force, which was set up in early 2013, and placed extensive surveillance on the Internet to detect infringing websites and illegal TV set-top boxes. Administrative or civil actions were then taken, resulting in the shutdown of several major illegal websites and removal of other infringing contents. We also reported detections of illegal TV set-top boxes to the law enforcement agencies in Australia, Malaysia, Singapore, the U.S. and the U.K. for their follow-up; investigations are still in progress.

The Group maintained a close liaison with local and overseas governments, copyright associations, concern groups such as the Cable & Satellite Broadcasting Association of Asia (CASBAA) and the U.S. Coalition Against Online Video Piracy (CAOVP), and other industry players in the fight against piracy. We have and will continue to lobby the governments to improve copyright legislation and provide effective protection to copyright owners against online piracy.

CORPORATE SOCIAL RESPONSIBILITY

TVB's mission is to entertain, inform and educate. Our slogan "TVB cares" reflects that corporate social responsibility has always played an important part in our corporate philosophy. The Company strives to contribute to creating a better and more harmonious community by becoming more environmentally conscious, upholding ethical and responsible business practices, committing to community engagement and supporting charities.

ENVIRONMENTAL CONSCISOUSNESS

Electricity is one of the major resources for the TV production business. Increase in the number of broadcasting and production equipment as well as our production throughput in recent years have caused a surge in electricity consumption. At the Hong Kong headquarters in Tseung Kwan O Industrial Estate, TVB consumes over 45 million kWh of electricity each year for its production, office-related and other supporting services, costing over HK$40 million in 2013. The consumption of electricity has been increasing each year which necessitated continuous efforts to control usage and to increase the efficiency of energy utilization.

An energy saving project which began at TVB City in 2012 entailed the replacement of traditional fluorescent tubes in non-office areas, including prop stores, staircases, car parks and corridors, and in production studios with heavy usage such as the news studios, with energy saving LED lightings. So far, about 3,300 LED lightings have been installed, and this exercise will be extended to the office areas in 2014. We have already noted savings in electricity cost in the areas where LED lightings are installed.

In addition, we are conscious of the need to ensure efficiency of our air-conditioning system and have started to review and implement a plan to descale the condensers for our water-cooling chiller which will improve energy efficiency; minimize chiller failure caused by poor heat rejection; restore cooling output; and most importantly, saving on electricity charge and reduce maintenance down time. Besides this, we have also replaced deteriorated condenser coils with anti-corrosion coating for air cooled-chiller which will improve energy efficiency, and restore cooling output capacity.

To improve the air handling unit control logic for multi-rooms cooling in studios, we have taken action to modify the control logic with new average return air temperature control temperature set point which provide better control of fan speed. As a result, we improved over cooling occurring and reheating, so as to prevent wastage of energy, resulting in saving on electricity.

In an effort to reduce carbon emission to the atmosphere, we replaced 17 old cars with new vehicles which meet the EURO V emission standard, and installed a more environmentally friendly air-conditioning refrigerant to these vehicles.

A RESPONSIBLE EMPLOYER

Much of TVB's success can be attributed to its loyal staff. More than 170 employees have been recognised for their outstanding performance since the Company launched the Outstanding Employee Award Scheme in 1991.

The Company has always maintained an open dialogue with its staff to understand their needs. To facilitate staff communication with Management, the Company has set up an ombudsman scheme to address staff suggestions, opinions and grievances more efficiently. The Company also publishes a monthly newsletter "Stop Press" to inform colleagues of the latest happenings in the Company and help cultivate a sense of belonging among staff.

Despite the need to maintain round-the-clock operation, TVB implemented a five-day week during the year to help staff achieve better work-life balance and spend more time with their families. The Benefit & Staff Relations Section also organised sports activities (basketball, soccer, bowling and long-distance running training), recreational events (hiking, eco-tours and barbeques) and interest classes (bakery and Putonghua) for our employees.

We recognise the importance of providing a safe and healthy working environment for our employees. With our production facilities located in Tseung Kwan O adjacent to a landfill, the Company installed Electronic Induct Air Purifiers in its buildings during the year to improve air quality for our employees. The Company also adopted a comprehensive safety management system to identify hazards and improve occupational safety for our staff.


TVB, Staff & Artistes Fund for Charities

Charity Sale of Cookies

The Community Chest 2012/2013 Hong Kong and Kowloon Walk for Millions

CORPORATE SOCIAL RESPONSIBILITY

TVB provides industry-leading training and internship opportunities to undergraduate students who are interested in the television industry. In 2013, we conducted 11 career talks in eight tertiary institutions and recruited about 100 students from The City University of Hong Kong, The Chinese University of Hong Kong and Hong Kong Shue Yan University. These students were placed in various divisions for training from one to three months.

We launched the first *TVB Inter-Collegiate Documentary Competition* in 2013 to give tertiary students from relevant disciplines a chance to gain hands-on experience and behind-the-scenes knowledge in TV documentary production. The students were judged on their creativity and ability to comply with applicable television programme guidelines and standards in order to prepare them for a career in the industry.

TVB takes pride in producing many homegrown celebrity artistes and production talents who significantly contributed to the success of the local entertainment industry. In 2013, we organised two training classes – one for artistes and another on dubbing. As at the end of 2013, a total of 27 artistes training classes had been held.

The Company complies with the statutory minimum wage requirement for both internal staff and outsourced service providers such as security guards and freelance actors.

COMMUNITY ENGAGEMENT

TVB has been playing a significant role in raising funds for major charitable organisations throughout the years. It was awarded the "10 Years Plus Caring Company Logo" by the Hong Kong Council of Social Service in 2013 in recognition of its efforts in caring for the community, employees and the environment.

During the year, the Company had taken part in various community events, including:

- Organising the TVB Storytelling Competition to promote the habit of reading among children. More than 300 teams from about 560 primary schools took part in the competition.
- Sending artistes to the Hong Kong Flower Show 2013 to pose as models at its photo competition. This was a great occasion to promote horticulture and greening in Hong Kong.
- Arranging Miss Hong Kong titleholders and artistes to visit the elderly during the Tuen Ng Festival and Mid-Autumn Festival.
- Arranging artistes to take part in Christmas parties with children patients at Queen Mary Hospital and the Children's Cancer Foundation.

The TVB Caring Foundation aims to mobilise staff to lend a helping hand to the underprivileged in our community. The Foundation helped minority teenagers, visited 60 elderly and low-income families, and donated 80 sets of computers and monitors to the Salvation Army during the year. TVB and its staff members use the car-cleaning services of Wai Ji Hong Yip Co. Limited, which provides employment opportunities for the disabled.

SUPPORTING CHARITIES

Charitable giving is a commendable culture in Hong Kong and fundraising support for major charitable organisations has been an integral part of our public service broadcasting. TVB has made good use of its resources and the power of celebrities to draw public attention to the needs of the less fortunate and to encourage public support for worthy causes. The Company has co-organised fundraising programmes for various charitable organisations during the year, including:

- Tung Wah Charity Show 2013
- Yan Chai Charity Show 2013
- Community Chest Charity Show 2013
- Pok Oi Charity Show 2013
- Gala Spectacular 2013 for Po Leung Kuk

TVB also honoured its pledge of donating HK$3.22 million to charities after having recorded 30 TVRs from the broadcast of its 46th anniversary show. Seven charitable organisations, namely Caritas Hong Kong, The Community Chest, Po Leung Kuk, Pok Oi Hospital, Tung Wah Group of Hospitals, Yan Chai Hospital and Yan Oi Tong, received HK$460,000 each as part of our gesture to thank viewers for their long-term support.

TVB co-organised the Charity Sale of Cookies with a local charity and a bakery to raise funds for people in desperate need for help. The project – initiated in 1992 to celebrate the Company's Jubilee – has raised an accumulated sum of more than HK$14 million, of which HK$882,000 was raised in 2013.

60 artistes representing the Company took part in the Community Chest 2012/2013 Hong Kong and Kowloon Walk for Millions to demonstrate TVB's support for a worthy cause.

To further enhance its charitable endeavours, TVB announced its intention to establish the "TVB, Staff & Artistes Fund for Charities" ("the Fund") in November 2012 in celebration of its 45th anniversary. The Fund was incorporated in February 2013 and was granted tax-exemption status in June 2013. With a pledge of seed donations totalling HK$30 million, the Fund aims to provide assistance in three main areas: urgent financial aid to victims of calamities, helping the underprivileged and caring for the elderly. Since it began operation in September 2013, the Fund has received 193 enquiries, approved 70 successful cases and disbursed HK$802,925 to those in dire need. The Fund also offers help to those who have been excluded from the statutory welfare system.

Apart from financial aids, the Fund has teamed up with the TVB Caring Foundation to motivate staff and artistes to serve as volunteers in various community activities, including distributing mooncakes and taking part in the TVB City Tour.

In December 2013, the Fund launched a food donation project in celebration of Winter Solstice. A total of 2,400 gift packs of food items were distributed through reputable non-governmental organisations and extra dishes of food were sponsored to 10 community canteens to benefit more than 3,000 low-income families, elderly and homeless people.

During the Chinese New Year of 2014, the Fund sponsored another project to provide hot meals to a total of 1,000 homeless and low-income people at designated community canteens across the city.

FINANCIAL REVIEW

OVERVIEW

For the year ended 31 December 2013, the Group continued to maintain steady revenue growth and reported turnover of HK$5,686 million (2012: HK$5,448 million), an increase of 4%. Cost of sales increased from HK$2,023 million to HK$2,221 million, an increase of 10% over 2012. As a result, gross profit increased from HK$3,424 million to HK$3,465 million, an increase of 1%, and the gross profit percentage was 61% (2012: 63%).

Included in the cost of sales were the cost of programmes, film rights and stocks which amounted to HK$1,494 million (2012: HK$1,370 million), an increase of 9% over 2012.

Selling, distribution and transmission costs amounted to HK$626 million (2012: HK$555 million), an increase of 13% over 2012. The increase was due to higher costs (staff, depreciation and maintenance costs) incurred in Hong Kong; increase in expenses in Mainland China as TVBC started its operations in the second half 2012; more promotion expenses for the overseas programme licensing and distribution business; and increase in expenses (staff and transmission costs) for the Hong Kong digital media business.

General and administrative expenses for the year amounted to HK$735 million (2012: HK$700 million), representing an increase of 5% over last year. This reflected largely increases in staff costs in Hong Kong and Taiwan; and an increase in expenses in Mainland China as TVBC started its operations in the second half of 2012.

During the year, the Group shared losses of HK$53 million of TVBPVH. When compared with the profits shared of HK$0.1 million for the year ended 31 December 2012, the increase in shared losses was due to the higher cost of parallel distribution using satellite and optical fibre in the interim, and an increase in staff costs needed for the implementation of this new infrastructure.

Further to a review of the recoverability of the loan and trade receivables from TVBPVH at 31 December 2013, no additional impairment loss was required in the Group's financial statements for the year.

Profit before income tax for the year amounted to HK$2,121 million (2012: HK$2,141 million), a decrease of 1% over 2012.

The Group's taxation charge amounted to HK$358 million (2012: HK$403 million), a decrease of 11% over 2012. The Group's major subsidiaries operate in the countries whose effective tax rates vary from 0% to 41%.

Overall, the Group's profit attributable to equity holders for the year amounted to HK$1,738 million (2012: HK$1,732 million), an increase of 0.3% over 2012. The earnings per share was HK$3.97 (2012: HK$3.95).

SEGMENT RESULTS

Revenue under Hong Kong TV broadcasting, which comprised advertising revenue from the Group's free TV channels and the pay TV channels continued to grow. The revenue of this segment grew from HK$3,167 million to HK$3,322 million, representing an increase of 5%. The increase in advertising revenue was partly offset by the increases in operating costs which included, principally, cost of programmes and staff costs. The increase in programme costs was due mainly to a higher unit cost for self-produced dramas and non-dramas. Staff costs increase was due to the increase in headcounts, and the salary increments given to counter inflation and market competition. As a result, this segment recorded a profit (before the impairment loss on TVBPVH) of HK$1,182 million (2012: HK$1,205 million), representing a decrease of 2%.

Revenue from programme licensing and distribution which comprised licensing income from distribution of our programmes through telecast, video and new media licensing, increased from HK$940 million to HK$1,072 million, representing an increase of 14%. The growth in revenue, which was mainly attributable to increased licence fees from Malaysia, Singapore and Mainland China, was offset by the increase in operating costs, principally staff costs and promotion expenses. As a result, this segment recorded a profit of HK$639 million (2012: HK$612 million), representing an increase of 4%.

Revenue from overseas pay TV operations which comprised revenue from our pay TV platforms in North America (USA), Australia and Europe, decreased from HK$389 million to HK$308 million, representing a decrease of 21%. The segmental profit recorded a decline of HK$69 million to HK$14 million (2012: HK$83 million), representing a decrease of 83%, due mainly to the adverse impact on subscription revenue caused by pirated TV channels overseas, which was offset by decrease in direct costs, mainly programme and transmission costs.

Revenue from Taiwan operations which comprised both subscription and advertising revenue from distribution of the TVBS channels remained at HK$834 million, a level achieved in 2012. Increase in programme production costs, staff costs and depreciation contributed to an overall increase in operating costs. For the year, the segmental profit decreased from HK$276 million to HK$246 million, representing a decrease of 11%.

Revenue from channel operations which comprised revenue from TVB8 and Xing He, the Group's satellite TV channel operations, increased from HK$116 million to HK$132 million, representing an increase of 14%. The segmental profit increased from HK$30 million to HK$44 million, representing an increase of 43%, which was mainly caused by the growth in revenue, offset by increase in operating costs.

Revenue from Hong Kong digital media and other businesses which comprised revenue from Internet operations, magazine publishing and production of musical works, recorded an increase from HK$190 million to HK$222 million, representing an increase of 17%. Benefitting from the satisfactory contribution from the Internet operations, the segmental profit increased from HK$36 million to HK$52 million, representing an increase of 43%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to maintain a strong financial position as at 31 December 2013. Total equity stood at HK$8,427 million (2012: HK$7,831 million), representing an increase of 8%. At 31 December 2013, the capital structure of the Company comprising 438,000,000 ordinary shares of HK$0.05 each, and there has been no change in the share capital of the Company during the year.

At 31 December 2013, the Group had unpledged bank and cash balances of HK$2,900 million (2012: HK$3,604 million), representing a decrease of 20%. Out of the unpledged bank and cash balances, 33% were in Hong Kong dollars, 31% in US dollars, 30% in Renminbi and 6% in other currencies. About 13% of the unpledged bank and cash balances (approximately HK$385 million) were maintained in overseas subsidiaries for their daily operations. Cash not immediately required for operations is placed as time deposits with banks and short term certificates of deposit.

Trade receivables from third parties amounted to HK$1,519 million (2012: HK$1,420 million) increased by 7% over the last year end because of the additional trade debts from TVBC which started its business in the second half of 2012. Special provision has been made, where appropriate, to cover any potential bad and doubtful debts.

At 31 December 2013, the Group's net current assets amounted to HK$4,657 million (2012: HK$4,469 million), representing an increase of 4%. The current ratio, expressed as the ratio of current assets to current liabilities decreased to 3.8 at 31 December 2013 (2012: 4.0).

FINANCIAL REVIEW

During the year, the Group's total borrowings increased by 23% to HK$252 million (2012: HK$205 million), which relates to the financing for the headquarters in Taiwan, a secured bank loan denominated in New Taiwan dollars and floating interest bearing, and for the purchases of certificates of deposit, a secured bank loan denominated in US dollars and fixed interest bearing. At 31 December 2013, all the Group's borrowings will mature within one year. At 31 December 2013, the gearing ratio, expressed as a ratio of gross debts to total equity, was 3.0% (2012: 2.6%).

At 31 December 2013, certain assets of a subsidiary of the Group with net asset value of HK$776 million were pledged to secure loans and banking facilities granted to that subsidiary. In addition, bank deposits and cash kept at banks of HK$32 million were pledged to secure banking and credit facilities granted to certain subsidiaries of the Group. Certificates of deposit of HK$382 million and bank deposits of HK$19 million were pledged to secure bank loans granted to the Company.

The capital commitments of the Group at 31 December 2013 were HK$1,245 million (2012: HK$1,571 million).

TAX AUDIT

In 2004, the Inland Revenue Department ("IRD") initiated a tax audit on the Group. Since then, the Group has received protective profits tax assessment notices from the IRD for the nine consecutive years of assessment from 1998/99 to 2006/07 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, HK$57 million and HK$50 million for the nine consecutive years of assessment from 1998/99 to 2006/07 respectively. The total amount of tax reserve certificates purchased by the Group is HK$369 million. Similar additional assessments may be issued for subsequent years of assessment.

The Group has been in discussion with the IRD with a view to resolving the dispute for the entire period from 1998/99 up to 2012/13. As of 31 December 2013, the Group has made a total provision of HK$358 million against the potential tax exposures for the years of assessment from 1998/99 to 2012/13. The tax provision is considered to be adequate.

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 the 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 31 December 2013, there were guarantees given to banks amounting to HK$9 million (2012: HK$10 million) for banking facilities granted to an investee company.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's foreign exchange 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 movements, the Group closely monitors its foreign exchange exposures and uses suitable hedging arrangements against significant foreign currency exposures where necessary. No forward exchange or hedging contract was entered into by the Group during the year.

HUMAN RESOURCES

The Group employed, excluding Directors and freelance workers but including contract artistes and staff in overseas subsidiary companies, a total of 5,070 (2012: 4,681) full-time employees at 31 December 2013.

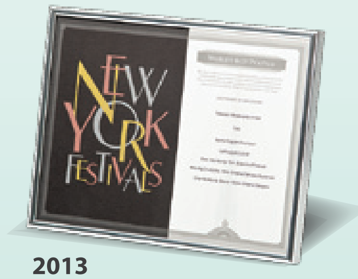
For employment in Hong Kong, different pay schemes apply to contract artistes, sales and non-sales personnel. Contract artistes are paid either on a per-show or by a package of shows basis. Sales personnel are remunerated on commission based schemes. Non-sales personnel are remunerated on a monthly salaries basis. About 25% of the Group's manpower was employed in overseas subsidiaries, and was paid on a scale and system relevant to the respective localities and legislations.

For Hong Kong employees, discretionary bonuses may be awarded as an incentive for better performance. All qualified personnel received discretionary bonuses between 1.25 and 2.25 of their monthly basic salaries for the year 2013.

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.

COMMENDATIONS AND AWARDS



2013
New York Festivals International Television & Film Awards

UEFA EURO 2012

Finalist in Sport Programme Promotion category

53rd Festival de Télévision de Monte-Carlo

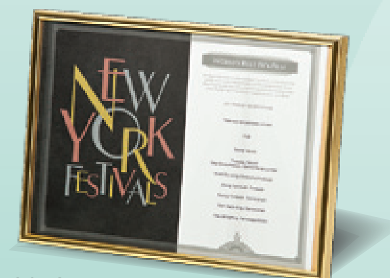
Tuesday Report: The China Factory: Behind Serial Jumps

Diplôme de Nomination in News Documentaries category

2013
New York Festivals International Television & Film Awards

Miss Chinese International Pageant 2012

Finalist in Contest/Special Promotion category



2013
New York Festivals International Television & Film Awards

Tuesday Report: The China Factory: Behind Serial Jumps

Finalist in Social Issues category

18th Asian Television Awards 2013

The Confidant

Highly Commended in Best Drama Series category

Asia-Pacific Child Rights Award for Television 2013

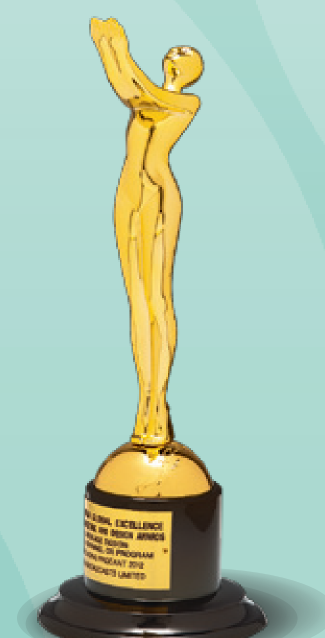
Sunday Report: What if this Were Your Child

Finalist in Documentary category

2013 PromaxBDA Asia Awards

CNY Image 2013

Best Holiday/Seasonal Promo category Silver Award



2013 PromaxBDA Promotion, Marketing and Design Global Excellence Awards

Miss Hong Kong Pageant 2012

Total Package Design: Print only – Channel or Programme category Gold Award

2013
New York Festivals International Television & Film Awards

Bride Wannabes

Finalist in Reality TV Drama category

2013 PromaxBDA Promotion, Marketing and Design Global Excellence Awards

Miss Hong Kong Pageant 2012

Set Design category
Bronze Award

2013
New York Festivals International Television & Film Awards

News Magazine: Red Flag Unfurled

Finalist in Best Public Affairs Programme category

2013
New York Festivals International Television & Film Awards

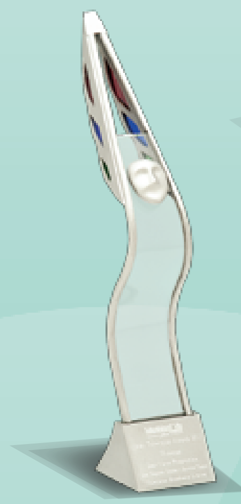
Map of Happiness

Finalist in Travel & Tourism category

2013 PromaxBDA Promotion, Marketing and Design Global Excellence Awards

The Confidant

Art Direction & Design:
Key Art/Poster category
Bronze Award



18th Asian Television Awards 2013

News Magazine:
October 1 Maritime Tragedy

Winner of Best News Programme

2013 PromaxBDA Promotion, Marketing and Design Global Excellence Awards

The Last Steep Ascent

Art Direction & Design:
Key Art/Poster category
Gold Award

2013 PromaxBDA Asia Awards

American Horror Story

Best Drama Campaign category
Gold Award

RATINGS HIGHLIGHTS

Jade

Top 5 TVB Dramas Consolidated Ratings

Triumph In The Skies II

36 TVRs

Inbound Troubles

35 TVRs

Bounty Lady

32 TVRs

Friendly Fire

31 TVRs

Sergeant Tabloid

30 TVRs

Top 5 TVB Non-Dramas Consolidated Ratings

TV Awards Presentation 2013

35 TVRs

TVB 46th Anniversary Gala

30 TVRs

Miss Hong Kong Pageant 2013 -Final

30 TVRs

Happy Eric To You!

28 TVRs

Super Trio Maximus

28 TVRs

Top 10 English Programmes TV Ratings

International Soccer Friendly – Kitchee VS Manchester United

8.2 TVRs

Gulliver's Travels

7.2 TVRs

The Pacifier

6.8 TVRs

Avatar

6.8 TVRs

Harry Potter and the Goblet of Fire ™

6.8 TVRs

Harry Potter and the Prisoner of Azkaban ™

6.7 TVRs

Ice Age 3 Dawn of the Dinosaurs

6.5 TVRs

Iron Man

6.5 TVRs

Clash of the Titans

6.4 TVRs

The Karate Kid

6.3 TVRs

Pearl

1 Consolidated rating is defined as the summation of TV rating and online catch-up rating.

2 TV rating ("TVR") represents the size of the audience expressed as a percentage of the total TV population. For 2013, the total TV population comprises 6,420,000 viewers, and therefore, 1 TVR represents 64,200 viewers (1% of the total TV population). Ratings data source: Nielsen TAM. Since 1 January 2013, Nielsen has been appointed as the accredited ratings measurement service company for the industry.

3 Online catch-up rating is defined as an aggregate catch-up rating of web and mobile apps platforms. Data are sourced from Nielsen SiteCensus and conversion is based on a TV rating formula supported by a certified document issued by Nielsen dated 24 July 2013. One online catch-up rating also represents 64,200 viewers.


46

CORPORATE GOVERNANCE

DIRECTORS

Dr. Norman LEUNG Nai Pang GBS, LLD, JP

Executive Chairman
Chairman of Executive Committee

Aged 73, was appointed as a Director of the Company in September 2003 when he also took up the position as Executive Deputy Chairman. Dr. Leung was appointed as the Executive Chairman of the Board on 1 January 2012. He holds directorships in a number of the subsidiaries of the Company. Dr. Leung is the chairman of Transport International Holdings Limited and an independent non-executive director of Sun Hung Kai Properties Limited both of which are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Dr. Leung has been active in public service for over 30 years and he served as Commissioner of the Civil Aid Service from 1993 to 2007, chairman of the Broadcasting Authority from 1997 to 2002, council chairman of The City University of Hong Kong from 1997 to 2003 and a member of the Advisory Committee on Post-office Employment for former Chief Executives and Politically Appointed Officials from 2007 to 2013. He is the Pro-Chancellor of City University of Hong Kong.

Mark LEE Po On

Executive Director
Member of Executive Committee
Group General Manager

Aged 58, joined the Company in early 2007. Mr. Lee was appointed as Group General Manager in September 2009 and as an Executive Director of the Company in March 2010. He holds directorships in a number of the subsidiaries of the Company. Mr. Lee is a non-executive director of Hanwell Holdings Limited, a company listed on the Singapore Exchange Limited. Mr. Lee is a member of the Institute of Chartered Accountants in England and Wales and also a member of the Hong Kong Institute of Certified Public Accountants. During the period from 1977 to 1987, Mr. Lee worked with KPMG, an international accounting firm, in various offices including Hong Kong, Los Angeles and Shanghai. From 1988 to early 2007, Mr. Lee worked as an executive director of a listed consortium engaged in real estate, hotel, media, entertainment and retail business in Hong Kong and overseas. During 1992 to 1996, Mr. Lee also took up the position of director and CEO of Asia Television Limited which was a former affiliate of the consortium.

Mona FONG

Non-executive Director
Member of Executive Committee

Aged 79, also known as Lee Mong Lan, has been a Director of the Company since October 1988. She was appointed as Deputy Chairperson on 25 October 2000, as Acting Managing Director and Managing Director on 31 May 2006 and 1 January 2009 respectively; and acted as Alternate Director to the late Sir Run Run Shaw between 22 October 2009 and 31 December 2011, the date of retirement of the late Sir Run Run Shaw from the Board. Ms. Fong retired as Deputy Chairperson and Managing Director of the Company on 31 March 2012 and was re-designated as a Non-executive Director of the Company with effect from 1 April 2012. Ms. Fong is the chairperson and managing director of the Shaw group of companies. She is also the chairperson of The Shaw Foundation Hong Kong Limited, The Shaw Prize Foundation Limited and The Sir Run Run Shaw Charitable Trust and a member of the Board of Trustees of Shaw College of The Chinese University of Hong Kong.

Kevin LO Chung Ping

Non-executive Director
Member of Executive Committee
Member of Audit Committee

Aged 77, joined the Company in 1966 as Project Engineer and served as General Manager from 1978 to 1980. He was appointed as a Director of the Company in November 1977.

Dr. Charles CHAN Kwok Keung

Non-executive Director
Member of Executive Committee

Aged 59, was appointed as a Non-executive Director of the Company on 1 April 2011. Dr. Chan holds an Honorary degree of Doctor of Laws and Bachelor's degree in Civil Engineering, and has over 30 years' international corporate management experience in the construction and property sectors, as well as in strategic investments. He is the chairman and executive director of ITC Corporation Limited, and a non-executive director of PYI Corporation Limited, both of which are listed on the Stock Exchange. Dr. Chan is a director of both Young Lion Holdings Limited and Shaw Brothers Limited, which are shareholders of the Company.

Cher WANG Hsiueh Hong

Non-executive Director

Aged 55, was appointed as a Non-executive Director of the Company on 1 April 2011. Ms. Wang has established a number of successful IT-related businesses, and is currently chairman of three Taiwan-listed companies, and on the board of directors of or advisor to numerous other companies. She founded VIA Technologies, Inc., a semiconductor design house, in 1987; she is also co-founder and chairman of HTC Corp., which was established in 1997, and is a multibillion dollar global company that develops the most innovative smart phones on the market. Ms. Wang is also chairman of Chander Electronics Corp.. All of the above three companies are listed in Taiwan. Ms. Wang is an Industry Partner in the World Economic Forum and is an APEC Business Advisory Council member. Ms. Wang is the wife of Mr. Chen Wen Chi, a Non-executive Director of the Company.

Jonathan Milton NELSON

Non-executive Director

Aged 57, was appointed as a Non-executive Director of the Company on 1 April 2011. Mr. Nelson is the chief executive officer and the founder of Providence Equity Partners L.L.C. (together with its affiliated investment funds, "Providence"), a private equity firm that manages US$37 billion of committed capital. Mr. Nelson has been investing in private equity transactions for 31 years, focusing on media, telecom, and entertainment sectors. Mr. Nelson serves on the board of directors of The Chernin Group, Soccer United Marketing, LLC, and Univision Communications, Inc.. Mr. Nelson has also served as a director of the following listed companies: AT&T Canada, Brooks Fiber Properties, Inc. (now Verizon Communication Inc.), Eircom Group plc, Voicestream Wireless Corporation (now Deutsche Telekom), Warner Music Group, Wellman Inc. and Western Wireless Corporation (now Alltel Corp.) as well as numerous privately-held companies affiliated with Providence Equity Partners Inc. and Narragansett Capital, Inc. Previously, Mr. Nelson was a managing director of Narragansett Capital, Inc. which he joined in 1983. Mr. Nelson received a Master of Business Administration from the Harvard Business School in 1983, and a Bachelor of Arts from Brown University in 1977. He is a trustee of Brown University and The Rockcfeller University.

DIRECTORS

Anthony LEE Hsien Pin

Non-executive Director
Member of Nomination Committee

Aged 56, was appointed as a Non-executive Director of the Company with effect from 3 February 2012. Mr. Lee was an Alternate Director to Mrs. Christina Lee Look Ngan Kwan, his mother, between 3 September 2002 and 3 February 2012, the date on which Mrs. Lee retired as a Non-executive Director of the Company. Mr. Lee is a director of Hysan Development Company Limited, a company listed on the Stock Exchange, and a director of Lee Hysan Estate Company Limited. He is also a director and a substantial shareholder of Australian-listed Beyond International Limited. Mr. Lee is a cousin of Mr. Chien Lee, an Independent Non-executive Director of the Company.

CHEN Wen Chi

Non-executive Director
Member of Executive Committee

Aged 58, was appointed as a Non-executive Director of the Company with effect from 3 February 2012. Mr. Chen was an Alternate Director to his wife, Ms. Cher Wang Hsiueh Hong, a Non-executive Director of the Company, between 13 May 2011 and 3 February 2012, the date on which he ceased to act. He is a director of a subsidiary of the Company in Taiwan. Mr. Chen is a director of both VIA Technologies, Inc. and HTC Corp., as well as the chairman of Xander International Corporation. Shares of all of the above three companies are listed in Taiwan. Mr. Chen has been the president and the CEO of VIA Technologies, Inc. since 1992. Mr. Chen also holds seats on several industry advisory bodies, and has been a member of the World Economic Forum for over ten years. He holds an MSEE degree from National Taiwan University and an MSCS degree from the California Institute of Technology. Mr. Chen is a director of both Young Lion Holdings Limited and Shaw Brothers Limited, which are shareholders of the Company.

Dr. CHOW Yei Ching GBS

Independent Non-executive Director
Chairman of Nomination Committee

Aged 78, was appointed as a Non-executive Director of the Company in 2000 and was redesignated as an Independent Non-executive Director of the Company on 10 June 2011. He is the founder of Chevalier group and is the chairman of Chevalier International Holdings Limited, a public company listed on the Stock Exchange. He was appointed the Honorary Consul of The Kingdom of Bahrain in Hong Kong in 2001.

Edward CHENG Wai Sun SBS, JP

Independent Non-executive Director
Member of Remuneration Committee
Member of Nomination Committee

Aged 58, was appointed as an Independent Non-executive Director of the Company in June 2006. He is an executive director, the chief executive and deputy chairman of Wing Tai Properties Limited and an independent non-executive director of Orient Overseas (International) Limited, both of which are listed on the Stock Exchange. Mr. Cheng has many years of public service experience in urban renewal, finance, housing, corruption prevention, technology and education. Mr. Cheng is currently the chairman of the University Grants Committee, a board member of The Airport Authority Hong Kong and a member of Commission on Strategic Development of The Government of the Hong Kong Special Administrative Region.

Chien Lee

Independent Non-executive Director
Chairman of Remuneration Committee
Member of Audit Committee

Aged 60, was appointed as an Independent Non-executive Director of the Company in March 2005. He is also non-executive director of Hysan Development Company Limited and Swire Pacific Limited, both of which are listed on the Stock Exchange. Mr. Lee is a Council Member of The Chinese University of Hong Kong and St. Paul's Co-educational College and also a Trustee Emeritus of Stanford University and director of Stanford Hospital and Clinics. Mr. Lee is a cousin of Mr. Anthony Lee Hsien Pin, a Non-executive Director of the Company.

Gordon SIU Kwing Chue GBS, JP

Independent Non-executive Director
Chairman of Audit Committee
Member of Remuneration Committee

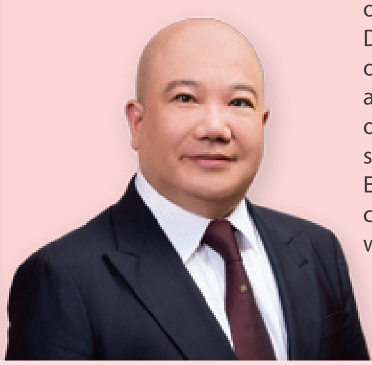
Aged 68, was appointed as an Independent Non-executive Director of the Company in July 2007. Mr. Siu is an independent non-executive director of Transport International Holdings Limited and China Resources Enterprise, Limited, both of which are listed on the Stock Exchange. Mr. Siu joined the Civil Service in 1966, rose to the rank of Secretary, Government Secretariat in 1993, and retired from the Service in 2002 with a service of over 36 years.

Raymond OR Ching Fai SBS, JP

Independent Non-executive Director
Member of Remuneration Committee (appointed on 21 August 2013)
Member of Nomination Committee (appointed on 21 August 2013)

Aged 64, was appointed as an Independent Non-executive Director of the Company on 6 December 2012. Mr. Or is the chairman, an executive director and the chief executive officer of China Strategic Holdings Limited, a vice-chairman and an independent non-executive director of G-Resources Group Limited, the chairman and an independent non-executive director of Esprit Holdings Limited, and an independent non-executive director of Chow Tai Fook Jewellery Group Limited and Industrial and Commercial Bank of China Limited, all of which are listed on the Stock Exchange. Mr. Or is the deputy council chairman of the Council of City University of Hong Kong, and a vice patron of the board of the Community Chest of Hong Kong. He has rich experiences in the insurance, banking and financial services industries. He was the general manager and a director of The Hongkong and Shanghai Banking Corporation Limited, the chairman of HSBC Insurance Limited, the chief executive and vice chairman of Hang Seng Bank Limited, and the chairman of Hang Seng Insurance Company Limited and Hang Seng Bank (China) Limited. He was also the chairman of the Hong Kong Association of Banks. He was a director of Cathay Pacific Airways Limited and a director of Hutchison Whampoa Limited. Mr. Or graduated from the University of Hong Kong with a Bachelor's degree in Economics and Psychology. He was awarded a Silver Bauhinia Star from the Hong Kong Special Administrative Region and Honorary University Fellow from the University of Hong Kong in 2009, and is a Justice of the Peace.

DIRECTORS



Dr. Allan YAP

Alternate Director to Dr. Charles Chan Kwok Keung

Aged 58, was appointed as an Alternate Director to Dr. Charles Chan Kwok Keung, a Non-executive Director of the Company, on 10 June 2011. Dr. Yap holds an honorary degree of Doctor of Laws and has over 30 years' experience in finance, investment and banking. Dr. Yap is the chairman and executive director of Hanny Holdings Limited, the securities of which are listed on the main board of the Stock Exchange. Dr. Yap is also the chairman and chief executive officer of China Enterprises Limited, the securities of which are traded on the OTC Securities Market in the USA, as well as Burcon NutraScience Corporation, the securities of which are listed on the NASDAQ Stock Market in the USA, the Toronto Stock Exchange in Canada and the Frankfurt Stock Exchange in Germany. Dr. Yap is the executive chairman of Hanwell Holdings Limited and Tat Seng Packaging Group Ltd., the securities of which are listed on the Singapore Exchange Limited.

Harvey CHANG Hsiao Wei

Alternate Director to Cher Wang Hsiueh Hong

Aged 62, was appointed as an Alternate Director to Ms. Cher Wang Hsiueh Hong, a Non-executive Director of the Company, on 3 February 2012. Mr. Chang is a director of two subsidiaries of the Company in Taiwan. Mr. Chang is a director of CX Technology Corp. and Lite-On Technology Corp., both are listed companies in Taiwan, and Phu Hung Securities Corp., a company listed in Vietnam. He was president and CEO of Taiwan Mobile Co., Ltd., a listed company in Taiwan, from 2003 till December 2010, vice chairman of Taiwan Fixed Network Co., Ltd., which is a subsidiary of Taiwan Mobile Co., Ltd.. He was the chairman of Taiwan Fund, Inc., a listed company on New York Stock Exchange, from 2005 to January 2012. Mr. Chang received his MBA from the Wharton School, University of Pennsylvania in 1977; and B.S. degree from the National Taiwan University in 1973. He was elected to be an Eisenhower Fellow in 2002.

SUN Tao

Alternate Director to Jonathan Milton Nelson

Aged 38, was appointed as an Alternate Director to Mr. Jonathan Milton Nelson, a Non-executive Director of the Company, on 18 June 2012. Mr. Sun is Managing Director of Providence Equity Asia Limited ("Providence Asia") and leads the firm's China private equity investment activities. Prior to joining Providence Asia in 2011, Mr. Sun was a Partner at Actis Capital LLP ("Actis"), where he led the firm's education investments. Prior to Actis, he was a Vice President in Merrill Lynch (Asia Pacific) Limited, where he was responsible for Chinese private equity deal execution and portfolio management. Mr. Sun received a Master of Business Administration from INSEAD, a Master of Science and a Bachelor of Science from Beijing University. Mr. Sun is a director of both Young Lion Holdings Limited and Shaw Brothers Limited, which are shareholders of the Company.

SENIOR MANAGEMENT

CHEONG Shin Keong

General Manager

Aged 57, joined TVB as Controller, Marketing & Sales in 1989. Mr. Cheong assumed the duties of General Manager – Broadcasting in April 2004 and is responsible for marketing and sales of TVB, as well as the digital media business. He has extensive experience in the advertising and marketing industry and contributes actively to the professional development of marketing in Hong Kong through leading marketing industry bodies. He is a Fellow and Council Member of the Hong Kong Management Association and a Fellow of the Chartered Institute of Marketing. Mr. Cheong holds directorships in a number of the subsidiaries of the Company.

Peter AU Wai Lam

Assistant General Manager

Aged 65, rejoined TVB as Operation Audit Manager – Internal Audit Department in May 2008. He was appointed as Controller – Costs Management in January 2009 and promoted to Assistant General Manager in September 2009. Mr. Au is in charge of programming, production and external affairs in TVB, and has many years of experience in programme production and broadcasting. Between 2000 and 2005, Mr. Au was chief executive officer of Toronto Chinese Canadian Broadcasting Corporation, Canada. Prior to 2000, he took up a number of positions at TV stations in Hong Kong, including TVB and Radio Television Hong Kong, and Canadian Television Network in Canada. Mr. Au holds directorships in a number of the subsidiaries of the Company.

Desmond CHAN Shu Hung

Assistant General Manager

Aged 46, joined TVB as General Counsel in May 2010. He was appointed as Assistant General Manager in December 2012 and is responsible for international operations and legal and regulatory matters of the Company. Mr. Chan has extensive experience in television and telecommunications industries. He worked at Asia Television Limited from 1994 to 1999, and i-CABLE Communications Limited from 1999 to 2010. Mr. Chan received Master of Laws degrees from City University of Hong Kong, Renmin University of China and University of Strathclyde of United Kingdom respectively. He is a solicitor of Hong Kong Special Administrative Region (not currently in private practice).

Adrian MAK Yau Kee

Chief Financial Officer and Company Secretary

Aged 53, joined TVB as Chief Financial Officer and Company Secretary in November 2004. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales. Prior to his current position, Mr. Mak was the chief financial officer of Global Digital Creations Holdings Limited. Between 1992 and 2000, Mr. Mak was an associate director of the Corporate Finance Division at the Securities and Futures Commission. During 1983 to 1992, Mr. Mak worked at various offices of KPMG. He holds directorships in a number of the subsidiaries of the Company.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activities of the Company are terrestrial TV broadcasting, together with programme production and distribution, and other TV-related activities. The principal activities of the major subsidiaries are detailed in Note 38 to the consolidated financial statements.

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

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the year are set out in the consolidated income statement on page 90. Movements in the reserves of the Group and of the Company during the year are set out in Note 20 to the consolidated financial statements on pages 133 to 134.

Distributable reserves of the Company at 31 December 2013, calculated under Section 79B of the Companies Ordinance of Hong Kong, amounted to HK$6,399,072,000 (2012: HK$5,842,657,000).

DIVIDENDS

The Directors recommended the payment of a final dividend of HK$2.00 per share for the 438,000,000 ordinary shares in issue in respect of the year ended 31 December 2013. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Thursday, 15 May 2014 ("2014 AGM"), the final dividend will be paid to shareholders whose names are recorded on the Register of Members of the Company on 22 May 2014. Dividend warrants will be despatched to shareholders on or around 30 May 2014.

Together with an interim dividend of HK$0.60 per share paid on 4 October 2013, the total dividend for the year will amount to HK$2.60 per share (2012: HK$2.60 per share).

CLOSURE OF REGISTER OF MEMBERS

FIRST BOOK CLOSE

The Register of Members of the Company will be closed from Tuesday, 22 April 2014 to Thursday, 15 May 2014, both dates inclusive, ("First Book Close Period") for the purpose of determining shareholders' attendance and voting entitlement at the 2014 AGM.

During the First Book Close Period, no transfer of shares will be registered. In order to qualify for shareholders' attendance and voting entitlement at the 2014 AGM, 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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 17 April 2014.

SECOND BOOK CLOSE

The Register of Members of the Company will be re-opened on Friday, 16 May 2014 and then will be closed again from Wednesday, 21 May 2014 to Thursday, 22 May 2014, both dates inclusive, ("Second Book Close Period") for the purpose of determining shareholders' entitlement to the final dividend.

During the Second Book Close Period, no transfer of shares will be registered. In order to qualify for entitlement to the final 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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 20 May 2014.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$6,783,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and of the Company are set out in Note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 19 to the consolidated financial statements.

FIVE-YEAR FINANCIAL REVIEW

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 84.

DIRECTORS

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

EXECUTIVE DIRECTORS

Norman Leung Nai Pang
Mark Lee Po On

NON-EXECUTIVE DIRECTORS

Mona Fong
Kevin Lo Chung Ping
Charles Chan Kwok Keung
Cher Wang Hsiueh Hong
Jonathan Milton Nelson
Anthony Lee Hsien Pin
Chen Wen Chi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chow Yei Ching
Edward Cheng Wai Sun
Chien Lee
Gordon Siu Kwing Chue
Raymond Or Ching Fai

ALTERNATE DIRECTORS

Allan Yap Alternate Director to Charles Chan Kwok Keung
Harvey Chang Hsiao Wei Alternate Director to Cher Wang Hsiueh Hong
Sun Tao Alternate Director to Jonathan Milton Nelson

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

Mr. Raymond Or Ching Fai, who was appointed as a Director of the Company on 6 December 2012 and held office until the annual general meeting of the Company held on 22 May 2013 ("2013 AGM"), was successfully elected at the 2013 AGM. Each of Dr. Norman Leung Nai Pang, Mr. Mark Lee Po On and Mr. Edward Cheng Wai Sun who retired at the 2013 AGM, was successfully re-elected at the 2013 AGM.

Subsequent to the successful re-election of Dr. Norman Leung Nai Pang at the 2013 AGM, the Remuneration Committee of the Board has, at its Committee meeting in December 2013, approved the extension of the service contract with Dr. Leung for a year commencing 1 January 2014.

In accordance with Article 114(A) of the Companies' articles of associations ("Articles"), Mr. Kevin Lo Chung Ping, Dr. Charles Chan Kwok Keung, Ms. Cher Wang Hsiueh Hong, Mr. Jonathan Milton Nelson, Dr. Chow Yei Ching, Mr. Chien Lee and Mr. Gordon Siu Kwing Chue will retire at the 2014 AGM after their service on the Board from their last election or re-election in 2011.

Mr. Kevin Lo Chung Ping and Mr. Chien Lee had served notices to the Company for their intention of not offering themselves for re-election at the 2014 AGM. Dr. Charles Chan Kwok Keung, Ms. Cher Wang Hsiueh Hong, Mr. Jonathan Milton Nelson, Dr. Chow Yei Ching and Mr. Gordon Siu Kwing Chue, who will retire at the 2014 AGM, have forwarded written notifications offering themselves for re-election at the 2014 AGM.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of Directors and members of Senior Management are set out on pages 48 to 53 of this Annual Report.

Details of the Directors, who are subject to retirement for re-election at the 2014 AGM, are set out in the notice of the 2014 AGM which is sent together with this Annual Report to the shareholders of the Company.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 December 2013, 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, Chapter 571 ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), are set out below:

LONG POSITION IN THE SHARES OF THE COMPANY

	Number of ordinary shares held					Percentage of issued share capital
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total interests**	**(%)** [a]
Charles Chan Kwok Keung	–	–	113,888,628	–	113,888,628 [#(b)]	26.00
Cher Wang Hsiueh Hong	–	–	113,888,628	–	113,888,628 [#(c)]	26.00
Jonathan Milton Nelson	–	–	–	113,888,628	113,888,628 [#(d)]	26.00
Chen Wen Chi	–	113,888,628	–	–	113,888,628 [#(e)]	26.00
Mona Fong	1,146,000	15,950,200 [f]	–	–	17,096,200	3.90
Lee Po On	–	438,000	–	–	438,000	0.10
Chien Lee	350,000	–	–	–	350,000	0.08
Chow Yei Ching	100,000	–	–	–	100,000	0.02

Notes:

Duplication of shareholdings occurred between parties [#] shown in the table here and below under the sub-heading of "Other Persons' Interests in the Shares of the Company".

At 31 December 2013:

(a) Shareholding percentage in the issued share capital was based on the 438,000,000 ordinary shares of the Company in issue.

(b) Dr. Charles Chan Kwok Keung was deemed to be interested in these 113,888,628 shares of the Company held through Shaw Brothers Limited ("Shaw Brothers"). Shaw Brothers is an indirect wholly-owned subsidiary of Young Lion Holdings Limited ("YLH"), which is controlled by Dr. Chan through Innovative View Holdings Limited ("IVH") (see below note (c) under the sub-heading of "Other Persons' Interests in the Shares of the Company").

(c) Ms. Cher Wang Hsiueh Hong was deemed to be interested in these 113,888,628 shares of the Company which Profit Global Investment Limited ("Profit Global") was interested in. Profit Global, in which Ms. Wang indirectly holds an interest, is a party of the investor group which indirectly held the said shares through Shaw Brothers, an indirect wholly-owned subsidiary of YLH.

(d) Mr. Jonathan Milton Nelson was deemed to be interested in these 113,888,628 shares of the Company which P6 YL Holdings Limited ("P6YL") was interested in. P6YL, in which Mr. Nelson indirectly holds an interest, is a party of the investor group which indirectly held the said shares through Shaw Brothers, an indirect wholly-owned subsidiary of YLH.

(e) Mr. Chen Wen Chi was deemed to be interested in these 113,888,628 shares of the Company. Such share interest is indirectly held by his spouse, Ms. Cher Wang Hsiueh Hong through Profit Global, in which Ms. Wang indirectly holds an interest. Profit Global is a party of the investor group which indirectly held the said shares through Shaw Brothers, an indirect wholly-owned subsidiary of YLH.

(f) These 15,950,200 shares were held by The Shaw Foundation Hong Kong Limited ("Shaw Foundation"). Shaw Holdings Inc. holds 100% equity interest in Shaw Foundation. Ms. Mona Fong exerted 100% control over Shaw Holdings Inc. through The Sir Run Run Shaw Charitable Trust.

Save for the information disclosed above, at 31 December 2013, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and 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 year 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 acquisition of shares in or debentures of the Company or any other body corporate.

OTHER PERSONS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 December 2013, 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 held	Percentage of issued share capital (%) [(a)]
Shaw Brothers Limited [(b)]	113,888,628 [#(c)&(f)]	26.00
Young Lion Holdings Limited	113,888,628 [#(c)&(f)]	26.00
Kun Chang Investment Co. Ltd.	113,888,628 [#(d)]	26.00
Profit Global Investment Limited	113,888,628 [#(d)&(f)]	26.00
Providence Holdco (International) GP Ltd.	113,888,628 [#(e)]	26.00
Providence Fund Holdco (International) L.P.	113,888,628 [#(e)]	26.00
PEP VI International Ltd.	113,888,628 [#(e)]	26.00
Providence Equity GP VI International L.P.	113,888,628 [#(e)]	26.00
Providence Equity Partners VI International L.P.	113,888,628 [#(e)]	26.00
P6 YL Holdings Limited	113,888,628 [#(e)&(f)]	26.00
Dodge & Cox	40,163,800 [(g)]	9.17
Matthews International Capital Management, LLC	39,507,733 [(g)]	9.02
Schroders Plc	26,118,000 [(g)]	5.96

Notes:

Duplication of shareholdings occurred between parties [#] shown in the table here and above under the sub-heading of "Directors' Interests in the Shares of the Company".

At 31 December 2013:

(a) Shareholding percentage in the issued share capital was based on the 438,000,000 ordinary shares of the Company in issue.

(b) Shaw Brothers was the registered shareholder of the 113,888,628 shares of the Company. It is an indirect wholly-owned subsidiary of YLH.

(c) YLH was deemed to be interested in the 113,888,628 shares of the Company. Such interests were held indirectly through Shaw Brothers which is an indirect wholly-owned subsidiary of YLH which is controlled by Dr. Charles Chan Kwok Keung, a Non-executive Director of the Company, through IVH. On 23 November 2011, the Company was informed that IVH had been added in the shareholding structure as an intermediate company controlled by Dr. Charles Chan Kwok Keung to hold the controlling interest in YLH.

(d) Profit Global was deemed to be interested in the 113,888,628 shares of the Company. Profit Global is controlled by Kun Chang Investment Co. Ltd. ("Kun Chang"). Directors and substantial shareholders of Kun Chang are all accustomed to act in accordance with the directions of Ms. Cher Wang Hsiueh Hong, a Non-executive Director of the Company.

(e) P6YL was deemed to be interested in the 113,888,628 shares of the Company. P6YL is controlled by Providence Holdco (International) GP Ltd. through its direct and indirect wholly-owned subsidiaries. P6YL is a wholly-owned subsidiary of Providence Equity Partners VI International L.P., which is in turn a wholly-owned subsidiary of Providence Equity GP VI International L.P.. Providence Equity GP VI International L.P. is a wholly-owned subsidiary of PEP VI International Ltd., which is in turn a wholly-owned subsidiary of Providence Fund Holdco (International) L.P.. Mr. Jonathan Milton Nelson, a Non-executive Director of the Company, holds controlling interests in P6YL through Providence Holdco (International) GP Ltd. and its subsidiaries as abovementioned.

(f) Dr. Charles Chan Kwok Keung, Profit Global, P6YL, YLH, Young Lion Acquisition Co. Limited, IVH, Clear Water Bay Land Company Limited and Shaw Brothers are parties of an agreement to acquire the interest in the 113,888,628 shares in the Company. This agreement is an agreement to which Section 317(1)(a) of the SFO applies.

(g) Interests were held in the capacity of investment managers.

DIRECTORS'/SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

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

CONTINUING CONNECTED TRANSACTIONS

1. Continuing connected transactions with Hong Kong Movie City Company Limited ("HKMC", now known as Shaw Movie City Hong Kong Limited)

   As announced on 2 February 2010, the Company and TVB.COM Limited ("TVB.COM"), an indirect wholly-owned subsidiary of the Company, entered into several agreements on 1 February 2010 (including the tenancy agreements, colocation services agreement, IP telephone licence, and parking licences, collectively, "HKMC Agreements") with HKMC for the lease of certain properties and car parking spaces at Shaw Studios (now known as Shaw Moviecity), a property located at 201 Wan Po Road, Tseung Kwan O, Kowloon, Hong Kong, which is wholly-owned by HKMC, and for various facilities services, on such terms and conditions as stipulated in the HKMC Agreements. At the date of entering into the HKMC Agreements, HKMC was an associated company of Shaw Brothers (Hong Kong) Limited (Note 1), a substantial shareholder of the Company and an associate of Ms. Mona Fong, a Director of the Company. Therefore, the entering into the HKMC Agreements constituted continuing connected transactions for the Company which are subject to the annual review, and reporting and announcement requirements under the Listing Rules. Details of the HKMC Agreements are as follows:

   (a) On 1 February 2010, the Company and HKMC entered into a tenancy agreement, pursuant to which the Company agreed to hire an office at Shaw Studios, with a total gross floor area of approximately 14,150 square feet for a three year fixed term commencing from 1 February 2010 to 31 January 2013. The rent and related expenses incurred by the Company during 2013 were HK$213,000.

(b) On 1 February 2010, TVB.COM and HKMC entered into a tenancy agreement, pursuant to which TVB.COM agreed to hire an office at Shaw Studios, with a total gross floor area of approximately 18,000 square feet for a three year fixed term commencing from 1 February 2010 to 31 January 2013. The rent and related expenses incurred by TVB.COM during 2013 were HK$252,000.

(c) On 1 February 2010, TVB.COM and HKMC entered into an another tenancy agreement, pursuant to which TVB.COM agreed to hire an office at Shaw Studios, with a total gross floor area of approximately 10,200 square feet for a three year fixed term commencing from 1 February 2010 to 31 January 2013. The rent and related expenses incurred by TVB.COM during 2013 were HK$143,000.

(d) On 1 February 2010, TVB.COM and HKMC entered into a colocation services agreement, pursuant to which TVB.COM agreed to engage colocation services from HKMC for storage of server equipment at Shaw Studios for a three year fixed term commencing from 1 February 2010 to 31 January 2013. The service fees incurred by TVB.COM during 2013 were HK$336,000.

(e) On 1 February 2010, TVB.COM and HKMC entered into an Internet protocol telephone licence, pursuant to which TVB.COM agreed to obtain the licences for an Internet protocol telephony communication system services installed by the HKMC at the offices at Shaw Studios which are occupied by TVB.COM as abovementioned. The licence fee incurred by TVB.COM during 2013 was HK$20,000.

(f) On 1 February 2010, the Company and HKMC entered into a parking licence, pursuant to which the Company agreed to obtain licence for designated car parking space(s) at Shaw Studios for a six month licence period from 1 February 2010 and renewable for every six months. The licence fee incurred by the Company during 2013 was HK$1,000.

(g) On 1 February 2010, TVB.COM and HKMC entered into a parking licence, pursuant to which TVB.COM agreed to obtain licence for several designated car parking spaces at Shaw Studios for a six month licence period from 1 February 2010 and renewable for every six months. The licence fee incurred by TVB.COM during 2013 was HK$13,000.

Note 1: Shaw Brothers (Hong Kong) Limited ceased to be an associate on 31 March 2011 and its shareholding interest in HKMC had been transferred to a subsidiary of Shaw Holdings Inc., which is an associate of Ms. Mona Fong.

2. Continuing connected transactions with Shaw Movie City Hong Kong Limited ("Shaw")

As announced on 21 February 2013, the Company and TVB.COM, an indirect wholly-owned subsidiary of the Company, entered into several agreements on 21 February 2013 (including the tenancy agreements, colocation agreement, Internet protocol telephone licence and parking licences, collectively, "Shaw Agreements") with Shaw for the lease of certain properties at Shaw Moviecity, a property located at 201 Wan Po Road, Tseung Kwan O, Kowloon, Hong Kong, which is wholly-owned by Shaw, and for various facilities services, on such terms and conditions as stipulated in the Shaw Agreements. At the date of entering into the Shaw Agreements, Shaw was an associate of Ms. Mona Fong, a Non-executive Director of the Company. Therefore, the entering into the Shaw Agreements constituted continuing connected transactions for the Company which are subject to the annual review, and reporting and announcement requirements under the Listing Rules. Details of the Shaw Agreements are as follows:

(a) On 21 February 2013, the Company and Shaw entered into a tenancy agreement, pursuant to which the Company agreed to hire an office at Shaw Moviecity, with a total gross floor area of approximately 14,150 square feet for a three year fixed term commencing from 1 February 2013 to 31 January 2016. The rent and related expenses incurred by the Company during 2013 were HK$2,782,000.

(b) On 21 February 2013, TVB.COM and Shaw entered into a tenancy agreement, pursuant to which TVB.COM agreed to hire an office at Shaw Moviecity, with a total gross floor area of approximately 18,000 square feet for a three year fixed term commencing from 1 February 2013 to 31 January 2016. The rent and related expenses incurred by TVB.COM during 2013 were HK$3,331,000.

(c) On 21 February 2013, TVB.COM and Shaw entered into an another tenancy agreement, pursuant to which TVB.COM agreed to hire an office at Shaw Moviecity, with a total gross floor area of approximately 10,200 square feet for a three year fixed term commencing from 1 February 2013 to 31 January 2016. The rent and related expenses incurred by TVB.COM during 2013 were HK$1,888,000.

(d) On 1 February 2013, TVB.COM and Shaw entered into a colocation services agreement, pursuant to which TVB.COM agreed to engage colocation services from Shaw for storage of server equipment at Shaw Moviecity for a three year fixed term commencing from 1 February 2013 to 31 January 2016. The service fee incurred by TVB.COM during 2013 was HK$4,188,000.

(e) On 21 February 2013, TVB.COM and Shaw entered into an Internet protocol telephone licence, pursuant to which TVB.COM agreed to obtain the licences for an Internet protocol telephony communication system services installed by Shaw at the offices at Shaw Moviecity which are occupied by TVB.COM as abovementioned. The licence fee incurred by TVB.COM during 2013 was HK$239,000.

(f) On 21 February 2013, the Company and Shaw entered into a parking licence, pursuant to which the Company agreed to obtain licence for designated car parking space(s) at Shaw Moviecity for a six month licence period from 1 February 2013 and renewable for every six months. The licence fee incurred by the Company during 2013 was HK$14,000*.

(g) On 21 February 2013, TVB.COM and Shaw entered into a parking licence, pursuant to which TVB.COM agreed to obtain licence for several designated car parking spaces at Shaw Moviecity for a six month licence period from 1 February 2013 and renewable for every six months. The licence fee incurred by TVB.COM during 2013 was HK$137,000*.

* As the annual amount of these transactions is immaterial, no itemised disclosure was made in the relevant announcement dated 21 February 2013.

3. Continuing connected transactions with MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")

As announced on 22 March 2010, TVBI Company Limited ("TVBI"), a wholly-owned subsidiary of the Company, entered into binding principal terms with MBNS on 10 March 2010 in the form of a confirmation letter ("Short Form Agreement") relating to the granting of the rights by TVBI to MBNS to distribute certain programmes and the licensed channels in Malaysia and Brunei, and that TVB Satellite TV Entertainment Limited ("TVBSE"), a wholly-owned subsidiary of the Company, had been engaged by MBNS as an advertising agency for managing and selling of airtime on certain channels.

At the date of entering into the said agreement, MBNS was an associate of the substantial shareholder of three of the Company's non wholly-owned subsidiaries of the Company, the transactions contemplated under the Short Form Agreement, together constituted non-exempt continuing connected transactions for the Company which are subject to approval of the independent shareholders of the Company under the Listing Rules. The transactions were approved at the extraordinary general meeting of the Company held on 26 May 2010 and the relevant parties had signed the formal agreements ("MBNS Agreements") on 13 December 2010. Details of the MBNS Agreements are as follows:

(a) On 13 December 2010, TVBI and MBNS entered into an agreement, pursuant to which TVBI agreed to grant to MBNS the exclusive right to broadcast, transmit and exhibit certain programmes and the licensed channels on the Astro Services (the pay television service which is provided and operated by MBNS in Malaysia and Brunei using the trade mark name "ASTRO") within Malaysia and Brunei for a three year fixed term commencing from 1 February 2010 to 31 January 2013 ("Main MBNS Agreement"). The income accrued by TVBI during 2013 was HK$19,658,000 (RM8,015,000).

(b) On 13 December 2010, TVBI and MBNS entered into an agreement, pursuant to which TVBI agreed to grant to MBNS the exclusive right to transmit and exhibit certain licensed programmes on the Near Video On Demand (NVOD)/Video On Demand (VOD) Services on any platform owned or operated by MBNS or its affiliates within Malaysia and Brunei for a five year fixed term commencing from 1 January 2010 to 31 December 2014 ("Main NVOD/VOD Agreement"). For the five year contract term, an independent financial adviser appointed for the transactions was of the view that it was in the benefit of the Company to lock-in a longer contract term of five years, which was in line with normal business practice, to ensure its continuous exposure in Malaysia and Brunei via a trusted partner in the absence of its own platform. The income accrued by TVBI during 2013 was HK$61,043,000 (RM24,889,000).

(c) On 13 December 2010, TVBSE and MBNS entered into an agreement, pursuant to which MBNS appointed TVBSE as an exclusive consultant to advise on the management and selling of airtime, including management of a Chinese sales team, for certain 24-hour turnaround channels and a Chinese language entertainment channel – Wah Lai Toi (which is owned and operated by MBNS) on MBNS's platform for a three year fixed term commencing from 1 February 2010 to 31 January 2013 ("Main Advertising Consultancy Services Agreement"). The income accrued by TVBSE during 2013 was HK$4,414,000 (RM1,800,000).

4. Continuing connected transactions with Concept Legend Limited ("JV Company") and its subsidiary (collectively, "JV Group")

As announced on 21 March 2012, the Company entered into separate framework service agreements and separate framework licence agreements ("Framework Agreements") with each of the companies in the JV Group in connection with the provision of various supporting facilities and services for motion pictures production to the JV Group; and the acquisition of the television broadcasting and transmission rights of motion pictures being or to be produced by the JV Group, respectively.

The JV Company is a joint venture company formed between the Company and Shaw Productions Limited ("Shaw Productions"). Shaw Productions is controlled by Ms. Mona Fong, a Director of the Company. The JV Company and its subsidiary are, therefore, associates of a Director, and hence are connected persons of the Company. The entering into the Framework Agreements constituted continuing connected transactions for the Company which are subject to the annual review, and reporting and announcement requirements under the Listing Rules. Details of the Framework Agreements are as follows:

(a) On 21 March 2012, the Company entered into separate framework service agreements with each of the companies in the JV Group, for the provision of various supporting facilities and services to the JV Group for their production of motion pictures, each for a period of 24 months commencing from 1 January 2012 to 31 December 2013. The aggregate income from provision of services to the JV Group for 2013 was HK$2,601,000.

(b) On 21 March 2012, the Company further entered into separate framework licence agreements with each of the companies in the JV Group, in connection with the acquisition of television broadcasting and transmission rights of motion pictures being or to be produced by the JV Group, each for a period of 24 months commencing from 1 January 2012 to 31 December 2013. There was no acquisition of licence rights from the JV group in 2013, therefore, the aggregate cost for acquiring licence rights from JV Group for 2013 was nil.

All of the Independent Non-executive Directors have reviewed the above transactions described in paragraphs 1 to 4 above, and confirmed that these transactions have been entered into (i) in the ordinary and usual course of business of the Company; (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 58 to 61 of the Annual Report in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The following transactions are connected transactions of the Company which are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules:

5. Transactions with MBNS

   On 13 June 2013, TVBI entered into certain agreements ("New MBNS Agreements") to renew the arrangements under the MBNS Agreements for a term not exceeding three years. As at the date of the New MBNS Agreements, MBNS was an associate of the substantial shareholder of three of the Company's non wholly-owned subsidiaries of the Company, and the aggregate value of these non wholly-owned subsidiaries' total assets, profits and revenue represented less than 5% under the relevant percentage ratios (as defined in the Listing Rules) for the financial year ended 31 December 2013, the transactions contemplated under the New MBNS Agreements were exempt from all the applicable requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.31(9)(b) of the Listing Rules.

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

None of the Directors of the Company has a service contract with the Company which is not determinable within one year, without payment of compensation, other than statutory compensation. The Company and any of its subsidiaries did not operate any employee share option scheme, and therefore, no share options have been granted to the Directors during the year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of Directors for the year are set out in Note 26 to the consolidated financial statements on page 144 of this Annual Report.

CORPORATE GOVERNANCE

The Corporate Governance Report for the year are set out on pages 64 to 83 of this Annual Report.

BOARD COMMITTEES

The responsibilities of the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board and their work done during the year are set out in the Corporate Governance Report on pages 71 to 77.

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

During the year, 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.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors as at the date of this report, at least 25% of the Company's total issued share capital is held by the public at all times. At 26 March 2014, there were 300 shareholders on the Company's register of members.

BOARD LOT SIZE

As disclosed in the last Company's Annual Report, the Company announced on 18 January 2013 a reduction in the board lot size for trading of its shares of HK$0.05 each in the capital of the Company ("Shares") on the Stock Exchange. The board lot size of the Shares was reduced from 1,000 Shares to 100 Shares with effect from 8 February 2013. The change in board lot size reduced the board lot value. The Board was of the view that the reduction in board lot size of the Shares may enable more investors who are interested in the Company to buy the Shares on the Stock Exchange, which may improve the liquidity of the Shares and broaden the Company's shareholder base. The change in board lot size did not affect any of the relative rights of the shareholders of the Company. The Board considered that the change in board lot size is in the interest of the Company and its shareholders as a whole.

MAJOR SUPPLIERS AND CUSTOMERS

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

AUDITOR

The consolidated financial statements for the year ended 31 December 2013 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the 2014 AGM.

On behalf of the Board

Norman Leung Nai Pang
Executive Chairman

Hong Kong, 26 March 2014

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report ("CG Report") has been prepared in accordance with the requirements set out in Appendix 14 of the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

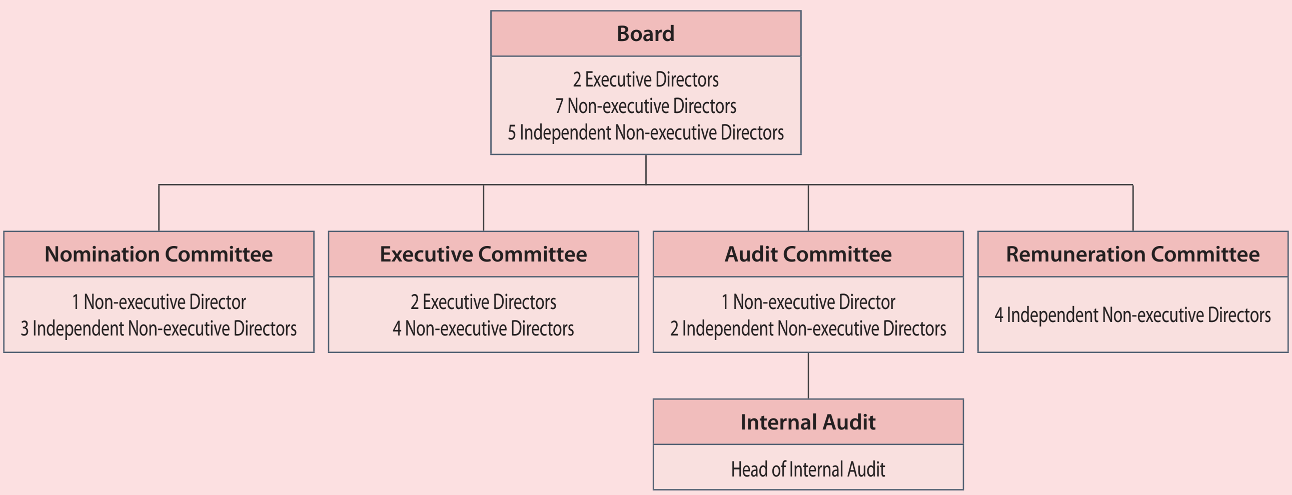
Maintaining high standards of business ethics and corporate governance practices has always been one of the Company's core objectives. The Company believes that conducting business in an open and responsible manner serves its long-term interests and those of the shareholders.

The Company has adopted its own code on corporate governance, the TVB Code on Corporate Governance ("TVB CG Code"). The TVB CG Code summarises the corporate governance practices adopted by the Board. These practices are in line with the requirements of the Listing Rules (including all code provisions and certain recommended best practices in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules). Further updates to the TVB CG Code has been made from time-to-time to reflect changes in code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules ("CG Code").

The Board monitors the Company's progress on corporate governance practices and reviews the TVB CG Code from time-to-time to comply with the increasingly stringent regulatory requirements, and to meet the rising expectations of stakeholders.

On 21 August 2013, the Board approved certain amendments to the TVB CG Code to align with a new requirement under the code provision requiring listed companies to adopt a policy on board diversity.

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



COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company was in compliance with the code provisions of the CG Code during the year ended 31 December 2013, save for the following.

In respect of compliance with code provision A.6.7 of the CG Code, the Company noted that three Directors were not able to attend the 2013 AGM due to prior engagements.

In respect of compliance with code provision D.1.4 of the CG Code, the Company noted that the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. Although there was no formal letter of appointment entered into between the Company and each of the Non-executive Directors, all Directors of the Company are subject to retirement and election/re-election in accordance with the Articles. In early 2013, the Company issued letters of appointment to document the key terms of their appointment for each of the Directors. Therefore, the Company now complies with D.1.4 of the CG Code.

In order to comply with a new code provision under the Listing Rules which became effective on 1 September 2013, the Board approved a policy on board diversity ("Board Diversity Policy") on 21 August 2013. The Board Diversity Policy contains measurable objectives for implementing the Board Diversity Policy, and progress on achieving the objectives of the Board Diversity Policy.

Pursuant to the Board Diversity Policy, the Board shall consider the benefits of diversity when it reviews the Board composition, in addition to examining whether it has a balance of skills, experience and independence. The full text of the Board Diversity Policy is set out below and is available on the Company's website.

Television Broadcasts Limited
Board Diversity Policy

1. Purpose

1.1 This Policy aims to set out the approach to achieve diversity on the Company's board of directors ("Board").

2. Vision

2.1 The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

3. Policy Statement

3.1 With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objective and its sustainable development. In designing of Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience and business experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

4. Measurable Objectives

4.1 Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience and business experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender and age) will be disclosed in the Corporate Governance Report annually.

5. Monitoring and Reporting

5.1 The Nomination Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

6. Review of this Policy

6.1 The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

7. Disclosure of this Policy

7.1 This Policy will be published on the Company's website for public information.

7.2 A summary of this Policy together with the measurable objectives set for implementing this Policy, and the progress made towards achieving those objectives will be disclosed in the annual Corporate Governance Report.

DIRECTORS' SECURITIES TRANSACTIONS

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

The Company has adopted the Model Code, as amended from time-to-time, as the code for Directors and members of Senior Management in their dealings in the securities of the Company ("TVB Code for Securities Transactions by Directors").

All Directors and members of Senior Management confirmed, following specific enquiries by the Company, that they had complied with the Model Code throughout the year ended 31 December 2013.

BOARD OF DIRECTORS AND ITS COMMITTEES

BOARD OF DIRECTORS

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

The Board is the highest governing body of the Company and is supported by four Board Committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee.

The Board is responsible for performing the corporate governance duties to develop and review the Company's policies and practices on corporate governance; to review and monitor the training and continuous professional development of Directors and members of Senior Management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (where applicable) to employees and Directors; and to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

COMPOSITION OF THE BOARD AND ITS COMMITTEES

The composition of Board comprises sufficient number of executive directors and non-executive directors (including independent non-executive directors) which gives the Board a balance of skills and experience appropriate for the requirements of the Company's business. The high proportion of non-executive directors enables that there is a strong independent element on the Board, which can effectively exercise independent judgement, and that their views carry weight at Board meetings.

On 21 August 2013, Mr. Raymond Or Ching Fai was appointed as a member of the Remuneration Committee and Nomination Committee of the Board. Save as disclosed in this paragraph, there were no other changes in the composition of the Board and its Committees during the year and up to the date of this CG report.

As of the date of this CG Report, the Board and its Committees comprises:

Board of Directors	Also serving:	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors					
Norman Leung Nai Pang		Chairman	–	–	–
Mark Lee Po On		Member	–	–	–
Non-executive Directors					
Mona Fong		Member	–	–	–
Kevin Lo Chung Ping		Member	Member	–	–
Charles Chan Kwok Keung		Member	–	–	–
Cher Wang Hsiueh Hong		–	–	–	–
Jonathan Milton Nelson		–	–	–	–
Anthony Lee Hsien Pin		–	–	–	Member
Chen Wen Chi		Member	–	–	–
Independent Non-executive Directors					
Chow Yei Ching		–	–	–	Chairman
Edward Cheng Wai Sun		–	–	Member	Member
Chien Lee		–	Member	Chairman	–
Gordon Siu Kwing Chue		–	Chairman	Member	–
Raymond Or Ching Fai		–	–	Member	Member
Alternate Directors					
Allan Yap Alternate Director to Charles Chan Kwok Keung		n/a	n/a	n/a	n/a
Harvey Chang Hsiao Wei Alternate Director to Cher Wang Hsiueh Hong		n/a	n/a	n/a	n/a
Sun Tao Alternate Director to Jonathan Milton Nelson		n/a	n/a	n/a	n/a

n/a: not applicable

Biographical information of Directors are set out on pages 48 to 52 of this Annual Report.

CORPORATE GOVERNANCE REPORT

ATTENDANCE RECORDS OF DIRECTORS

The attendance[1] records of Directors at the Board and the Board Committees' meetings and annual general meeting in 2013 are set out below:

Directors	Board of Directors meetings	Executive Committee meetings	Audit Committee meetings	Remuneration Committee meetings[6]	Nomination Committee meeting[6]	2013 AGM
Norman Leung Nai Pang	5/5	12/12	–	–	–	1/1
Mark Lee Po On	5/5	12/12	–	–	–	1/1
Mona Fong	5/5	11/12	–	–	–	1/1
Kevin Lo Chung Ping	4/5	8/12	3/5	–	–	0/1
Charles Chan Kwok Keung	2/5[2]	11/12	–	–	–	1/1
Cher Wang Hsiueh Hong	1/5[3]	–	–	–	–	0/1
Jonathan Milton Nelson	1/5[4]	–	–	–	–	0/1
Anthony Lee Hsien Pin	5/5	–	–	–	2/2	1/1
Chen Wen Chi	5/5	12/12	–	–	–	1/1
Chow Yei Ching	5/5	–	–	–	2/2	1/1
Edward Cheng Wai Sun	5/5	–	–	1/1	2/2	1/1
Chien Lee	5/5	–	5/5	1/1	–	1/1
Gordon Siu Kwing Chue	5/5	–	5/5	1/1	–	1/1
Raymond Or Ching Fai [5,6]	5/5	–	–	1/1	–	1/1

Alternate Directors	Board of Directors meetings	Executive Committee meetings	Audit Committee meetings	Remuneration Committee Meetings[6]	Nomination Committee Meeting[6]	2013 AGM
Allan Yap Alternate Director to Charles Chan Kwok Keung	3/5[2]	–	–	–	–	–
Harvey Chang Hsiao Wei Alternate Director to Cher Wang Hsiueh Hong	3/5[3]	–	–	–	–	–
Sun Tao Alternate Director to Jonathan Milton Nelson	4/5[4]	–	–	–	–	–

Notes:

1 Directors may attend meetings in person, by phone or through other means of electronic communication or by their alternate directors in accordance with the Articles.

2 Five Board meetings were held for 2013, two of which were attended by Dr. Charles Chan Kwok Keung in person and another three were attended by Dr. Chan's alternate director.

3 Five Board meetings were held for 2013, one of which was attended by Ms. Cher Wang Hsiueh Hong in person and another three were attended by Ms. Wang's alternate director.

4 Five Board meetings were held for 2013, one of which was attended by Mr. Jonathan Milton Nelson in person and another four were attended by Mr. Nelson's alternate director.

5 Mr. Raymond Or Ching Fai was appointed as a member of the Remuneration Committee and Nomination Committee of the Board on 21 August 2013. No Nomination Committee meeting was held during 21 August 2013 and 31 December 2013, following the appointment of Mr. Or as a member of the Nomination Committee of the Board.

6 A joint meeting of the Nomination Committee and the Remuneration Committee of the Board was held on 4 July 2013, to review the number of executive directors on the Board. All members of the Nomination Committee and the Remuneration Committee of the Board attended the said meeting and Mr. Raymond Or Ching Fai was also invited to join the said meeting as an Independent Non-executive Director. The Co-chairmen reported to the Board the work undertaken and its recommendations.

DIRECTORS' RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS

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

Each Director is kept abreast of his/her responsibilities as Director of the Company and of the conduct, business activities and development of the Company. Management provides monthly updates and other appropriate and sufficient information to Directors in a timely manner to keep them apprised of the Group's latest development, performance, position and prospects. Directors also have independent access to management in respect of operational issues.

The Company organises and funds suitable trainings to the Directors on their roles, functions and duties; and other topics relating to the Group's business. During 2013, the Company organised a "Boardroom Training" on (i) Reporting on Environment Social and Governance, (ii) Trend in the Media and Entertainment Sector, and (iii) Recap on important provisions of the Broadcasting Ordinance, in August and a presentation on "Emerging business challenges and risks facing TVB" was made in December. Each Director provided the Company a record of training he/she received in respect of the year ended 31 December 2013.

The Board sets the strategic direction of the Company and monitors the performance of the Group's business and management; and ensures that a risk management framework is in place to enable risks be assessed and managed. The Board exercises a number of reserved approval powers over matters which include:

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

During 2013, the Chairman of the Board held a meeting with the Non-executive Directors (including the Independent Non-executive Directors) without the presence of the other Executive Director to discuss any issues relevant to the Board.

All Directors confirmed, following enquiry by the Chairman of the Board, that they had spent sufficient time in the affairs of the Company during 2013, and the Chairman is of the view that the Board works effectively and performs its responsibilities.

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

BOARD MEETINGS

The Board normally holds five regular meetings annually, and meets at such other times as are necessary. Five Board meetings were held during the year ended 31 December 2013. The attendance records of Directors at the Board meetings in 2013 are set out in the table on page 68 of this CG Report.

PROCEEDINGS OF THE BOARD MEETINGS AND BOARD COMMITTEE MEETINGS

The Board meets in person regularly. Notice of Board meetings are given to all Directors and the agendas of Board meetings are approved by the Executive Chairman, and all Directors are given opportunities to include matters for discussion in the agenda. The Board is provided with adequate (which must be accurate, clear, complete and reliable) and timely information about the Group's business and developments before each meeting at which Directors can actively participate and hold informed discussions. All Directors are asked to comment on minutes prepared for previous meetings within a reasonable time after the meetings to ensure that the minutes accurately reflect the discussions which took place and decisions reached.

CORPORATE GOVERNANCE REPORT

Pursuant to the Articles, a resolution-in-writing signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. However, if a Director or a substantial shareholder has a conflict of interest in a matter to be considered by the Board which it has determined to be material, the matters should be dealt with by a meeting rather than a resolution-in-writing.

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

DELEGATION TO MANAGEMENT

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

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

DIRECTORS' INDEPENDENCE

The Company currently has five Independent Non-executive Directors and complies with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules that require at least three Independent Non-executive Directors and such Directors represent at least one-third of the Board. All of the Independent Non-executive Directors possesses related financial management expertise.

Each of the Independent Non-executive Directors has given the Company an annual confirmation of his independence for 2013. The Nomination Committee of the Board has reviewed the independence of each of the Independent Non-executive Directors of the Company and considered that all of them are independent, by reference to the guidelines set out in Rule 3.13 of the Listing Rules.

RELATIONSHIPS AMONG DIRECTORS

The Directors have no relationship (including financial, business, family or other material/relevant relationships) among themselves, and between the chairman and the chief executive, save for the following:

- wife-husband relationship between Ms. Cher Wang Hsiueh Hong and Mr. Chen Wen Chi;
- cousin relationship between Mr. Chien Lee and Mr. Anthony Lee Hsien Pin; and
- business relationship between Dr. Charles Chan Kwok Keung, Ms. Cher Wang Hsiueh Hong and Providence (in which Mr. Jonathan Milton Nelson is the Chief Executive Officer and the Founder).

DIRECTORS' TERM OF OFFICE, ELECTION AND RE-ELECTION

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

The Company issues letter of appointment to document the key terms of appointment in writing for each Director. A set of "TVB Directors' Manual" containing the Articles, the TVB CG Code, TVB Code for Securities Transactions by Directors and notification procedures, Terms of Reference of the respective Board Committees, and certain internal policies and rules update and guidelines issued by the regulatory and professional bodies in respect of their duties is provided to the Directors. The Company offers formal induction training to the Directors on their appointment.

Mr. Raymond Or Ching Fai, who was appointed as a Director of the Company on 6 December 2012 and held office until the 2013 AGM, was successfully elected at the 2013 AGM. Each of Dr. Norman Leung Nai Pang, Mr. Mark Lee Po On and Mr. Edward Cheng Wai Sun who retired at the 2013 AGM, was successfully re-elected at the 2013 AGM.

Subsequent to the successful re-election of Dr. Norman Leung Nai Pang at the 2013 AGM, the Remuneration Committee of the Board has approved the extension of the service contract with Dr. Leung for a year commencing 1 January 2014.

In accordance with Article 114(A) of the Articles, Mr. Kevin Lo Chung Ping, Dr. Charles Chan Kwok Keung, Ms. Cher Wang Hsiueh Hong, Mr. Jonathan Milton Nelson, Dr. Chow Yei Ching, Mr. Chien Lee and Mr. Gordon Siu Kwing Chue will retire at the 2014 AGM after their service on the Board from their last election or re-election in 2011.

Mr. Kevin Lo Chung Ping and Mr. Chien Lee had served notices to the Company for their intention of not offering themselves for re-election at the 2014 AGM. Dr. Charles Chan Kwok Keung, Ms. Cher Wang Hsiueh Hong, Mr. Jonathan Milton Nelson, Dr. Chow Yei Ching and Mr. Gordon Siu Kwing Chue, who will retire at the 2014 AGM, have forwarded written notifications offering themselves for re-election at the 2014 AGM.

Details of the Directors, who are subject to retirement for re-election at the 2014 AGM, as required under Rule 13.51(2) of the Listing Rules, are set out in the notice of the 2014 AGM which is sent together with this Annual Report to the shareholders of the Company.

CHAIRMAN AND MANAGING DIRECTOR

The roles of the Chairman and the Managing Director (or its equivalent position) of the Company are segregated and clearly defined, as set out in the TVB CG Code.

Dr. Norman Leung Nai Pang, Executive Chairman of the Board, provides leadership for the Board. He chairs the Board meetings and promotes a culture of openness to encourage all Directors to actively make contribution to the Board's affairs, to express their views and concerns, to allow sufficient time for discussion of issues and to ensure that the Board decisions fairly reflect the Board consensus and the Board acts in the best interest of the Company.

Mr. Mark Lee Po On, Executive Director and Group General Manager of the Company who assumes the duties and functions of a managing director, since the retirement of Ms. Mona Fong from the position of Managing Director on 31 March 2012, is the pinnacle of the management structure. He is responsible for implementing and reporting to the Board on the Company's strategies, overseeing the realisation by the Company of the objectives set by the Board, and providing all information to enable the Board to monitor the performance of Management.

BOARD COMMITTEES

The Board is supported by four Board Committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of them has defined terms of reference covering its authority, duties and functions. The terms of reference of these four Committees are available on the website of the Stock Exchange ("Exchange's website") and the Company's website.

The Company provides sufficient resources to the Board Committees to perform their duties. The Board Committees shall report to the Board on their works, decisions and recommendations in a timely manner.

Major roles and functions, composition and operating mode of the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board are set out below.

EXECUTIVE COMMITTEE

The Executive Committee has been delegated by the Board with the powers in the oversight of the management of the business and affairs of the Company.

Major roles and functions

The Executive Committee shall undertake the following duties:

- to monitor and review the implementation of the Group's strategic and investment plans;
- to monitor and review the organisation, business and personnel policies of the Group;
- to liaise and consult with other committees of the Board on all matters in relation to the businesses of the Group;

- to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- to work to the requirements that may from time-to-time be delegated by the Board or contained in the constitution of the Company.

Composition

The Executive Committee comprises six members. Members of the Executive Committee at the date of this CG Report are set out in the table on page 67 of this CG Report.

Committee meetings

The Executive Committee normally meets once a month. Additional meetings may be held as the work of the Executive Committee demands.

During 2013, the Executive Committee held twelve meetings or by way of passing resolutions-in-writing which dealt with, inter-alia, the following matters:

- reviewed the Group's cash position and investment portfolio;
- made recommendation to the Board for dividend payments;
- examined the possible ways for yield enhancement on the Group's cash balance;
- formulated and approved an approval matrix covering financial commitments or undertakings; and
- approved other Group's routine corporate matters.

The attendance records of Directors at the Executive Committee meetings in 2013 are set out in the table on page 68 of this CG Report.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for formulating remuneration policy for Senior Management, making recommendations on annual remuneration review and determining remuneration of Executive Directors and members of Senior Management.

Major roles and functions

The Remuneration Committee shall undertake the following duties:

- to make recommendations to the Board on the Company's policy for the remunerations of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to determine, with delegated responsibility, the specific remuneration packages of all individual Executive Directors and members of Senior Management, which would include benefits in kind, pension rights; and any compensation payable for loss or termination of their office or appointment;
- to make recommendations to the Board on the remuneration of Non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group (including the Company and its subsidiaries);
- to review and approve the compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- to ensure that no Director or any of his associates is involved in deciding his own remuneration.

Composition

The Remuneration Committee comprises four members, all of whom are Independent Non-executive Directors of the Company. Members of the Remuneration Committee at the date of this CG Report are set out in the table on page 67.

Committee meeting

The Remuneration Committee normally meets at least once a year. Additional meetings may be held as the work of the Remuneration Committee demands.

During 2013, the Remuneration Committee held one meeting or by way of passing written resolutions-in-writing which dealt with, inter-alia, the following matters:

- approved the remuneration package of three new members of Senior Management for 2013;
- reviewed and approved the discretionary bonus pool to members of Senior Management and senior executives for 2013;
- reviewed and approved the specific discretionary bonus to members of Senior Management for 2013;
- approved the terms for extension of service contract with the Executive Chairman;
- approved the remuneration package of members of Senior Management for 2014; and
- reviewed the fees for Directors and the Board Committees and made its recommendations on adjustments.

The Remuneration Committee determines, with delegated authority in the terms of reference, the remuneration packages of individual executive directors and members of Senior Management.

The attendance records of Directors at the Remuneration Committee meetings in 2013 are set out in the table on page 68.

Group's remuneration policies

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

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

Remuneration of Directors

All Directors are entitled to a fixed Director's fee which fee was recommended by the Remuneration Committee, determined by the Board and approved by the shareholders.

The Executive Directors are remunerated by way of a fixed Director's fee, salaries and other incentive, such as discretionary bonus (which is determined and approved in recognition of their performance and contributions to the Company), and they are not entitled to any additional fee for serving on the Board Committees.

The Non-executive Directors are remunerated by a fixed Director's fee and Board Committee fees, if they also serve on those Committees.

Any increases in Director's fee shall be recommended and proposed by the Board and approved by shareholders at annual general meetings. Any increases in fees to the chairman or members of the Board Committees shall be approved by the Board.

The annual fee paid to the Directors for serving on the Board and the additional annual fees paid to Non-executive Directors for serving on the Board Committees for the year ended 31 December 2013 are set out below:

Individual director serving	**Annual fees for 2013** HK$
Board of Directors	
Executive and Non-executive Directors	180,000 [1]
Executive Committee	
Chairman	–
Members (who is not an Executive Director)	150,000
Audit Committee	
Chairman	140,000 [2]
Members	100,000 [2]
Remuneration Committee	
Chairman	60,000
Members	50,000
Nomination Committee	
Chairman	60,000
Members	50,000

CORPORATE GOVERNANCE REPORT

Notes:

On the recommendation of the Remuneration Committee of the Company after its meeting held on 4 December 2013:

1 It was proposed an increase of fee payable to Directors from HK$180,000 per annum to HK$200,000 per annum with effect from 1 January 2014, subject to shareholders' approval at the 2014 AGM.

2 The Board approved an increase in the fee payable to the chairman of the Audit Committee from HK$140,000 per annum to HK$150,000 per annum with effect from 1 January 2014. The Board also approved an increase in the fee payable to members of the Audit Committee from HK$100,000 per annum to HK$110,000 per annum with effect from 1 January 2014.

The Company does not operate any employee share option scheme and therefore, no share options of the Company were granted in 2013. Details of the Directors' and members of Senior Management's emoluments are set out on pages 144 to 146 of the Notes to the Consolidated Financial Statements.

NOMINATION COMMITTEE

The Nomination Committee is responsible for making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, and for determining the policy for nomination of Directors, the nomination procedures and the process and criteria adopted by the Committee to select and recommend candidates for directorship.

Major roles and functions

The Nomination Committee shall undertake the following duties:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorship;
- to assess the independence of Independent Non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Managing Director; and
- to develop a policy on diversity of Board members, and should disclose the policy or a summary of the policy in the corporate governance report.

Composition

The Nomination Committee comprises four members, the majority of whom are Independent Non-executive Directors of the Company. Members of the Nomination Committee at the date of this CG Report are set out in the table on page 67.

Committee meetings

The Nomination Committee normally meets at least once a year. Additional meetings may be held as the work of the Nomination Committee demands.

During 2013, the Nomination Committee held two meetings which dealt with, inter-alia, the following matters:

- reviewed the Board composition;
- reviewed the independence of the Independent Non-executive Directors of the Company; and
- reviewed and made recommendations to the Board the election and the re-election of Directors at the 2013 AGM.

The attendance records of Directors at the Nomination Committee meeting in 2013 are set out in the table in this CG Report on page 68.

Nomination of directors

For considering the appointment of directors, the Nomination Committee makes reference to criteria including, inter alia, reputation for integrity, background, accomplishment and extensive business experience in the commercial industry, time commitment, relevant interest, and independence (for Independent Non-executive Director only) to consider candidates are suitable to fill the said positions.

Reviewing the Board Composition

The terms of reference of the Nomination Committee was revised in August 2013 to effect that the Nomination Committee shall give adequate consideration to the following principles in carrying out its responsibilities in reviewing the Board composition:

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

The Nomination Committee has considered the said principles when reviewing the Board composition at its meetings in February 2014. At the said meeting, the Nomination Committee also considered the diversity of the Board and considered that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

AUDIT COMMITTEE

The Audit Committee shall provide assistance to the Board in fulfilling its responsibilities to independently review and supervise on financial reporting and effectiveness of the system of internal controls of the Company and its subsidiaries; review objectivity and effectiveness of the audit process in accordance with applicable standards; and review the appointment of external auditor and ensure continuing auditor's independence.

Major roles and functions

The Audit Committee shall undertake the following duties:

In respect of relationship with the external auditor:

- to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor and any questions of its resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to develop and implement policy on engaging the external auditor to supply non-audit services;
- to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- to act as the key representative body for overseeing the Company's relations with the external auditor;
- to meet with auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditor may wish to raise;

In respect of review of the Company's financial information:

- to monitor the integrity of the Company's financial statements and annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:
  - any changes in accounting policies and practices;
  - major judgemental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumptions and any qualifications;

- – compliance with accounting standards; and compliance with the Listing Rules and legal requirements in relation to financial reporting;
- regarding the last point mentioned above, members of the Committee should liaise with the Board and Senior Management; and the Committee must meet at least twice a year with the Company's auditor; and the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- to review the continuing connected transactions entered into by the Company and to report to the Board following the conclusion of such review, as required under the Listing Rules;

In respect of oversight of the Company's financial reporting system and internal control procedures:

- to review the Company's financial controls, internal control and risk management systems;
- to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. Such discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- where an internal audit function exists, to ensure coordination between the internal and the external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- to review the Group's financial and accounting policies and practices;
- to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- to ensure the Board will provide a timely response to the issues raised in the external auditor's management letter;
- to report to the Board on the matters in these terms of reference;
- to consider other topics, as defined by the Board; and

Others

- to maintain a whistleblowing policy and system which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that such a whistleblowing policy and system are in place for fair and independent investigation of these matters and for appropriate follow up actions. The whistleblowing policy and system shall also enable those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company.

Composition

The Audit Committee comprises three members, the majority of whom are Independent Non-executive Directors of the Company and is chaired by an Independent Non-executive Director. They are experienced in reviewing and analysing financial information and possess appropriate accounting and related financial management expertise. Therefore, the Company complies with the requirement under Rule 3.21 of the Listing Rules. Members of the Audit Committee at the date of this CG Report are set out in the table on page 67.

Committee meetings

The Audit Committee normally meets three times a year. Additional meetings may be held as the work of the Audit Committee demands.

During 2013, the Audit Committee held five meetings and dealt with, inter-alia, the following matters:

- reviewed the selected accounting principles and practices;
- reviewed developments in the accounting standards and assessed their potential impacts;
- reviewed draft financial statements and results announcements;

- reviewed draft interim and annual reports;
- considered the proposed scope and approach of the external audit;
- reviewed and discussed audit findings and significant issues;
- reviewed the adequacy and effectiveness of the Group's system of internal controls;
- made recommendation to the Board regarding appointment and remuneration of the external auditor;
- reviewed the continuing connected transactions entered into by the Company under the Listing Rules requirement;
- established a system for reporting the findings of the Internal Audit; and
- hosted seminar on the topic of risk management.

During 2013, the Audit Committee has reviewed with Management and the Group's auditor, PricewaterhouseCoopers ("PwC"), the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim financial information and annual consolidated financial statements before such statements were presented to the Board for approval.

The Audit Committee met with PwC, in the absence of management, to discuss matters relating to its audit.

The reporting responsibilities of PricewaterhouseCoopers, the external auditor, are set out in the Independent Auditor's Report on page 85 of this Annual Report.

The attendance records of Directors at the Audit Committee meetings in 2013 are set out in the table on page 68.

Whistleblowing Policy

The whistleblowing policy and system has been established. Employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

The whistleblowing policy and system shall also enable those who deal with the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

FINANCIAL REPORTING AND AUDIT

The Board is responsible for presenting financial information of the Group in a clear, balanced and timely manner in the form of financial statements that give a true and fair view of the Group's state of affairs. The Board also carries out the responsibility to select the most appropriate accounting policies for the Group.

In this regard, the Board has adopted the Hong Kong Financial Reporting Standards as promulgated by the Hong Kong Institute of Certified Public Accountants.

INTERNAL CONTROLS

RESPONSIBILITY

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.

KEY CONTROL PROCESSES

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.

The key internal control procedures that the Board established to provide effective internal controls include:

- establishment of a clear organisation structure with well-defined lines of responsibilities from the Board to Board Committees, management, and the heads of operating subsidiaries/divisions;
- documentation of a comprehensive set of internal control procedures covering all business operations of the Group;

- establishment of a comprehensive monthly management reporting system to provide financial and operational performance data to management. Variances from targets are analysed, explained, and improvement actions are taken, if necessary, to rectify deficiencies;
- regular monitoring and assessment of effectiveness of the system of internal controls by considering the reviews performed by the Audit Committee, management, internal auditors and external auditors, as appropriate; and
- adoption of TVB Code of Ethics governing the conduct of staff members and setting the standards of integrity and professionalism.

MONITORING CONTROLS AND GROUP INTERNAL AUDIT

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

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

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

Major control deficiencies are brought to the attention of Senior Management and the Audit Committee on a regular basis and, if necessary, to the Board for remedial actions. Internal Audit has from time-to-time liaised and worked with relevant regulatory bodies with a view to enhancing its corporate governance and internal control systems, as well as protecting the Group's assets and shareholders' interests.

As disclosed in the Company's last annual report, the Company made an announcement on 11 March 2010 to clarify an incident concerning an investigation conducted by the Independent Commission Against Corruption ("ICAC") in respect of three former employees of the Company. ICAC subsequently released one of these former employees. The Company has clarified that the investigation conducted by ICAC had not affected and would not affect the normal operation of the Company, nor its services to its audience and customers and the Company would fully co-operate with ICAC in the investigation. In September 2011, all the defendants were acquitted after trial in the District Court. The Prosecution appealed against the 1st and 2nd defendants. In November 2012, the Court of Appeal ordered that trial of the case be resumed in the District Court. In March 2013, the District Court once again acquitted the 1st and 2nd defendants. The Prosecution has filed its appeal against such ruling.

2013 REVIEW OF INTERNAL CONTROL SYSTEMS

The Board, through the Audit Committee, has conducted a review of the adequacy and the effectiveness of the Group's internal control systems for the year ended 31 December 2013, covering financial, operational and compliance controls, together with risk management functions ("Control Review").

This Control Review was conducted by way of a risk and control self-assessment, whereby key business and operational risks identified in a comprehensive risk assessment survey were mapped to relevant control activities and procedures.

Evaluations were then performed to assess whether the design and functioning of these control activities are sufficient to mitigate the risks identified. Based on the outcome of the review, the Board is satisfied that the internal controls within the Group are functioning in a sound and effective manner to safeguard the Group's assets and shareholders' investment.

AUDITORS' REMUNERATION

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

Fees for audit services

	2013 HK$'000	2012 HK$'000
Company	**1,590**	1,700
Subsidiaries	**3,365**	3,162
Total	**4,955**	4,862
Fees payable to PricewaterhouseCoopers, the principal auditor	**4,031**	4,070

Fees for non-audit services

	2013 HK$'000	2012 HK$'000
Company	**1,195**	2,230
Subsidiaries	**1,980**	3,014
Total	**3,175**	5,244
Fees payable to PricewaterhouseCoopers, the principal auditor	**2,686**	4,739

Notes:

1 Non-audit services rendered to the Company by PricewaterhouseCoopers during 2013 included professional tax consulting and advisory services. Such services were provided by the Tax Department and Risk & Control Assurance Department of PricewaterhouseCoopers in Hong Kong, which were separated from the audit team of the Group's audit.

2 Non-audit services rendered to the Company's subsidiaries by PricewaterhouseCoopers during 2013 are professional tax consulting services. Such services were provided by the Tax Department of PricewaterhouseCoopers in Hong Kong and USA, which were separated from the audit team of the Group's audit.

The Audit Committee reviewed the non-audit services rendered by PricewaterhouseCoopers, the principal auditor, during 2013 and considered that such non-audit services rendered to the Group did not impair its independence and objectivity.

COMPANY SECRETARY

Mr. Adrian Mak Yau Kee has been appointed the Company Secretary since 2004. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, and has extensive experience in the areas of corporate finance and compliance, in particular, the Listing Rules and other relevant law and regulations, including the Securities and Futures Ordinance, the Companies Ordinance, and the Hong Kong Code on Takeovers and Mergers. Mr. Mak, confirmed, following specific enquiry by the Company, that he took sufficient hours of relevant professional training as required under Rule 3.29 of the Listing Rules during the year ended 31 December 2013.

CORPORATE COMMUNICATION

DISCLOSURE OF INFORMATION

The Company adopted a policy of disclosing relevant information to shareholders and the public in a timely manner:

- the Company makes announcements pursuant to the requirements of the Listing Rules on the Exchange's website and the Company's website;
- the Company maintains a library of corporate information, including announcements, circulars and financial reports at its website for reference purpose;
- the Company provides a forum at the annual general meetings for shareholders to meet and communicate with management; and
- reports and circulars are distributed to all registered shareholders.

The Board is vested with the responsibility to disseminate to shareholders and the public any inside information in the form of announcements and circulars, in accordance with the Listing Rules.

The Company launched a revamped corporate website namely, www.coporate.tvb.com in 2013 to provide a modern search engine for the news and information of the Company and its subsidiaries.

GENERAL MEETINGS

Proceedings of annual general meetings and other general meetings are reviewed periodically to ensure that the Company follows the CG Code.

Pursuant to the Listing Rules, the notice of annual general meetings is sent to all shareholders at least 20 clear business days before the meetings, and at least 10 clear business days for all other general meetings setting out details of each proposed resolution, poll procedures and other relevant information.

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

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

Separate resolutions are proposed for each substantially separate issue and are voted by poll at the general meetings.

The chairman of the Board shall attend the annual general meeting and shall invite the chairman of the Board Committees to attend and they should be available to answer questions at the meeting. Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Management of the Company shall ensure the external auditor attends the annual general meeting to answer the questions about the audit.

SHAREHOLDERS' RIGHTS

CONVENING GENERAL MEETING AND MAKING PROPOSALS AT SHAREHOLDERS MEETING

Following the commencement of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance") on 3 March 2014, the procedures for shareholders of the Company ("Shareholders") to convene a general meeting other than annual general meeting ("EGM") and to make proposals at shareholders' meetings are set out below.

1. Shareholders holding at least 5% of the total voting rights of all the members having a right to vote at general meetings can send a written request to convene an EGM to the Company Secretary.
2. The written request must state the objects of the meeting, and must be signed by the Shareholders concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.
3. The request will be verified with the Company's Share Registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board of Directors to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the request has been verified as not in order, the Shareholders concerned will be advised of this outcome and accordingly, no EGM will be convened as requested.
4. The notice period to be given to all the registered shareholders for consideration of the proposal raised by the Shareholders concerned at an EGM varies according to the nature of the proposal, as follows :
   - 14 days' notice in writing if the proposal constitutes an ordinary resolution or a special resolution of the Company.
   - 28 days' notice in writing if the proposal requires the serving of a special notice under the Companies Ordinance .

Proposals from Shareholders for convening an EGM and to make proposals at shareholders' meetings should be sent to the Company at its registered address or email to companysecretary@tvb.com.hk.

CORPORATE GOVERNANCE REPORT

ENQUIRY

SHAREHOLDERS' COMMUNICATION POLICY AND COMMUNICATION CHANNELS

Shareholders' Communication Policy

The Company established a shareholders' communication policy for maintaining an ongoing dialogue with its shareholders.

The Board shall review the policy on a regular basis to ensure its effectiveness. The policy provides communication channels to shareholders. The full text of the policy is set out below and is available on the Company's website.

Television Broadcasts Limited
Shareholders' Communication Policy

PURPOSE

1. The Shareholders' Communication Policy ("Policy") aims to set out the provisions with the objective of ensuring that the Company's Shareholders, and the investment community are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments and governance profile), in order to allow Shareholders and the investment community to engage actively with the Company.
2. For the purpose of this policy, references to the investment community is intended to include the Company's potential investors as well as analysts reporting and analysing the Company's performance.

GENERAL POLICY

3. The Board shall maintain an on-going dialogue with Shareholders and the investment community, and will regularly review this Policy to ensure its effectiveness.
4. Information shall be communicated to Shareholders and the investment community mainly through the Company's announcements and financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to The Stock Exchange of Hong Kong Limited ("Stock Exchange") and its corporate communications and other corporate publications on the Company's website.
5. Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times. Any question regarding this Policy shall be directed to the Company Secretary.

COMMUNICATION STRATEGIES

Shareholders' enquiries

6. Shareholders should direct their questions about their shareholdings to the Company's Registrar.
7. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.
8. Shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

CORPORATE COMMUNICATION*

9. Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding.
10. Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

* Corporation Communication refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including, but not limited to, the directors' report and annual accounts together with a copy of the auditor's report, the interim report, a notice of meeting, a circular and a proxy form.

CORPORATE WEBSITE

11. Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.
12. Important press releases issued by the Company or its subsidiaries will also be made available on the Company's website.

SHAREHOLDERS' MEETINGS

13. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.
14. Appropriate arrangements for the annual general meetings shall be in place to encourage Shareholders' participation.
15. The process of the Company's general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.
16. Board members, in particular, either the chairmen of the Board and its Board Committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.

INVESTMENT MARKET COMMUNICATIONS

17. Investor/analysts briefings and one-on-one meetings shall be arranged in order to facilitate communication between the Company, Shareholders and the investment community.
18. The Company's Directors and employees who have contacts or dialogues with investors, analysts, media or other interested outside parties are required to comply with the relevant Company's policy.

SHAREHOLDER PRIVACY

19. The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

SHAREHOLDERS' COMMUNICATION CHANNELS

The Policy provides the following communication channels to shareholders:

Television Broadcasts Limited

Shareholders' enquiries should be sent via email companysecretary@tvb.com.hk to the Company Secretary.

Share Registrars and Transfer Office

Computershare Hong Kong Investor Services Limited

Address:	17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Telephone:	(852) 2862 8555
Fax:	(852) 2865 0990/2529 6087
email:	hkinfo@computershare.com.hk

INVESTOR RELATIONS

The Company devotes substantial resources in ensuring that its dissemination of details of major activities, price sensitive information and transactions is in full compliance with the Listing Rules. The Company has designated key officers to communicate with institutional shareholders and analysts ensuring consistency of information. Through one-on-one meetings and presentations, the Company keeps the investment community informed of its latest developments.

During the year, 77 meetings and conference calls, 25 post-results briefing and meetings, and 35 meetings during overseas roadshow were attended by the Company.

On behalf of the Board

Norman Leung Nai Pang
Executive Chairman

Hong Kong, 26 March 2014

FINANCIAL INFORMATION

FIVE-YEAR FINANCIAL REVIEW

	2013 HK$'mil	2012 HK$'mil (Restated)	2011 HK$'mil (Restated)	2010 HK$'mil (Restated)	2009 HK$'mil (Restated)
Turnover	**5,686**	5,448	5,209	4,675	3,983
Profit before income tax	**2,120**	2,141	2,099	1,813	1,224
Income tax expense	**358**	403	538	480	321
Profit attributable to equity holders of the Company	**1,738**	1,732	1,557	1,331	903
Earnings per share	**HK$3.97**	HK$3.95	HK$3.56	HK$3.04	HK$2.06
Property, plant and equipment	**3,105**	2,814	2,352	2,489	2,549
Investment properties	**13**	13	12	–	–
Land use rights	**70**	71	56	–	–
Goodwill	**172**	176	171	176	163
Interests in associates	**600**	649	529	581	676
Interests in joint ventures	**13**	16	16	13	8
Other non-current assets	**28**	29	52	115	22
Current assets	**6,300**	5,965	5,656	4,666	3,629
Current liabilities	**(1,642)**	(1,496)	(1,359)	(1,134)	(827)
	8,659	8,237	7,485	6,906	6,220
Share capital	**22**	22	22	22	22
Reserves	**8,293**	7,723	6,996	6,405	5,752
Shareholders' funds	**8,315**	7,745	7,018	6,427	5,774
Non-controlling interests	**112**	86	30	27	25
Non-current liabilities	**232**	406	437	452	421
	8,659	8,237	7,485	6,906	6,220

The figures for the years 2009 to 2012 have been restated to reflect the prior year adjustments arising from the remeasurement of defined benefit retirement scheme in accordance with HKAS 19 (revised) "Employee Benefits". The figures for the years 2009 have also been restated to reflect the prior year adjustments arising from reclassification of leasehold land that qualifies for finance leases from leasehold land to property, plant and equipment in accordance with HKAS 17 (amendment) "Leases".

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF TELEVISION BROADCASTS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Television Broadcasts Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 86 to 159, which comprise the consolidated and Company statements of financial position as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2014

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000 (Restated)	As at 1 January 2012 HK$'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	6	**3,105,052**	2,813,832	2,352,012
Investment properties	7	**13,595**	12,848	11,821
Land use rights	8	**69,834**	71,470	55,614
Goodwill	9	**171,730**	175,545	170,525
Interests in joint ventures	11	**13,281**	15,533	16,604
Interests in associates	12	**599,715**	648,947	529,112
Available-for-sale financial assets	13	**3**	3	3
Deferred income tax assets	23	**28,369**	29,969	35,344
Prepayment		**–**	–	16,695
Total non-current assets		**4,001,579**	3,768,147	3,187,730
Current assets				
Programmes and film rights		**461,945**	368,004	336,911
Stocks	14	**11,957**	13,940	13,122
Trade and other receivables, prepayments and deposits	15	**2,481,751**	1,970,481	1,605,239
Tax recoverable		**10,772**	800	461
Held-to-maturity financial assets	16	**381,582**	–	–
Restricted cash	17	**51,151**	7,230	7,316
Bank deposits maturing after three months	18	**291,045**	435,099	397,060
Cash and cash equivalents	18	**2,609,393**	3,169,247	3,295,584
Total current assets		**6,299,596**	5,964,801	5,655,693
Total assets		**10,301,175**	9,732,948	8,843,423
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	19	**21,900**	21,900	21,900
Other reserves	20	**843,254**	861,605	807,568
Retained earnings				
– Proposed final dividend	31	**876,000**	876,000	766,500
– Others		**6,573,565**	5,985,722	5,422,102
		8,314,719	7,745,227	7,018,070
Non-controlling interests		**112,108**	86,084	30,044
Total equity		**8,426,827**	7,831,311	7,048,114

	Note	As at 31 December 2013 HK$'000	2012 HK$'000 (Restated)	As at 1 January 2012 HK$'000 (Restated)
LIABILITIES				
Non-current liabilities				
Borrowings	22	**–**	180,088	197,153
Deferred income tax liabilities	23	**190,681**	152,966	179,779
Retirement benefit obligations	24	**41,429**	72,729	59,861
Total non-current liabilities		**232,110**	405,783	436,793
Current liabilities				
Trade and other payables and accruals	21	**938,815**	995,876	896,693
Current income tax liabilities		**451,066**	474,739	437,589
Borrowings	22	**252,357**	25,239	24,234
Total current liabilities		**1,642,238**	1,495,854	1,358,516
Total liabilities		**1,874,348**	1,901,637	1,795,309
Total equity and liabilities		**10,301,175**	9,732,948	8,843,423
Net current assets		**4,657,358**	4,468,947	4,297,177
Total assets less current liabilities		**8,658,937**	8,237,094	7,484,907

The consolidated financial statements on pages 86 to 159 were approved by the Board of Directors on 26 March 2014 and were signed on its behalf.

Norman Leung Nai Pang
Director

Mark Lee Po On
Director

The notes on pages 94 to 159 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,678,200**	1,409,958
Investment properties	7	**2,754**	2,869
Land use rights	8	**18,235**	18,650
Interests in subsidiaries	10	**945,068**	986,665
Interests in joint ventures	11	**13,281**	26,231
Interests in associates	12	**599,715**	642,176
Total non-current assets		**3,257,253**	3,086,549
Current assets			
Programmes and film rights		**419,530**	337,767
Stocks	14	**4,261**	4,456
Trade and other receivables, prepayments and deposits	15	**1,664,405**	1,151,023
Held-to-maturity financial assets	16	**381,582**	–
Restricted cash	17	**19,421**	–
Bank deposits maturing after three months	18	**284,731**	237,848
Cash and cash equivalents	18	**1,882,023**	2,327,844
Total current assets		**4,655,953**	4,058,938
Total assets		**7,913,206**	7,145,487
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	19	**21,900**	21,900
Other reserves	20	**712,144**	712,144
Retained earnings			
– Proposed final dividend	31	**876,000**	876,000
– Others		**5,453,072**	4,896,657
Total equity		**7,063,116**	6,506,701
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	23	**103,108**	70,753
Total non-current liabilities		**103,108**	70,753

	Note	2013 HK$'000	2012 HK$'000
Current liabilities			
Trade and other payables and accruals	21	**513,188**	542,107
Current income tax liabilities		**5,714**	25,926
Borrowings	22	**228,080**	–
Total current liabilities		**746,982**	568,033
Total liabilities		**850,090**	638,786
Total equity and liabilities		**7,913,206**	7,145,487
Net current assets		**3,908,971**	3,490,905
Total assets less current liabilities		**7,166,224**	6,577,454

The consolidated financial statements on pages 86 to 159 were approved by the Board of Directors on 26 March 2014 and were signed on its behalf.

Norman Leung Nai Pang
Director

Mark Lee Po On
Director

The notes on pages 94 to 159 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	**2013 HK$'000**	2012 HK$'000 (Restated)
Turnover	5	**5,686,050**	5,447,884
Cost of sales		**(2,221,333)**	(2,023,479)
Gross profit		**3,464,717**	3,424,405
Other revenues	5	**67,525**	73,250
Selling, distribution and transmission costs		**(626,109)**	(554,581)
General and administrative expenses		**(735,247)**	(700,096)
Other gains, net		**6,907**	3,499
Impairment loss on loan to and trade receivables from an associate		**–**	(100,000)
Finance costs	27	**(2,268)**	(4,067)
Share of losses of joint ventures		**(2,252)**	(1,071)
Share of (losses)/profits of associates		**(52,658)**	112
Profit before income tax	25	**2,120,615**	2,141,451
Income tax expense	28	**(358,426)**	(403,425)
Profit for the year		**1,762,189**	1,738,026
Profit attributable to:			
Equity holders of the Company	29	**1,737,987**	1,732,256
Non-controlling interests		**24,202**	5,770
		1,762,189	1,738,026
Earnings per share (basic and diluted) for profit attributable to equity holders of the Company during the year	30	**HK$3.97**	HK$3.95
Dividends	31	**1,138,800**	1,138,800

The notes on pages 94 to 159 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000 (Restated)
Profit for the year		**1,762,189**	1,738,026
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations recognised directly in other comprehensive income	24(b)	**23,748**	(12,925)
Tax effect of remeasurement of defined benefit obligations recognised directly in other comprehensive income	23	**(4,037)**	2,197
		19,711	(10,728)
Item that may be reclassified to profit or loss:			
Currency translation differences		**(47,584)**	35,966
Other comprehensive (loss)/income for the year, net of tax		**(27,873)**	25,238
Total comprehensive income for the year		**1,734,316**	1,763,264
Total comprehensive income attributable to:			
Equity holders of the Company		**1,708,292**	1,757,487
Non-controlling interests		**26,024**	5,777
Total comprehensive income for the year		**1,734,316**	1,763,264

The notes on pages 94 to 159 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Note	Attributable to equity holders of the Company					
		Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2012, as previously reported		21,900	807,568	6,233,980	7,063,448	30,044	7,093,492
Effect of change in accounting policy	39	–	–	(45,378)	(45,378)	–	(45,378)
Balance at 1 January 2012, as restated		21,900	807,568	6,188,602	7,018,070	30,044	7,048,114
Comprehensive income:							
Profit for the year, as restated		–	–	1,732,256	1,732,256	5,770	1,738,026
Other comprehensive income:							
Remeasurement of defined benefit obligations		–	–	(10,728)	(10,728)	–	(10,728)
Currency translation differences		–	35,959	–	35,959	7	35,966
Total comprehensive income, net of tax		–	35,959	1,721,528	1,757,487	5,777	1,763,264
Transactions with owners:							
Transferred to legal reserve	20(a)	–	19,108	(19,108)	–	–	–
2011 final dividend paid		–	–	(766,500)	(766,500)	(762)	(767,262)
2012 interim dividend paid		–	–	(262,800)	(262,800)	–	(262,800)
Capital injection by non-controlling interests		–	–	–	–	55,080	55,080
Change in ownership interests in a subsidiary without change of control		–	(1,030)	–	(1,030)	(4,055)	(5,085)
Total transactions with owners		–	18,078	(1,048,408)	(1,030,330)	50,263	(980,067)
Balance at 31 December 2012, as restated		21,900	861,605	6,861,722	7,745,227	86,084	7,831,311
Balance at 1 January 2013, as restated		21,900	861,605	6,861,722	7,745,227	86,084	7,831,311
Comprehensive income:							
Profit for the year		–	–	1,737,987	1,737,987	24,202	1,762,189
Other comprehensive income:							
Remeasurement of defined benefit obligations		–	–	19,711	19,711	–	19,711
Currency translation differences		–	(49,406)	–	(49,406)	1,822	(47,584)
Total comprehensive income, net of tax		–	(49,406)	1,757,698	1,708,292	26,024	1,734,316
Transactions with owners:							
Transferred to legal reserve	20(a)	–	31,055	(31,055)	–	–	–
2012 final dividend paid		–	–	(876,000)	(876,000)	–	(876,000)
2013 interim dividend paid		–	–	(262,800)	(262,800)	–	(262,800)
Total transactions with owners		–	31,055	(1,169,855)	(1,138,800)	–	(1,138,800)
Balance at 31 December 2013		**21,900**	**843,254**	**7,449,565**	**8,314,719**	**112,108**	**8,426,827**

The notes on pages 94 to 159 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Cash generated from operations	32	**1,742,072**	2,120,953
Interest paid		**(1,705)**	(4,081)
Hong Kong tax paid		**(233,213)**	(307,076)
Overseas tax paid		**(124,240)**	(78,236)
Net cash generated from operating activities		**1,382,914**	1,731,560
Cash flows from investing activities			
Purchases of property, plant and equipment, investment properties and land use rights		**(615,701)**	(687,954)
Increased investment in an associate		**–**	(194,215)
Decrease/(increase) in bank deposits maturing after three months		**144,054**	(38,039)
Purchases of held-to-maturity financial assets		**(381,582)**	–
Capital injection by non-controlling interests		**–**	55,080
Proceeds from sale of property, plant and equipment		**3,146**	891
Interest received		**42,571**	57,533
Net cash used in investing activities		**(807,512)**	(806,704)
Cash flows from financing activities			
Proceeds from short-term bank loans		**228,080**	315,220
Repayments of short-term bank loans		**–**	(315,220)
Repayments of long-term bank loan		**(176,198)**	(24,843)
Acquisition of additional shares from non-controlling interests		**–**	(5,085)
(Increase)/decrease in restricted cash		**(43,921)**	86
Dividends paid to equity holders of the Company		**(1,138,800)**	(1,029,300)
Dividends paid to non-controlling interests		**–**	(762)
Net cash used in financing activities		**(1,130,839)**	(1,059,904)
Net decrease in cash and cash equivalents		**(555,437)**	(135,048)
Cash and cash equivalents at 1 January		**3,169,247**	3,295,584
Effect of foreign exchange rate changes		**(4,417)**	8,711
Cash and cash equivalents at 31 December		**2,609,393**	3,169,247

The notes on pages 94 to 159 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Television Broadcasts Limited (the "Company") and its subsidiaries are collectively referred to as the Group in the consolidated financial statements. The principal activities of the Company are terrestrial television broadcasting, together with programme production and other television-related activities. The principal activities of the principal subsidiaries are detailed in Note 38.

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

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2014.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, except that the financial assets are stated at their fair values as explained in Note 2.10.

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

(a) New or revised standards adopted by the Group

Except as described below, the adoption of these relevant new and revised standards, amendments and interpretations has not had a material impact on the Group's accounting policies and/or the financial statements presented.

HKAS 1 (amendment) Financial statement presentation

The main change resulting from the amendment to HKAS 1 is a requirement for entities to group items presented in "other comprehensive income" on the basis of whether or not they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

HKAS 19 (revised) Employee benefits

HKAS 19 (revised) introduces a number of amendments to the accounting for defined benefit schemes. Among them, HKAS 19 (revised) eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. HKAS 19 (revised) also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not.

As a result of the adoption of HKAS 19 (revised), the Group has changed its accounting policy with respect to defined benefit schemes, for which the corridor method was previously applied. This change in the accounting policy has been applied retrospectively by restating prior periods. See note 39 for the impact on the consolidated financial statements.

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

2.1 Basis of preparation (continued)

(a) New or revised standards adopted by the Group (continued)

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and separate financial statements" relating to the preparation of consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special purpose entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. However, the adoption has not changed any of the control conclusions previously reached by the Group in respect of its involvement with other entities.

HKFRS 11 Joint arrangements

HKFRS 11, which replaces HKAS 31 "Interests in joint ventures" divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice for joint ventures.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The adoption of HKFRS 11 has not had any material impact on the financial position and the financial result of the Group.

HKFRS 12 Disclosures of interests in other entities

HKFRS 12 includes the disclosure requirements for all forms of interests in other entities including subsidiaries, joint arrangements, associates, structured entities and other off balance sheet vehicles.

HKFRS 13 Fair value measurement

HKFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRS. The requirements, which are largely aligned between HKFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRS.

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

2.1 Basis of preparation (continued)

(b) Relevant standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following relevant standards and amendments have been published and are mandatory for the first time for the Group's accounting period beginning on or after 1 January 2014 or later periods, but the Group has not early adopted them:

Amendment to HKAS 32	Financial instruments: Presentation on asset and liability offsetting
Amendments to HKFRS 10, 12 and HKAS 27	Consolidation for investment entities
Amendment to HKAS 36	Impairment of assets on recoverable amount disclosures
Amendment to HKAS 39	Financial instruments: Recognition and Measurement – Novation of derivatives
HK(IFRIC) 21	Levies
Amendment to HKAS19	Employee benefits: Defined benefit plans
HKFRS 9	Financial instruments
Annual improvements to HKFRS 2010 – 2012 Cycle	
Annual improvements to HKFRS 2011 – 2013 Cycle	

The Group is in the process of making an assessment of the impact of these relevant standards and amendments to the Group's results and financial position in the period of initial application. On a preliminary basis, it has concluded that the adoption of these standards and amendments is unlikely to have a significant impact on the Group's results of operations and financial position.

2.2 Consolidation

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

(a) Subsidiaries

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

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the aggregate fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.8). If the consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

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

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

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

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions with non-controlling interests

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

(c) Associates

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

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

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

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

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

In the Company's statement of financial position, the interests in associates are stated at cost less provision for impairment losses (Note 2.9). The results of the associates are accounted for by the Company on the basis of dividends received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.2 Consolidation (continued)

(d) Disposal of subsidiaries and associates

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

(e) Joint arrangements

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

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

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

In the Company's statement of financial position, the interests in joint ventures are stated at cost less provision for impairment losses (Note 2.9). The results of the joint ventures are accounted for by the Company on the basis of dividends received and receivable.

2.3 Segment reporting

The Group reports its operating segments based on the internal reports reviewed by the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2.4 Foreign currency translation (continued)

(c) Group companies

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

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 January 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate. Goodwill and fair value adjustments arising on acquisitions prior to 1 January 2005 are expressed in the acquiring company's functional currency and reported using the exchange rate at the date of these acquisitions.

2.5 Property, plant and equipment

Leasehold land classified as finance leases and all other property, plant and equipment, comprising freehold land and buildings, leasehold improvements, studio, broadcasting and transmitting equipment, furniture and fixtures and motor vehicles, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Freehold land is not depreciated. Amortisation of leasehold land classified as finance leases commences from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance leases and depreciation on other property, plant and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance leases	Shorter of remaining lease term or useful life
Buildings	2.5% – 5%
Leasehold improvements	Over the unexpired term of the lease
Studio, broadcasting and transmitting equipment	10% – 20%
Furniture, fixtures and equipment	5% – 25%
Motor vehicles	25%

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

2.5 Property, plant and equipment (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

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

2.6 Investment properties

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

2.7 Land use rights

The upfront prepayments made for land use rights are expensed in the consolidated income statement on a straight-line basis over the period of the rights.

2.8 Goodwill

Goodwill represents the excess of the cost of an acquisition of a subsidiary or an associate over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised in the consolidated statement of financial position (Note 2.2(a)). Goodwill on acquisitions of associates is included in interests in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The determination of gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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

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

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

2.10 Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) **Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "funds advanced to joint ventures", "loan to an associate", "bank deposits" and "cash and cash equivalents" in the statement of financial position (Notes 2.14 and 2.15).

(b) **Held-to-maturity financial assets**
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(c) **Available-for-sale financial assets**
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated income statement as gains or losses from investment securities.

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less accumulated impairment.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired or have legally transferred and the Group has transferred substantially all the risks and rewards of the financial asset.

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

2.11 Impairment of financial assets

(a) Loans and receivables

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

A provision for impairment of the Group's trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

(c) Assets classified as held-to-maturity

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment loss is recognised in the consolidated income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the recognition of the impairment loss, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed the amortised cost.

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

2.12 Programmes and film rights

Programmes and film rights are stated at cost less amounts expensed and any provision considered necessary by management. Their costs are amortised over the shorter of their economic lives and the underlying licence period systematically by reference to consumptions of their economic benefits.

(a) **Programme cost**

Programme cost comprises direct expenditure and an appropriate proportion of production overheads. The cost of programmes is apportioned between the domestic terrestrial market and the overseas licensing and distribution market. In the case of the former, the cost is expensed on first transmission, and in the latter, the cost is expensed on first distribution to licensees. The cost of programmes for satellite channels is expensed in accordance with a formula computed to amortise the cost over a maximum of three transmissions.

(b) **Film rights**

Film rights are expensed in accordance with a formula computed to amortise the cost over the contracted number of transmissions.

2.13 Stocks

Stocks, comprising decoders, tapes, video compact discs, digital video discs and consumable supplies, are stated at the lower of cost and net realisable value. The cost of video compact discs and digital video discs is calculated on a weighted average basis whereas the cost of other stocks is calculated on a first in first out basis. Net realisable value is determined on the basis of anticipated sale proceeds less estimated selling expenses.

2.14 Trade and other receivables

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

2.15 Cash and cash equivalents

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

2.16 Share capital

Ordinary shares are classified as equity.

2.17 Trade and other payables

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

2.18 Borrowings

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

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

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

2.19 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

2.20 Employee benefits

(a) Employee leave entitlements

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

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

(b) Pension obligations

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

All permanent staff, temporary staff and full time artistes signed in individual names (excluding singers and serial artistes), whose employment period reaches 60 days or more (collectively referred to as "eligible members") and who are located in Hong Kong are entitled to participate in the Mandatory Provident Fund Scheme ("MPF Scheme"). The contributions to the MPF Scheme made by the Group for permanent staff joined prior to 1 June 2003 comprise mandatory contributions and voluntary contributions. The mandatory contribution is calculated at 5% of the individual's "relevant income" with a maximum amount of HK$1,250 per month and the voluntary contribution is calculated at 10% of individual's basic salary less the mandatory contribution. The Group's contribution for permanent staff who joined after 1 June 2003, full time artistes and temporary staff is 5% of individual's "relevant income" with a maximum amount of HK$1,250 per month. "Relevant income" includes salaries, wages, paid leave, fees, commissions, bonuses, gratuities, and allowances (excluding housing allowance/benefits, any redeemed payment and long service payment). The employer's voluntary contributions shall be refunded to the Group according to the vesting scale when eligible members leave employment prior to vesting fully in the MPF Scheme.

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

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

2.20 Employee benefits (continued)

(b) Pension obligations (continued)

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

Employees located in Taiwan were members of a defined benefit retirement scheme prior to 1 July 2005. Following the promulgation of a new pension ordinance on 1 July 2005, the employees located in Taiwan were entitled to elect to remain as the sole members of the defined benefit retirement scheme or to become members of both the defined benefit retirement scheme and a defined contribution retirement scheme. By electing for the latter, the service lives of employees under the defined benefit retirement scheme were frozen at 30 June 2005. All employees joining on or after 1 July 2005 have to join the defined contribution retirement scheme.

The liability recognised in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately as expenses in the consolidated income statement.

(c) Bonus plans

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

2.21 Provisions

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

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

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

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

2.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.23 Revenue recognition

Advertising income net of agency deductions is recognised (i) when the advertisements are telecast on television, delivered through internet and mobile platforms or published in a magazine; or (ii) ratably over the displayed period of the contract when the advertisements are placed on the Group's website and mobile platforms.

Income from licensing of programme rights is recognised evenly over the contract period or upon delivery of the programmes concerned in accordance with the terms of the contracts. Income from licensing of content to mobile devices and website portals is recognised when the services are rendered and when the right to receive payment is established. Distribution income from video sell through is recognised upon delivery of the video.

Subscription income from operation of pay television networks is recognised on a straight-line basis over the contract period which generally coincides with when the services are rendered. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under trade and other payables and accruals in the statement of financial position.

Income from sales of decoders and sales of magazines is recognised on delivery of products. Income from other services, which includes programmes/commercial production income, management fee income, facility rental income and other service fee income, is recognised when the services are rendered.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

2.24 Leases

(a) Operating leases (as lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(b) Operating leases (as lessor)

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(c) Finance leases (as lessee)

Leases of land where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased land and the present value of the minimum lease payment.

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

2.25 Related parties

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

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

2.26 Dividend distribution

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

The following table summarises the change in the Group's profit after taxation in response to reasonably possible changes in foreign exchange rates on currencies to which the Group have exposure at the end of the reporting period and that all other variables remain constant. Such exposure relates to the portion of trade receivables, bank deposits, cash and bank balances, held-to-maturity financial assets and trade payables.

	2013		2012	
Foreign currency against Hong Kong dollars	**Changes in foreign exchange rates %**	**Increase/ (decrease) in profit after taxation HK$'000**	Changes in foreign exchange rates %	Increase/ (decrease) in profit after taxation HK$'000
Renminbi	**3%**	**31,243**	1%	1,766
	(3%)	**(31,243)**	(1%)	(1,766)
Australian Dollars	**14%**	**6,158**	5%	3,131
	(14%)	**(6,158)**	(5%)	(3,131)
Malaysian Ringgit	**7%**	**3,367**	6%	3,304
	(7%)	**(3,367)**	(6%)	(3,304)

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

The Group's interest rate risk also arises from floating interest rate bank borrowings.

Sensitivity analysis has been conducted on the loan to an associate, bank deposits and bank borrowings. If interest rates had been 100 basis-points higher/lower with all other variables held constant, the Group's profit after taxation excluding share of results of associates for the year would have been increased/decreased by HK$6,141,000 (2012: HK$6,112,000) and HK$26,689,000 (2012: HK$32,840,000) in respect of the loan to an associate and bank deposits respectively and the Group's profit after taxation would have been decreased/increased by HK$2,106,000 (2012: HK$1,704,000) in respect of bank borrowings. The Group's held-to-maturity financial assets are subject to fair value interest rate risk.

(b) Credit risk

The Group's credit risk is primarily attributable to its loan to an associate (Note 4(c)), credit sales, bank balances, bank deposits and held-to-maturity financial assets. The Group has implemented policies to assess the credit worthiness of customers, and to conduct credit reviews and monitoring procedures that include a formal collection process. The credit risk on credit sales is not material as major customers are reputable advertising agencies with no recent history of default. In addition, the Group reviews the recoverable amount of each individual trade debtor and associate at the end of each reporting period to ensure that impairment has adequately been provided for doubtful debts. The credit risk on bank balances and held-to-maturity financial assets is limited as the banks and the issuers of the held-to-maturity financial assets are of acceptable credit ratings. The credit risk on trade receivables is not considered significant given majority credit sales belong to the reputable advertising agencies.

(c) Liquidity risk

The Group employs cash flow forecasting to manage liquidity risk by forecasting the amount of cash required (including working capital, loan repayments, dividend payments and potential new investments) and by maintaining sufficient cash and adequate undrawn banking facilities to ensure our funding requirements are met.

The Group's financial liabilities include trade payables, other payables, accruals and bank borrowings. The trade payables and other payables are generally on credit terms of one to three months after the invoice date. For accruals, there are generally no specified contractual maturities and amounts owing are paid upon the counterparty's formal notification, of which should be within 12 months from the end of the reporting period. The short-term bank loans are fully secured by certificates of deposit of same maturity dates, and accordingly the liquidity risk of the bank borrowings is minimal. The repayment schedule of bank borrowings is set out in Note 22.

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (excluding future interest payments).

	2013		2012	
	Borrowings HK$'000	**Trade and other payables and accruals HK$'000**	Borrowings HK$'000	Trade and other payables and accruals HK$'000
Group				
Within 1 year	**252,357**	**783,021**	25,239	799,774
Between 1 and 2 years	**–**	**–**	25,239	–
Between 2 and 5 years	**–**	**–**	75,718	–
Over 5 years	**–**	**–**	79,131	–
	252,357	**783,021**	205,327	799,774
Company				
Within 1 year	**228,080**	**463,319**	–	492,945

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position). Total capital is calculated as total equity, as shown in the consolidated statement of financial position.

The gearing ratios at 31 December 2013 and 2012 were as follows:

	Group	
	2013 HK$'000	2012 HK$'000 (Restated)
Total borrowings	**252,357**	205,327
Total equity	**8,426,827**	7,831,311
Gearing ratio	**3.0%**	2.6%

3 FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are analysed below by valuation method. The different levels have been defined as follows:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2013, the fair value measurement of the Group's available-for-sale financial assets is included in level 3 (Note 13) and its held-to-maturity financial assets is classified in level 2 (Note 16).

There is no transfer between categories during the year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually re-evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Estimated impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill (Note 9) in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

(b) Trade receivables

The aged debt profile of trade receivables is reviewed on a regular basis to ensure that the trade receivables are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade receivables is called into doubt, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivables and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the consolidated income statement. Changes in the collectibility of trade receivables for which provisions are not made could affect the results of operations.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Loan to and trade receivables from associates

The Group reviews its loan to and trade receivables from associates to assess impairment at least half yearly. The impairment losses of loan to and trade receivables from associates are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The Group's assumptions on the recoverability of the loan (including loan interest) to and trade receivables from TVB Network Vision Limited ("TVBNV") in the amount of HK$735,419,000 and HK$448,517,000 respectively, are based on (i) the Group's commitment to support, in cash or in kind, the businesses of TVBNV for the long term, and (ii) the ability of TVBNV to maintain its growth in subscribers and to roll out the new optical fibre infrastructure. The Group believes that the impairment provision of HK$510,000,000 (2012: HK$510,000,000) against its loan and trade receivables (Note 12 and 15) is adequate. If the financial conditions of TVBNV were to deteriorate, impacting their ability to make payments, additional impairment provision may be required.

Sensitivity analysis has been conducted in relation to the recoverability of the loan to an associate. If the assumed year-on-year growth in subscriber numbers is reduced or increased by 20% with all other variables held constant, no further impairment loss on the loan to an associate in the Group's accounts for the year would be required.

(d) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

(e) Income taxes

As detailed in Note 28, the Inland Revenue Department of Hong Kong ("IRD") had initiated a tax audit and issued protective profits tax assessment notices on the profits generated by the Group's programme licensing and distribution business carried out overseas. The Group has been in discussion with the IRD with a view to resolving the dispute for the entire period from 1998/99 up to 2012/13. A total provision of HK$358,000,000 for the years of assessment from 1998/99 to 2012/13 has been made against those exposures including other related costs. Due to the uncertainty inherent in the tax audit, the outcome of the tax audit may be different from the amounts provided; such differences would impact the income tax provisions in the year in which such determination is made.

(f) Deferred income tax assets

Deferred income tax assets are recognised for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the temporary differences, the carry forward of unused tax credits and unused tax losses could be utilised. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Where the actual or expected tax positions in future are different from the original estimate, such difference will impact the recognition of deferred income tax assets and income tax charge in the period in which such estimate has been changed.

5 TURNOVER, OTHER REVENUES AND SEGMENT INFORMATION

The Group is principally engaged in terrestrial television broadcasting with programme production, programme licensing and distribution, overseas pay TV operations, Taiwan operations, channel operations, Hong Kong digital media business and other related activities.

Turnover comprises advertising income net of agency deductions, licensing income, subscription income, as well as other income from sales of decoders, sales of magazines, programmes/commercial production income, management fee income, facility rental income and other service fee income.

Other revenues comprise mainly interest income.

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

	2013 HK$'000	2012 HK$'000
Turnover		
Advertising income, net of agency deductions	**3,910,765**	3,729,020
Licensing income	**953,015**	849,939
Subscription income	**446,421**	507,164
Others	**442,796**	430,201
	5,752,997	5,516,324
Less: Withholding tax	**(66,947)**	(68,440)
	5,686,050	5,447,884
Other revenues		
Interest income	**49,488**	59,163
Others	**18,037**	14,087
	67,525	73,250
	5,753,575	5,521,134

5 TURNOVER, OTHER REVENUES AND SEGMENT INFORMATION (continued)

The Group General Manager is the Group's chief operating decision maker. The Group reports its operating segments based on the internal reports reviewed by the Group General Manager for the purposes of allocating resources to the segments and assessing their performance. The Group has six reportable segments as follows:

(a)	Hong Kong TV broadcasting	–	broadcasting of television programmes on terrestrial TV platform, broadcasting of commercials on terrestrial and pay TV platforms and production of programmes
(b)	Programme licensing and distribution	–	distribution of television programmes and channels to telecast, video and new media operators
(c)	Overseas pay TV operations	–	provision of 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 and other countries
(f)	Hong Kong digital media business and other activities	–	provision of contents to mobile devices, website portal, magazine publications 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 consolidated financial statements.

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

5 TURNOVER, OTHER REVENUES AND SEGMENT INFORMATION (continued)

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

	Hong Kong TV broadcasting HK$'000	Programme licensing and distribution HK$'000	Overseas pay TV operations HK$'000	Taiwan operations HK$'000	Channel operations HK$'000	Hong Kong digital media business and other activities HK$'000	Elimination HK$'000	Total HK$'000
For the year ended 31 December 2013								
Turnover								
External customers	**3,290,615**	**931,576**	**307,211**	**829,431**	**114,118**	**213,099**	**–**	**5,686,050**
Inter-segment	**31,564**	**140,520**	**364**	**4,576**	**18,214**	**8,496**	**(203,734)**	**–**
Total	**3,322,179**	**1,072,096**	**307,575**	**834,007**	**132,332**	**221,595**	**(203,734)**	**5,686,050**
Reportable segment profit	**1,181,985**	**638,742**	**13,709**	**245,787**	**43,564**	**51,738**	**–**	**2,175,525**
Interest income	**41,198**	**5,008**	**118**	**926**	**–**	**2,238**	**–**	**49,488**
Finance costs	**(712)**	**–**	**–**	**(1,556)**	**–**	**–**	**–**	**(2,268)**
Depreciation and amortisation	**(209,118)**	**(3,337)**	**(6,021)**	**(48,516)**	**(173)**	**(15,506)**	**–**	**(282,671)**
Additions to non-current assets*	**479,939**	**3,523**	**10,271**	**100,662**	**799**	**20,507**	**–**	**615,701**

* 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 pay TV operations HK$'000	Taiwan operations HK$'000	Channel operations HK$'000	Hong Kong digital media business and other activities HK$'000	Elimination HK$'000	Total HK$'000
For the year ended 31 December 2012								
Turnover								
External customers	3,142,639	804,856	388,312	830,052	100,248	181,777	–	5,447,884
Inter-segment	23,917	135,336	370	3,846	16,234	8,121	(187,824)	–
Total	3,166,556	940,192	388,682	833,898	116,482	189,898	(187,824)	5,447,884
Reportable segment profit excluding impairment loss (restated)	1,205,018	611,814	82,757	276,285	30,471	36,065	–	2,242,410
Impairment loss on loan to and trade receivables from an associate	(100,000)	–	–	–	–	–	–	(100,000)
Reportable segment profit including impairment loss (restated)	1,105,018	611,814	82,757	276,285	30,471	36,065	–	2,142,410
Interest income	48,856	6,350	182	1,804	–	1,971	–	59,163
Finance costs	–	–	–	(4,067)	–	–	–	(4,067)
Depreciation and amortisation	(198,369)	(2,606)	(5,203)	(42,487)	(124)	(18,374)	–	(267,163)
Additions to non-current assets#	215,112	5,235	8,460	447,907	377	10,863	–	687,954

Non-current assets comprise goodwill, property, plant and equipment, investment properties and land use rights (including prepayment related to capital expenditure if any). An amount of HK$16,695,000 transferred from prepayment has been excluded since it was already reported within additions to non-current assets in the year 2011.

5 TURNOVER, OTHER REVENUES AND SEGMENT INFORMATION (continued)

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

	2013 HK$'000	2012 HK$'000 (restated)
Reportable segment profit including impairment loss	**2,175,525**	2,142,410
Share of losses of joint ventures	**(2,252)**	(1,071)
Share of (losses)/profits of associates	**(52,658)**	112
Profit before income tax	**2,120,615**	2,141,451

No single customer accounted for 10% or more of the total revenue for the years ended 31 December 2013 and 2012.

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

	2013 HK$'000	2012 HK$'000
Hong Kong	**3,502,966**	3,323,798
Taiwan	**832,133**	833,101
USA and Canada	**198,244**	241,869
Australia	**104,993**	128,039
Europe	**44,602**	63,132
Mainland China	**401,975**	280,704
Malaysia and Singapore	**560,100**	532,746
Other countries	**41,037**	44,495
	5,686,050	5,447,884

6 PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Construction in progress HK$'000	Land and buildings HK$'000	Leasehold improvements HK$'000	Studio, broadcasting and transmitting equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 January 2012	–	2,052,576	28,370	2,217,768	757,802	46,558	5,103,074
Exchange differences	–	42,561	74	17,437	1,906	561	62,539
Additions	13,315	433,090	4,855	190,985	34,079	6,710	683,034
Disposals	–	–	–	(90,356)	(7,949)	(5,023)	(103,328)
Transferred from investment properties (Note 7)	–	1,449	–	–	–	–	1,449
At 31 December 2012	13,315	2,529,676	33,299	2,335,834	785,838	48,806	5,746,768
At 1 January 2013	13,315	2,529,676	33,299	2,335,834	785,838	48,806	5,746,768
Exchange differences	–	(40,079)	(559)	(15,712)	(2,334)	(576)	(59,260)
Additions	28,093	2,804	2,193	506,362	65,749	9,263	614,464
Disposals	–	–	(102)	(122,140)	(22,336)	(6,143)	(150,721)
At 31 December 2013	**41,408**	**2,492,401**	**34,831**	**2,704,344**	**826,917**	**51,350**	**6,151,251**
Accumulated depreciation and impairment							
At 1 January 2012	–	434,178	22,506	1,803,231	446,861	44,286	2,751,062
Exchange differences	–	2,856	37	14,694	1,431	458	19,476
Charge for the year	–	60,135	5,953	139,226	57,050	1,423	263,787
Written back on disposals	–	–	–	(88,649)	(7,834)	(5,023)	(101,506)
Transferred from investment properties (Note 7)	–	117	–	–	–	–	117
At 31 December 2012	–	497,286	28,496	1,868,502	497,508	41,144	2,932,936
At 1 January 2013	–	497,286	28,496	1,868,502	497,508	41,144	2,932,936
Exchange differences	–	(2,584)	(394)	(12,430)	(1,918)	(454)	(17,780)
Charge for the year	–	60,680	2,235	161,670	50,756	3,273	278,614
Written back on disposals	–	–	(102)	(119,159)	(22,167)	(6,143)	(147,571)
At 31 December 2013	**–**	**555,382**	**30,235**	**1,898,583**	**524,179**	**37,820**	**3,046,199**
Net book value							
At 31 December 2013	**41,408**	**1,937,019**	**4,596**	**805,761**	**302,738**	**13,530**	**3,105,052**
At 31 December 2012	13,315	2,032,390	4,803	467,332	288,330	7,662	2,813,832

6 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Group (continued)

Notes:

(i) Property, plant and equipment includes freehold land outside Hong Kong at cost of HK$790,333,000 (2012: HK$814,861,000).

(ii) No depreciation is provided for studio, broadcasting and transmitting equipment with cost of HK$61,877,000 (2012: HK$41,271,000) as they were not ready in use at the year end.

(iii) At 31 December 2013, land and buildings with net book value of HK$776,031,000 (2012: HK$815,188,000) were pledged to secure loans and banking facilities granted to a subsidiary of the Group.

(iv) At 31 December 2013, the net book values of leasehold land held under finance leases were analysed as follows:

	2013 HK$'000	2012 HK$'000
In Hong Kong held on:		
Leases of between 10 to 50 years	**183,429**	189,011
Leases of over 50 years	**5,508**	5,673
	188,937	194,684

(v) Construction in progress as at 31 December 2013 mainly comprised a building being constructed in Hong Kong.

6 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Company

	Construction in progress HK$'000	Land and buildings HK$'000	Leasehold improvements HK$'000	Studio, broadcasting and transmitting equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 January 2012	–	1,156,760	6,094	1,657,817	635,505	33,171	3,489,347
Additions	13,315	1,201	705	174,194	17,513	3,361	210,289
Disposals	–	–	–	(72,430)	(4,612)	(4,055)	(81,097)
At 31 December 2012	13,315	1,157,961	6,799	1,759,581	648,406	32,477	3,618,539
At 1 January 2013	13,315	1,157,961	6,799	1,759,581	648,406	32,477	3,618,539
Additions	28,093	–	57	402,757	39,769	9,263	479,939
Transferred to subsidiaries	–	–	–	(4,977)	(12)	–	(4,989)
Disposals	–	–	–	(113,755)	(9,016)	(3,647)	(126,418)
At 31 December 2013	**41,408**	**1,157,961**	**6,856**	**2,043,606**	**679,147**	**38,093**	**3,967,071**
Accumulated depreciation							
At 1 January 2012	–	364,987	5,247	1,327,162	359,767	32,427	2,089,590
Charge for the year	–	42,373	1,070	112,476	41,788	663	198,370
Written back on disposals	–	–	–	(70,768)	(4,556)	(4,055)	(79,379)
At 31 December 2012	–	407,360	6,317	1,368,870	396,999	29,035	2,208,581
At 1 January 2013	–	407,360	6,317	1,368,870	396,999	29,035	2,208,581
Charge for the year	–	42,408	255	128,959	34,750	2,215	208,587
Transferred to subsidiaries	–	–	–	(4,832)	(12)	–	(4,844)
Written back on disposals	–	–	–	(110,889)	(8,918)	(3,646)	(123,453)
At 31 December 2013	**–**	**449,768**	**6,572**	**1,382,108**	**422,819**	**27,604**	**2,288,871**
Net book value							
At 31 December 2013	**41,408**	**708,193**	**284**	**661,498**	**256,328**	**10,489**	**1,678,200**
At 31 December 2012	13,315	750,601	482	390,711	251,407	3,442	1,409,958

Notes:

(i) No depreciation is provided for studio, broadcasting and transmitting equipment with cost of HK$61,877,000 (2012: HK$41,271,000) as they were not ready in use at the year end.

(ii) At 31 December 2013, the net book values of leasehold land held under finance leases were analysed as follows:

	2013 HK$'000	2012 HK$'000
In Hong Kong held on:		
Leases of between 10 to 50 years	**183,429**	189,011

(iii) Construction in progress as at 31 December 2013 mainly comprised a building being constructed in Hong Kong.

7 INVESTMENT PROPERTIES

	Group HK$'000	Company HK$'000
Cost		
At 1 January 2012	12,216	–
Additions	2,965	2,869
Transferred to property, plant and equipment (Note 6(a))	(1,449)	–
Exchange differences	(6)	–
At 31 December 2012	13,726	2,869
At 1 January 2013	13,726	2,869
Additions	1,237	–
Exchange differences	357	–
At 31 December 2013	**15,320**	**2,869**
Accumulated depreciation		
At 1 January 2012	395	–
Charge for the year	598	–
Transferred to property, plant and equipment (Note 6(a))	(117)	–
Exchange differences	2	–
At 31 December 2012	878	–
At 1 January 2013	878	–
Charge for the year	810	115
Exchange differences	37	–
At 31 December 2013	**1,725**	**115**
Net book value		
At 31 December 2013 (note (a))	**13,595**	**2,754**
At 31 December 2012	12,848	2,869
Fair values		
At 31 December 2013 (note (b))	**13,343**	**2,264**
At 31 December 2012	13,197	2,232

Notes:

(a) Net book value for the Company's investment property comprises of the purchase price and the directly attributable expenditure for the acquisition. Variance between the net book value and the fair value estimate was partially arising from the incremental costs capitalised in the cost of the investment property and no impairment indicator was identified.

(b) The Group's investment properties were valued at 31 December 2013 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent relevant experience of the investment properties valued. The valuation was determined using the direct comparison approach with reference to the comparable properties in close proximity. The valuations take into account the characteristic of the properties which included the location, size, floor level and other factors collectively. The most significant input into this valuation approach is price per square foot. As at 31 December 2013, the fair value measurement of the investment properties is included in level 3.

8 LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Leases of between 10 to 50 years held outside Hong Kong	**69,834**	71,470	**18,235**	18,650

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 January	**71,470**	55,614	**18,650**	–
Additions	**–**	18,650	**–**	18,650
Amortisation (Note 25)	**(3,247)**	(2,778)	**(415)**	–
Exchange differences	**1,611**	(16)	**–**	–
At 31 December	**69,834**	71,470	**18,235**	18,650

9 GOODWILL

	Group HK$'000
At 1 January 2012	
Cost	176,419
Accumulated impairment	(5,894)
Net book amount	170,525
Year ended 31 December 2012	
Opening net book amount	170,525
Exchange differences	5,020
Closing net book amount	175,545
At 31 December 2012	
Cost	181,439
Accumulated impairment	(5,894)
Net book amount	175,545
Year ended 31 December 2013	
Opening net book amount	175,545
Exchange differences	(3,815)
Closing net book amount	**171,730**
At 31 December 2013	
Cost	177,624
Accumulated impairment	(5,894)
Net book amount	**171,730**

9 GOODWILL (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment.

An operating segment-level summary of the goodwill allocation is presented below:

	2013			2012		
	Overseas pay TV operations HK$'000	**Taiwan operations HK$'000**	**Total HK$'000**	Overseas pay TV operations HK$'000	Taiwan operations HK$'000	Total HK$'000
Europe	**49,448**	**–**	**49,448**	49,448	–	49,448
Taiwan	**–**	**122,282**	**122,282**	–	126,097	126,097
	49,448	**122,282**	**171,730**	49,448	126,097	175,545

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The assumed growth rate does not exceed the long-term average growth rate in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	2013		2012	
	Overseas pay TV operations	**Taiwan operations**	Overseas pay TV operations	Taiwan operations
	Europe	**Taiwan**	Europe	Taiwan
Gross margin	**35%**	**44%**	44%	44%
Growth rate	**4%**	**4%**	4%	4%
Discount rate	**7%**	**7%**	6%	5%

These assumptions have been used for the analysis of each CGU within the operating segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

10 INTERESTS IN SUBSIDIARIES

	Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**78,454**	78,454
Amounts due from subsidiaries (note)	**866,614**	908,211
	945,068	986,665

Note:

The amounts due from subsidiaries are unsecured and interest free, and have no fixed terms of repayment.

Details of the principal subsidiaries at 31 December 2013 are listed in Note 38.

11 INTERESTS IN JOINT VENTURES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Investment cost (note (a))	**–**	–	**–**	–
Funds advanced (note (b))	**26,231**	26,231	**26,231**	26,231
Less: Accumulated share of losses	**(12,950)**	(10,698)	**–**	–
Less: Provision for impairment loss	**–**	–	**(12,950)**	–
	13,281	15,533	**13,281**	26,231

Notes:

(a) Investment cost amounting to HK$1 (2012: HK$1) represents consideration paid for 1 ordinary share of HK$1 each in Concept Legend Limited.

(b) The Group has advanced in aggregate HK$26,231,000 (2012: HK$26,231,000) to the joint ventures for movie production. The amount advanced to the joint ventures is unsecured and interest free, and has no fixed term of repayment.

(c) For the year ended 31 December 2013, the Group's share of losses and total comprehensive losses on the joint ventures was HK$2,252,000 (2012: HK$1,071,000).

(d) As at 31 December 2013, an impairment loss of HK$12,950,000 (2012: Nil) was recognised at Company level to reflect the recoverable amount of its interests in the joint ventures.

(e) As at 31 December 2013, the carrying amount of the advances approximated their fair values.

11 INTERESTS IN JOINT VENTURES (continued)

Details of the joint ventures are listed below:

Name	Place of incorporation and operation	Principal activities	Particulars of issued shares held	Percentage of ownership interest
Concept Legend Limited	Hong Kong	Production of films and television programmes	Ordinary shares of HK$1 each	50%
# Wealth Founder Limited	Hong Kong	Production of motion pictures	Ordinary shares of HK$1 each	33.5%

a joint venture held indirectly by the Group

12 INTERESTS IN ASSOCIATES

	Group 2013 HK$'000	2012 HK$'000
Investment costs	**736,813**	736,813
Less: Accumulated share of losses	**(736,813)**	(730,042)
	–	6,771
Loan to an associate (note (a))	**719,212**	719,212
Interest receivables from an associate	**16,207**	12,781
	735,419	738,764
Less: Share of losses in excess of investment costs	**(45,887)**	–
Less: Provision for impairment loss	**(89,817)**	(89,817)
	599,715	648,947
Unlisted shares, at cost	**736,813**	736,813

	Company 2013 HK$'000	2012 HK$'000
Loan to an associate (note (a))	**719,212**	719,212
Interest receivables from an associate	**16,207**	12,781
	735,419	731,993
Less: Provision for impairment loss	**(135,704)**	(89,817)
	599,715	642,176

12 INTERESTS IN ASSOCIATES (continued)

Notes:

(a) The loan to an associate carries interest at the rate of 1-month HIBOR plus 0.25%. The loan was scheduled to be repaid by 7 installments from 2016 to 2022.

(b) In addition to the loan described in (a), the Group has trade receivables from associates of HK$449,960,000 (2012: HK$422,166,000) as disclosed in Note 15. The Group periodically reviews the aggregate exposures to associates (note (a) and Note 15) to assess whether there is any potential impairment.

(c) The carrying amount of the loan to an associate approximates its fair value, as the impact of discounting is not significant. The fair value is based on cash flows discounted using a rate based on 1-month HIBOR plus 0.25% and is included in level 2 fair value hierarchy.

(d) As at 31 December 2013, an additional impairment loss of HK$45,887,000 was recognised at Company level to reflect the recoverable amount of its interests in associates.

Details of the material associates are as follows:

Name	Place of incorporation and operation	Principal activities	Particulars of issued shares held	Percentage of ownership interest
TVB Pay Vision Holdings Limited	Hong Kong	Investment holding	Ordinary shares of HK$1 each	*15%
			Non-voting preferred shares of HK$1 each	*100%
# TVB Network Vision Limited	Hong Kong	Domestic pay television programme service	Ordinary shares of HK$1 each	*90%

\# An associate held indirectly by the Group

* The Group's equity interest was 90% and its voting interest remained at 15% as at 31 December 2013. The Group has the right of first refusal to acquire additional interests in the associate before the remaining shareholders may enter into a transaction of shares transfer with other parties.

All associates are private companies and there are no quoted market prices available for their shares. They are all accounted for using the equity method.

There are no contingent liabilities relating to the Group's interest in the associates. The Group has confirmed its intention to continue providing the financial support to TVB Pay Vision Holdings Limited group to meet its obligations and liabilities as and when they fall due.

The associates are strategic for the Group's investment in Hong Kong pay TV market.

12 INTERESTS IN ASSOCIATES (continued)

Summarised statement of financial position of TVB Pay Vision Holdings Limited group and reconciliation to the carrying amount of the Group's share of net liabilities of TVB Pay Vision Holdings Limited group:

	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000
Assets		
Cash and cash equivalents	**122,372**	108,693
Other current assets (excluding cash and cash equivalents)	**51,452**	98,048
Total current assets	**173,824**	206,741
Total non-current assets	**65,856**	52,952
	239,680	259,693
Liabilities		
Current financial liabilities (excluding trade payables)	**10,415**	–
Other current liabilities (including trade payables)	**499,919**	464,963
Total current liabilities	**510,334**	464,963
Total non-current financial liabilities	**735,419**	742,294
	1,245,753	1,207,257
Net liabilities	**(1,006,073)**	(947,564)
Interest in associates (90%)	**(905,466)**	(852,808)
Goodwill	**859,579**	859,579
Carrying value	**(45,887)**	6,771

12 INTERESTS IN ASSOCIATES (continued)

Summarised consolidated statement of comprehensive income:

	For the year ended 31 December 2013 HK$'000	For the year ended 31 December 2012 HK$'000
Revenue	**222,622**	250,719
Depreciation	**(13,812)**	(15,697)
(Loss)/profit from operations	**(58,509)**	482
Post-tax (loss)/profit for the year	**(58,509)**	482
Other comprehensive income	**–**	–
Total comprehensive (loss)/income	**(58,509)**	482
Dividends received from associate	**–**	–

The Group does not recognise further losses and total comprehensive losses for its other immaterial associate for the years ended 31 December 2013 and 2012 because the Group's share of losses in this immaterial associate has accumulated up to its interest in the associate. The Group has shared cumulative losses of HK$1,225,000 of this immaterial associate.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2013 HK$'000	2012 HK$'000
Beginning and end of the year	**3**	3
Available-for-sale financial assets include the following:		
Unlisted equity securities – Canada	**3**	3

14 STOCKS

At 31 December 2013 and 2012, all stocks were stated at the lower of cost and net realisable value.

15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables from:				
Joint ventures (Note 36(c))	**–**	24	**–**	24
Associates (Note 36(c))	**449,960**	422,166	**447,755**	420,183
Related parties (Note 36(c))	**66,124**	74,340	**–**	–
Third parties (note)	**1,518,895**	1,420,031	**1,026,715**	1,019,715
	2,034,979	1,916,561	**1,474,470**	1,439,922
Less: Provision for impairment loss on receivables from:				
Associates (Note 4(c))	**(421,626)**	(421,674)	**(420,183)**	(420,183)
Third parties	**(99,441)**	(91,046)	**(50,100)**	(50,100)
Amounts due from subsidiaries	**–**	–	**213,634**	–
Other receivables, prepayments and deposits	**598,369**	248,049	**446,584**	181,384
Tax reserve certificates (Note 28)	**369,470**	318,591	**–**	–
	2,481,751	1,970,481	**1,664,405**	1,151,023

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.

The amounts due from subsidiaries are unsecured and interest free, and are repayable on demand.

At 31 December 2013, trade receivables including trading balances due from joint ventures, associates and related parties were aged as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current	**634,561**	582,488	**298,727**	285,345
1-2 months	**357,810**	357,857	**293,401**	304,808
2-3 months	**264,226**	249,741	**214,340**	207,244
3-4 months	**168,395**	154,916	**128,428**	128,930
4-5 months	**73,401**	58,754	**59,211**	51,234
Over 5 months	**536,586**	512,805	**480,363**	462,361
	2,034,979	1,916,561	**1,474,470**	1,439,922
Trade receivables due from:				
Third parties	**1,518,895**	1,420,031	**1,026,715**	1,019,715
Joint ventures, associates and related parties	**516,084**	496,530	**447,755**	420,207
	2,034,979	1,916,561	**1,474,470**	1,439,922

15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

The percentages of amounts of trade receivables (before impairment loss) are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	%	%	**%**	%
Hong Kong dollars	**77**	79	**100**	100
US dollars	**8**	7	**–**	–
New Taiwan dollars	**8**	9	**–**	–
Malaysian Ringgit	**3**	4	**–**	–
Renminbi	**3**	–	**–**	–
Other currencies	**1**	1	**–**	–
	100	100	**100**	100

As at 31 December 2013, trade receivables not determined to be impaired were aged as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Up to 5 months	**1,477,917**	1,352,234	**986,663**	931,814
Over 5 months to 1 year	**30,247**	40,593	**17,500**	32,174
Over 1 year	**5,748**	11,014	**24**	5,651
	1,513,912	1,403,841	**1,004,187**	969,639
Less: Amounts not yet due	**(885,632)**	(823,699)	**(517,267)**	(527,308)
Amounts past due	**628,280**	580,142	**486,920**	442,331

Receivables that were past due but not impaired relate to customers that have a good trade record with the Group and the Company. Management believes that no impairment allowance is necessary for these balances.

As at 31 December 2013, trade receivables which were impaired were aged as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Up to 5 months	**20,476**	51,522	**7,444**	45,747
Over 5 months to 1 year	**45,262**	25,359	**41,518**	23,829
Over 1 year	**455,329**	435,839	**421,321**	400,707
	521,067	512,720	**470,283**	470,283

15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (continued)

Movements on the provision for impairment of trade receivables are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 January	**512,720**	485,945	**470,283**	448,723
Provision for impairment loss				
– Associates	**–**	21,460	**–**	21,460
– Third parties	**18,264**	9,509	**–**	100
Reversal of provision for impairment				
– Associates	**(48)**	(3)	**–**	–
– Third parties	**(5,785)**	(3,041)	**–**	–
Receivables written off as uncollectible	**(3,870)**	(1,308)	**–**	–
Exchange differences	**(214)**	158	**–**	–
At 31 December	**521,067**	512,720	**470,283**	470,283

The carrying amounts of trade and other receivables, prepayments and deposits approximate their fair values.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

16 HELD-TO-MATURITY FINANCIAL ASSETS

	Group and Company	
	2013	2012
	HK$'000	HK$'000
Unlisted securities:		
Certificate of deposit with fixed interest of 3.10% pa and maturity date of 6 October 2014	**127,194**	–
Certificate of deposit with fixed interest of 3.00% pa and maturity date of 17 October 2014	**127,194**	–
Certificate of deposit with fixed interest of 2.90% pa and maturity date of 20 October 2014	**127,194**	–
	381,582	–

The held-to-maturity financial assets were acquired during the year and are denominated in Renminbi.

At 31 December 2013, certificates of deposit of HK$381,582,000 (2012: Nil) were pledged to secure bank loans granted to the Company. The carrying amounts of the certificates of deposit approximate their fair values which are based on quoted market bid prices and are included in level 2 fair value hierarchy. The maximum exposure to credit risk is the carrying amount of the held-to-maturity financial assets.

17 RESTRICTED CASH

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Pledged bank deposits and cash kept at banks	**51,151**	7,230	**19,421**	–

Restricted cash was used to secure banking and credit facilities granted to certain subsidiaries of the Group, and to secure bank loans granted to the Company.

The carrying amount of restricted cash approximates its fair value.

18 BANK DEPOSITS MATURING AFTER THREE MONTHS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank deposits maturing after three months	**291,045**	435,099	**284,731**	237,848
Cash at bank and on hand	**221,712**	257,753	**23,980**	14,460
Short-term bank deposits	**2,387,681**	2,911,494	**1,858,043**	2,313,384
Cash and cash equivalents	**2,609,393**	3,169,247	**1,882,023**	2,327,844
	2,900,438	3,604,346	**2,166,754**	2,565,692

Note:

The maximum exposure to credit risk on bank balances is represented by the carrying amount in the statement of financial position. The carrying amounts of the bank deposits maturing after three months and cash and cash equivalents approximate their fair values.

Bank deposits maturing after three months and cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollars	**953,624**	1,028,674	**730,565**	835,180
US dollars	**896,686**	1,862,098	**681,350**	1,529,159
Renminbi	**862,481**	371,256	**754,221**	200,582
New Taiwan dollars	**114,514**	236,703	**5**	53
Other currencies	**73,133**	105,615	**613**	718
	2,900,438	3,604,346	**2,166,754**	2,565,692

19 SHARE CAPITAL

	Number of ordinary shares of HK$0.05 each	Nominal Value HK$'000
Authorised:		
At 1 January 2012 and 2013 and 31 December 2013	**1,300,000,000**	**65,000**
Issued and fully paid:		
At 1 January 2012 and 2013 and 31 December 2013	**438,000,000**	**21,900**

20 OTHER RESERVES

(a) Group

	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 2012	602,026	70,000	839	117,791	40,118	(23,206)	807,568
Currency translation differences (restated):							
– Group	–	–	–	–	–	35,959	35,959
Transferred from retained earnings	–	–	–	19,108	–	–	19,108
Change in ownership interests in a subsidiary without change of control	–	–	(1,030)	–	–	–	(1,030)
Balance at 31 December 2012 (restated)	602,026	70,000	(191)	136,899	40,118	12,753	861,605
Balance at 1 January 2013 (restated)	602,026	70,000	(191)	136,899	40,118	12,753	861,605
Currency translation differences:							
– Group	–	–	–	–	–	(49,406)	(49,406)
Transferred from retained earnings	–	–	–	31,055	–	–	31,055
Balance at 31 December 2013	**602,026**	**70,000**	**(191)**	**167,954**	**40,118**	**(36,653)**	**843,254**

Capital reserve – in accordance with the local regulations of a subsidiary in Taiwan, the subsidiary is required to transfer the gain on deemed disposal of its associate to the capital reserve which can only be used to cover operating losses; the effects of all transactions with non-controlling interests are dealt with in accordance with the accounting policies set out in Note 2.2(b).

Legal reserve – in accordance with the local laws of subsidiaries in Taiwan, these subsidiaries are required to set aside 10% of annual net income less any accumulated deficit as legal reserve to the extent that the legal reserve amounts to total contributed share capital. The application of the legal reserve is restricted to covering operating losses and conversion into share capital.

Translation reserve – the translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 OTHER RESERVES (continued)

(b) Company

	Share premium HK$'000	General reserve HK$'000	Capital redemption reserve HK$'000	Total HK$'000
Balance at 1 January 2012 and 2013 and 31 December 2013	**602,026**	**70,000**	**40,118**	**712,144**

The capital redemption reserve and share premium account of the Company were set up in accordance with the requirements of the Hong Kong Companies Ordinance.

21 TRADE AND OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Trade payables to:				
Associates (Note 36(c))	**135**	543	**–**	–
Related parties (Note 36(c))	**9,443**	9,378	**–**	–
Third parties	**131,095**	114,181	**74,435**	62,918
	140,673	124,102	**74,435**	62,918
Amounts due to subsidiaries	**–**	–	**4,146**	5,698
Receipts in advance, deferred income and customers' deposits	**155,794**	196,102	**49,869**	49,162
Provision for employee benefits and other expenses	**328,075**	394,116	**191,441**	247,968
Accruals and other payables	**314,273**	281,556	**193,297**	176,361
	938,815	995,876	**513,188**	542,107

At 31 December 2013, trade payables including trading balances due to associates and related parties were aged as follows:

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Current	**93,983**	84,405	**54,293**	49,080
1-2 months	**34,176**	25,511	**13,629**	7,882
2-3 months	**9,652**	9,814	**5,819**	4,336
3-4 months	**767**	3,167	**487**	988
4-5 months	**1,222**	702	**205**	558
Over 5 months	**873**	503	**2**	74
	140,673	124,102	**74,435**	62,918

21 TRADE AND OTHER PAYABLES AND ACCRUALS (continued)

The percentages of amounts of trade payables are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	%	%	**%**	%
Hong Kong dollars	**41**	49	**64**	68
US dollars	**19**	16	**36**	32
New Taiwan dollars	**24**	26	**–**	–
Renminbi	**8**	–	**–**	–
Malaysian Ringgit	**7**	8	**–**	–
Other currencies	**1**	1	**–**	–
	100	100	**100**	100

The carrying amounts of trade and other payables and accruals approximate their fair values.

22 BORROWINGS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
Long-term bank loan, secured	**–**	180,088	**–**	–
Current				
Short-term bank loans, secured	**228,080**	–	**228,080**	–
Current portion of long-term bank loan, secured	**24,277**	25,239	**–**	–
	252,357	25,239	**228,080**	–
Total bank borrowings	**252,357**	205,327	**228,080**	–

At 31 December 2013, bank borrowings were repayable as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**252,357**	25,239	**228,080**	–
Between 1 and 2 years	**–**	25,239	**–**	–
Between 2 and 5 years	**–**	75,718	**–**	–
Over 5 years	**–**	79,131	**–**	–
	252,357	205,327	**228,080**	–

22 BORROWINGS (continued)

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Wholly repayable within 5 years	**252,357**	–	**228,080**	–
Wholly repayable after 5 years	**–**	205,327	**–**	–
	252,357	205,327	**228,080**	–

The long-term bank loan is secured by land and buildings with a net book value of HK$672,480,000 (2012: HK$707,535,000). Short-term bank loans are secured by certificates of deposit of HK$381,582,000 (2012: Nil) and a bank deposit of HK$19,421,000 (2012: Nil).

The effective interest rate of the floating rated long-term bank loan at the end of the reporting period was 1.85% (2012: 1.85%). The effective interest rate of the short-term bank loans of fixed rate at the end of the reporting period was 1.49% (2012: Nil).

The carrying amount of the Group's long-term bank loan approximates its fair value, as the impact of discounting is not significant. The fair value is based on cash flow discounted using a rate based on the borrowing rate of 1.83% (2012: 1.83%). The carrying amounts of short-term bank loans approximate their fair value. The borrowings are included in level 2 fair value hierarchy.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
New Taiwan dollars	**24,277**	205,327	**–**	–
US dollars	**228,080**	–	**228,080**	–
	252,357	205,327	**228,080**	–

23 DEFERRED INCOME TAX

Deferred income tax assets and deferred income tax liabilities on the statement of financial position are analysed as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000
Net deferred income tax assets recognised on the statement of financial position	**(28,369)**	(29,969)	**–**	–
Net deferred income tax liabilities recognised on the statement of financial position	**190,681**	152,966	**103,108**	70,753
	162,312	122,997	**103,108**	70,753

The movements in the deferred income tax liabilities/(assets) account are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000
At 1 January	**122,997**	144,435	**70,753**	68,298
Exchange differences	**660**	(543)	**–**	–
Recognised in the income statement (Note 28)	**34,618**	(18,698)	**32,355**	2,455
Recognised in other comprehensive income	**4,037**	(2,197)	**–**	–
At 31 December	**162,312**	122,997	**103,108**	70,753

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. At 31 December 2013, the Group has unrecognised tax losses of HK$182,464,000 (2012: HK$167,759,000) to carry forward against future taxable income. These tax losses will expire as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
After the fifth year	**785**	5,073	**–**	–
No expiry date	**181,679**	162,686	**–**	–
At 31 December	**182,464**	167,759	**–**	–

23 DEFERRED INCOME TAX (continued)

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

(a) Group

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000	Others HK$'000	Total HK$'000
At 1 January 2012	78,744	110,346	189,090
Recognised in the income statement	3,151	(29,607)	(26,456)
Exchange differences	(36)	10	(26)
At 31 December 2012	81,859	80,749	162,608
Recognised in the income statement	32,138	3,133	35,271
Exchange differences	88	(23)	65
At 31 December 2013	**114,085**	**83,859**	**197,944**

Deferred income tax assets

	Retirement benefit obligations HK$'000 (Restated)	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2012	9,294	9,423	25,938	44,655
Recognised in the income statement	(429)	(9,529)	2,200	(7,758)
Recognised in other comprehensive income	2,197	–	–	2,197
Exchange differences	414	106	(3)	517
At 31 December 2012	11,476	–	28,135	39,611
Recognised in the income statement	(233)	–	886	653
Recognised in other comprehensive income	(4,037)	–	–	(4,037)
Exchange differences	(315)	–	(280)	(595)
At 31 December 2013	**6,891**	**–**	**28,741**	**35,632**

23 DEFERRED INCOME TAX (continued)

(b) Company

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000	Others HK$'000	Total HK$'000
At 1 January 2012	77,534	1,223	78,757
Recognised in the income statement	2,974	(56)	2,918
At 31 December 2012	80,508	1,167	81,675
Recognised in the income statement	30,860	(352)	30,508
At 31 December 2013	**111,368**	**815**	**112,183**

Deferred income tax assets

	Others HK$'000	Total HK$'000
At 1 January 2012	10,459	10,459
Recognised in the income statement	463	463
At 31 December 2012	10,922	10,922
Recognised in the income statement	(1,847)	(1,847)
At 31 December 2013	**9,075**	**9,075**

24 RETIREMENT BENEFIT OBLIGATIONS

	Group	
	2013 HK$'000	2012 HK$'000 (Restated)
Obligations on:		
Pensions – defined contribution plans (note (a))	**9,928**	8,555
Pensions – defined benefit plans (note (b))	**41,429**	72,729
	51,357	81,284

24 RETIREMENT BENEFIT OBLIGATIONS (continued)

Notes:

(a) Pensions – defined contribution plans

Forfeited contributions totalling HK$11,000 (2012: HK$77,000) were utilised during the year.

Contributions totalling HK$9,928,000 (2012: HK$8,555,000) were payable to the fund at the year end and are included in other payables and accruals.

(b) Pensions – defined benefit plans

The Group operates a defined benefit retirement scheme providing benefits to eligible employees located in Taiwan under local regulations.

The pension plan is a final salary defined benefit plan. The assets of the funded plan are held independently of those of the Group, being invested through a central trust fund. The plan is valued by a qualified actuary annually using the projected unit credit method. The latest valuation was carried out as of 31 December 2013 by ClientView Management Consulting Co., Ltd..

The amounts recognised in the consolidated statement of financial position are determined as follows:

	Group	
	2013	2012
	HK$'000	HK$'000 (Restated)
Present value of funded obligations	**104,865**	135,754
Fair value of plan assets	**(63,436)**	(63,025)
Net liability in the consolidated statement of financial position	**41,429**	72,729

Expected contributions to defined benefit plans for the year ending 31 December 2014 are HK$4,091,000 (2013: HK$4,355,000).

Plan assets comprise:

	Group			
	2013		2012	
	HK$'000	**%**	HK$'000	%
Bank deposits	**14,502**	**23**	14,742	23
Equity	**15,110**	**24**	5,729	9
Debt	**20,033**	**31**	13,563	22
Others	**13,791**	**22**	28,991	46
	63,436	**100**	63,025	100

24 RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) Pensions – defined benefit plans (continued)

Under the local regulations, the Bank of Taiwan is commissioned to manage the plan assets of defined benefit pension plan of the Company's subsidiaries in Taiwan together with other participants in accordance with the annual investment plan and within the scope of utilisation for the plan assets (including deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products and etc.). Its minimum earnings in the annual distributions shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Further information related to constitution of fair value of plan assets as of 31 December 2013 and 2012 is published publicly by the local authority.

The movements in the present value of the defined benefit obligations recognised in the consolidated statement of financial position are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000 (Restated)
At 1 January	**135,754**	116,037
Current service cost	**479**	565
Interest cost	**2,110**	2,148
	2,589	2,713
Remeasurement:		
– (Gain)/loss from experience adjustments	**(1,520)**	1,371
– Loss from change in demographic assumptions	**4,355**	5,811
– (Gain)/loss from change in financial assumptions	**(26,822)**	5,257
	(23,987)	12,439
	114,356	131,189
Benefits paid	**(2,652)**	(480)
Defined benefit obligation reduction due to curtailment/settlement	**(2,940)**	–
Exchange differences	**(3,899)**	5,045
At 31 December	**104,865**	135,754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) Pensions – defined benefit plans (continued)

The movements in the fair value of plan assets of the year are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
		(Restated)
At 1 January	**63,025**	56,176
Interest income	**1,021**	1,064
Loss on plan assets	**(239)**	(486)
Employer contributions	**4,206**	4,351
Benefits paid	**(2,652)**	(480)
Exchange differences	**(1,925)**	2,400
At 31 December	**63,436**	63,025

The movements in net defined benefit liability of the year are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
		(Restated)
At 1 January	**72,729**	59,861
Income statement charge:		
– Current service cost	**479**	565
– Past service cost	**(2,940)**	–
– Interest cost	**1,089**	1,084
Total, included in employee benefit expense (Note 26(b))	**(1,372)**	1,649
Remeasurement:		
– (Gain)/loss from experience adjustments	**(1,520)**	1,371
– Loss from change in demographic assumptions	**4,355**	5,811
– (Gain)/loss from change in financial assumptions	**(26,822)**	5,257
– Losses on plan assets arising from experience adjustment	**239**	486
	(23,748)	12,925
	47,609	74,435
Less: contribution paid	**(4,206)**	(4,351)
Exchange differences	**(1,974)**	2,645
At 31 December	**41,429**	72,729

24 RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) Pensions – defined benefit plans (continued)

The principal actuarial assumptions used were as follows:

	Group 2013 %	2012 %
Discount rate	**2.00**	1.50
Expected rate of future salary increases	**2.00**	3.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact of defined benefit obligation		
	Changes in assumption	Increase in assumption HK$'000	Decrease in assumption HK$'000
Discount rate	**0.25%**	**(3,793)**	**3,975**
Salary growth rate	**0.25%**	**3,965**	**(3,802)**

The weighted average duration of the defined benefit obligation is 15 years.

Expected maturity analysis of undiscounted defined benefit obligation:

	As at 31 December 2013 HK$'000
Within one year	**758**
Between 1 and 2 years	**1,229**
Between 2 and 5 years	**6,454**
Over 5 years	**136,340**
	144,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 PROFIT BEFORE INCOME TAX

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

	2013 HK$'000	2012 HK$'000 (Restated)
Net exchange gain	(6,907)	(3,499)
Gross rental income from investment properties	(2,884)	(2,068)
Direct operating expenses arising from investment properties	513	482
Loss on disposals of property, plant and equipment	4	931
Auditors' remuneration	4,902	4,971
Non-audit service fees (mainly tax services)	3,175	5,244
Cost of programmes, film rights and stocks	1,493,540	1,369,645
Depreciation (Note 6 and 7)	279,424	264,385
Amortisation of land use rights (Note 8)	3,247	2,778
Operating leases		
– Equipment and transponders	22,133	23,469
– Land and buildings	32,025	25,715
Employee benefit expense (excluding directors' emoluments) (Note 26(b))	1,622,597	1,511,353

26 DIRECTORS' EMOLUMENTS AND EMPLOYEE BENEFIT EXPENSE

(a) Directors' emoluments

The emoluments of all Directors for the year ended 31 December 2013 and 2012 are set out below:

	2013				
Name of Director	Fees HK$'000	Salaries, allowances and leave pay HK$'000	Discretionary bonuses HK$'000	Pension contributions HK$'000	Total HK$'000
Dr. Norman Leung Nai Pang, GBS, LLD, JP	180	5,760	3,600	15	9,555
Mark Lee Po On (note (i))	180	4,915	3,000	460	8,555
Mona Fong	330	–	–	–	330
Kevin Lo Chung Ping	430	–	–	–	430
Dr. Charles Chan Kwok Keung	330	–	–	–	330
Cher Wang Hsiueh Hong	180	–	–	–	180
Jonathan Milton Nelson	180	–	–	–	180
Anthony Lee Hsien Pin	230	–	–	–	230
Chen Wen Chi	330	–	–	–	330
Dr. Chow Yei Ching, GBS	240	–	–	–	240
Edward Cheng Wai Sun, SBS, JP	280	–	–	–	280
Chien Lee	340	–	–	–	340
Gordon Siu Kwing Chue, GBS, JP	370	–	–	–	370
Raymond Or Ching Fai, SBS, JP	217	–	–	–	217
	3,817	10,675	6,600	475	21,567

26 DIRECTORS' EMOLUMENTS AND EMPLOYEE BENEFIT EXPENSE (continued)

(a) Directors' emoluments (continued)

	2012				
Name of Director	Fees HK$'000	Salaries, allowances and leave pay HK$'000	Discretionary bonuses HK$'000	Pension contributions HK$'000	Total HK$'000
Dr. Norman Leung Nai Pang, GBS, LLD, JP	150	5,760	3,000	14	8,924
Mark Lee Po On (note (i))	150	4,208	2,500	14	6,872
Mona Fong	207	637	–	–	844
Christina Lee Look Ngan Kwan (note (ii))	21	–	–	–	21
Kevin Lo Chung Ping	325	–	–	–	325
Dr. Charles Chan Kwok Keung	209	–	–	–	209
Cher Wang Hsiueh Hong	150	–	–	–	150
Jonathan Milton Nelson	150	–	–	–	150
Anthony Lee Hsien Pin	176	–	–	–	176
Chen Wen Chi	196	–	–	–	196
Dr. Chow Yei Ching, GBS	197	–	–	–	197
Edward Cheng Wai Sun, SBS, JP	230	–	–	–	230
Chien Lee	300	–	–	–	300
Gordon Siu Kwing Chue, GBS, JP	330	–	–	–	330
Raymond Or Ching Fai, SBS, JP	11	–	–	–	11
Vivien Chen Wai Wai (note (iii))	18	–	–	–	18
	2,820	10,605	5,500	28	18,953

Notes:

(i) Mr. Mark Lee Po On assumes the functions of the Chief Executive of the Company.

(ii) The Director retired on 3 February 2012.

(iii) The Director resigned on 3 February 2012.

(b) Employee benefit expense

	2013 HK$'000	2012 HK$'000 (Restated)
Wages and salaries	**1,530,687**	1,425,722
Pension costs – defined contribution plans	**93,282**	83,982
Pension costs – defined benefit plans (Note 24(b))	**(1,372)**	1,649
	1,622,597	1,511,353

26 DIRECTORS' EMOLUMENTS AND EMPLOYEE BENEFIT EXPENSE (continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2012: two) Directors whose emoluments are reflected in the analysis presented in note (a) above. The emoluments payable to the remaining three (2012: three) individuals during the year are as follows:

	2013 HK$'000	2012 HK$'000
Salaries and allowances	**9,468**	9,047
Bonuses	**3,800**	3,170
Pension contributions	**947**	905
	14,215	13,122

The aggregate emoluments paid to the three individuals are further analysed into the following bands:

Emolument bands	**Number of individuals in each band**	
	2013	2012
HK$3,500,001 – HK$4,000,000	–	2
HK$4,000,001 – HK$4,500,000	**2**	–
HK$5,000,001 – HK$5,500,000	–	1
HK$6,000,001 – HK$6,500,000	**1**	–
	3	3

(d) Senior management's emoluments

Details of emoluments (excluding directors' fees, if any) paid to members of senior management fell within the following bands:

Emolument bands	***Number of individuals in each band**	
	2013	2012
Nil – HK$1,000,000	–	2#
HK$1,500,001 – HK$2,000,000	–	1Δ
HK$2,000,001 – HK$2,500,000	**1**	1Δ
HK$2,500,001 – HK$3,000,000	**1**	–
HK$3,000,001 – HK$3,500,000	**1**	–
HK$5,000,001 – HK$5,500,000	–	1
HK$6,000,001 – HK$6,500,000	**1**	–
HK$6,500,001 – HK$7,000,000	–	1
HK$8,000,001 – HK$8,500,000	**1**	–
	5	6

* included one (2012: one) Director of the Company

one employee joined senior management with effect from 1 December 2012 and one employee departed from senior management with effect from 29 February 2012

Δ the employee joined senior management with effect from 1 April 2012

27 FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on bank borrowings		
– Wholly repayable within 5 years	**2,268**	144
– Wholly repayable after 5 years	–	3,923
	2,268	4,067

28 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2013 HK$'000	2012 HK$'000 (Restated)
Current income tax:		
– Hong Kong	**223,357**	278,389
– Overseas	**97,799**	144,399
– Under/(over) provisions in prior years	**2,652**	(665)
Total current income tax	**323,808**	422,123
Deferred income tax:		
– Origination and reversal of temporary differences	**34,594**	(18,747)
– Effect of decrease in tax rate	**24**	49
Total deferred income tax (Note 23)	**34,618**	(18,698)
	358,426	403,425

Note:

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 nine consecutive years of assessment from 1998/99 to 2006/07 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, HK$56,434,000 and HK$50,879,000 for the nine consecutive years of assessment from 1998/99 to 2006/07 respectively. The total amount of tax reserve certificates purchased by the Group is HK$369,470,000 (Note 15). Similar additional assessments may be issued for subsequent years of assessment.

The Group has been in discussion with the IRD with a view to resolving the dispute for the entire period from 1998/99 up to 2012/13. As of 31 December 2013, the Group has made a total provision of HK$358 million against the potential tax exposures for the years of assessment from 1998/99 to 2012/13. The tax provision is considered to be adequate.

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 the 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.

28 INCOME TAX EXPENSE (continued)

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of the place where the Company operates as follows:

	2013 HK$'000	2012 HK$'000 (Restated)
Profit before income tax	**2,120,615**	2,141,451
Calculated at a taxation rate of 16.5% (2012: 16.5%)	**349,901**	353,339
Effect of different taxation rates in other countries	**(41,616)**	(24,099)
Tax effect on the share of results of associates and joint ventures	**9,060**	158
Income not subject to taxation	**(8,733)**	(8,438)
Expenses not deductible for taxation purposes	**8,053**	41,873
Tax losses not recognised	**6,604**	6,012
Utilisation of previously unrecognised tax losses	**(712)**	(309)
Tax credit allowance	**(535)**	(467)
Withholding tax on overseas dividend	**19,076**	3,858
Tax levied on undistributed profits	**22,245**	29,213
Allowance for previous non-deductible expenses	**(2,042)**	(420)
Re-measurement of deferred tax due to change in tax rate	**24**	49
Others	**(5,551)**	3,321
Under/(over) provisions in prior years	**2,652**	(665)
	358,426	403,425

29 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$1,695,215,000 (2012: HK$1,891,068,000).

30 EARNINGS PER SHARE

Earnings per share is calculated based on the Group's profit attributable to equity holders of HK$1,737,987,000 (2012: HK$1,732,256,000 (restated)) and 438,000,000 shares in issue throughout the years ended 31 December 2013 and 2012. No fully diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

31 DIVIDENDS

	2013 HK$'000	2012 HK$'000
Interim dividend paid of HK$0.60 (2012: HK$0.60) per ordinary share	**262,800**	262,800
Proposed final dividend of HK$2.00 (2012: HK$2.00) per ordinary share	**876,000**	876,000
	1,138,800	1,138,800

At a meeting held on 26 March 2014, the Directors recommended a final dividend of HK$2.00 per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2014.

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before income tax to cash generated from operations:

	2013 HK$'000	2012 HK$'000 (Restated)
Profit before income tax	**2,120,615**	2,141,451
Adjustments for:		
Depreciation and amortisation	**282,671**	267,163
Defined benefit plans	**(5,578)**	(2,702)
Impairment loss on loan to an associate	**–**	78,540
Impairment loss on trade receivables	**12,431**	27,925
Loss on disposal of property, plant and equipment	**4**	931
Share of losses of joint ventures	**2,252**	1,071
Share of losses/(profits) of associates	**52,658**	(112)
Interest income	**(49,488)**	(59,163)
Finance costs	**2,268**	4,067
Exchange differences	**(5,969)**	(9,919)
	2,411,864	2,449,252
Increase in programmes, film rights and stocks	**(91,958)**	(31,911)
Increase in trade and other receivables, prepayments and deposits	**(520,210)**	(395,585)
(Decrease)/increase in trade and other payables and accruals	**(57,624)**	99,197
Cash generated from operations	**1,742,072**	2,120,953

33 CONTINGENT LIABILITIES

The amounts of contingent liabilities are as follows:

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Guarantees for banking facilities granted to an investee company	**9,468**	10,127	**–**	–

It is anticipated that no material liabilities will arise from the above bank and other guarantees, which arose in the ordinary course of business.

34 COMMITMENTS

(a) Capital commitments

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

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Authorised but not contracted for	**1,153,365**	1,423,478	**702,215**	1,181,099
Contracted but not provided for	**92,023**	147,550	**76,032**	127,735
	1,245,388	1,571,028	**778,247**	1,308,834

(b) Operating lease commitments as lessee

At 31 December 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Land and buildings				
– not later than one year	**29,301**	18,388	**12,084**	10,012
– later than one year and not later than five years	**36,841**	32,931	**14,999**	22,654
	66,142	51,319	**27,083**	32,666
Equipment and transponders				
– not later than one year	**16,809**	20,257	**–**	–
– later than one year and not later than five years	**44,982**	45,851	**–**	–
– later than five years	**–**	5,519	**–**	–
	61,791	71,627	**–**	–
	127,933	122,946	**27,083**	32,666

The Group leases various premises and buildings for the use as offices and studios under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery under non-cancellable operating lease agreements.

The lease expenditure expensed in the consolidated income statement during the year is disclosed in Note 25.

34 COMMITMENTS (continued)

(c) Operating lease commitments as lessor

At 31 December 2013, the Group had contracted with its tenants for future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Land and buildings				
– not later than one year	**2,977**	9,794	–	7,047
– later than one year and not later than five years	**768**	2,696	–	–
	3,745	12,490	–	7,047

(d) Other commitments

A subsidiary of the Group obtained a licence to (i) conduct media sales management services and (ii) solicit advertising business in respect of the interior display panels of buses operated under certain public transportation systems in Shanghai, for a term of five years commencing from 1 January 2014. The subsidiary has a commitment to the licensor to pay future license fees as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**89,036**	–	–	–
Later than one year and not later than five years	**449,135**	–	–	–
	538,171	–	–	–

35 OBLIGATIONS UNDER 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") (Communications Authority has replaced BA since 1 April 2012), 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 six-year period from 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 six-year 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.

36 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

	Note	2013 HK$'000	2012 HK$'000
Sales of services:			
Joint ventures			
* Movie production charges	(i)	**2,115**	2,026
* Advertising income	(i)	**425**	434
* Other services	(i)	**61**	128
Associates			
Programmes/channel licensing fees	(ii)	**18,876**	16,693
Broadcasting and transmission service fees	(ii)	**10,800**	3,600
Rental income and related charges	(ii)	**7,047**	7,047
Advertising income	(ii)	**1,035**	5,999
Others	(ii)	**4,290**	3,837
Other related parties			
* Programmes/channel licensing fees	(iii)	**80,701**	281,152
* Advertising consultancy fees	(iii)	**4,414**	40,461
* Programmes/channel licensing fees #	(iii)	**211,145**	–
* Advertising consultancy fees #	(iii)	**38,308**	–
		379,217	361,377
Purchases of services:			
Joint ventures			
* Programmes licensing fees	(i)	–	(8,500)
Associates			
Playback and uplink service fees	(ii)	**(31,101)**	(30,811)
Graphic service fees	(ii)	**(1,750)**	–
Others	(ii)	**(2,230)**	(1,991)
Other related parties			
* Programmes licensing fees	(iv)	**(320)**	(1,070)
* Project management fees	(v)	**(4,860)**	(1,880)
		(40,261)	(44,252)

* This is regarded as connected transactions or continuing connected transactions as defined under Main Board Listing Rules.

\# The transaction is not subject to the reporting, announcement and independent shareholders' approval requirement due to the application of the insignificant subsidiary exemption. The transaction is a connected transaction only because it involves a person who is a connected person by virtue of its relationship with the Company's insignificant subsidiary.

36 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

Notes:

(i) The fees were received from/(paid to) Concept Legend Limited, a joint venture of the Company.

(ii) The fees were received from/(paid to) TVBNV, an associate of the Company.

(iii) The fees were received from MEASAT Broadcast Network Systems Sdn. Bhd., a fellow subsidiary of the non-controlling shareholder of non wholly-owned subsidiaries of the Company.

(iv) The fees were paid to Celestial Television Networks Ltd., a fellow subsidiary of the non-controlling shareholder of non wholly-owned subsidiaries of the Company.

(v) The fees were paid to ITC Properties Management Limited, an entity jointly controlled by a person who has significant influence over the Company and a close member of that person's family.

(vi) The disclosure requirements in accordance with Chapter 14A of the Main Board Listing Rules have been properly complied with.

The Company supplies channel contents to TVBNV in exchange of its advertising revenue attributable to the relevant channels.

The fees received/(paid to) related parties are based upon mutually agreed terms and conditions.

(b) Key management compensation

	2013 HK$'000	2012 HK$'000
Salaries and other short-term employee benefits	**32,105**	26,747

(c) Balances with related parties

	2013 HK$'000	2012 HK$'000
Receivables from joint ventures	–	24
Receivables from associates (note)	**449,960**	422,166
Receivables from other related parties	**66,124**	74,340
	516,084	496,530
Payables to associates	**135**	543
Payables to other related parties	**9,443**	9,378
	9,578	9,921

Note:

At 31 December 2013, a provision for impairment loss of trade receivables from associates of HK$421,626,000 (2012: HK$421,674,000) had been provided (Note 15).

36 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(d) Fund advanced/loan to related parties

	2013 HK$'000	2012 HK$'000
Fund advanced to joint ventures		
Beginning of the year	**26,231**	26,231
Fund advanced	**–**	–
End of the year	**26,231**	26,231
Loan to an associate		
Beginning of the year	**731,993**	727,945
Interest charged	**3,426**	4,048
End of the year	**735,419**	731,993

At 31 December 2013, a provision for impairment loss of the loan to an associate of HK$89,817,000 (2012: HK$89,817,000) had been made (Note 12).

37 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 26 March 2014.

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

		Issued and fully paid ordinary share capital	Issued and fully paid preference share capital	Percentage of equity capital held by the Group	Percentage of equity capital held by the Company	
Name	Place of incorporation^Δ					Principal activities
# iTVB Holdings Limited	British Virgin Islands	HK$10,000	–	100	100	Investment holding
Long Wisdom Limited	Hong Kong	HK$2	–	100	100	Properties holding
* Television Broadcasts Airtime Sales (Guangzhou) Limited	The People's Republic of China	HK$500,000	–	100	100	Provision of agency services on design, production and exhibition of advertisements
TVB (China Production) Company Limited	Hong Kong	HK$1	–	100	100	Owner of film rights and programme licensing
TVB Investment Limited	Bermuda	US$20,000	–	100	100	Investment holding
TVB Music Limited	Hong Kong	HK$1	–	100	100	Production, publishing and licensing of musical works
# TVB Satellite TV Holdings Limited	Bermuda	US$12,000	–	100	100	Investment holding
TVBI Company Limited	Hong Kong	HK$2,000,000	–	100	100	Investment holding and programme licensing
TVBO Production Limited	Bermuda	US$12,000	–	100	100	Owner of film rights and programme licensing
* 广东采星坊演艺咨询服务有限公司	The People's Republic of China	RMB10,000,000	–	100	100	Provision of consultancy, management and agency services to artistes

	Name	Place of incorporation^Δ	Issued and fully paid ordinary share capital	Issued and fully paid preference share capital	Percentage of equity capital held by the Group	Percentage of equity capital held by the Company	Principal activities
*	上海翡翠東方傳播有限公司	The People's Republic of China	RMB100,000,000	–	55	55	Provision of agency services on advertisements, television programmes, film rights and management services
	Art Limited	Hong Kong	HK$10,000	–	73.68	–	Film licensing and distribution
#	Capital Empire Limited	British Virgin Islands	US$1,000	–	100	–	Owner of film rights and programme licensing
	CC Decoders Ltd.	United Kingdom	GBP2	–	100	–	Provider of decoder units and relating technical services
#	Condor Entertainment B.V.	The Netherlands	EUR18,400	–	100	–	Investment holding
	Countless Entertainment (Taiwan) Company Ltd.	Taiwan	NT$10,000,000	–	100	–	Investment holding and programme licensing
#	Extra Profit Holdings Limited	British Virgin Islands	HK$1	–	100	–	Investment holding
#	Fairwork Group Limited	British Virgin Islands	US$1,000	–	100	–	Investment holding
#	Fantastic Production Co., Ltd.	Taiwan	NT$10,000,000	–	100	–	Production of television programmes and programme licensing
	Interface Communication Co., Ltd.	Taiwan	NT$214,906,000	–	100	–	Magazine publications
#	iTVB Limited	British Virgin Islands	HK$10,000	–	100	–	Investment holding
	Jade Multimedia International Limited	Bermuda	US$12,000	–	100	–	Animation investment, licensing and distribution
	Liann Yee Production Co., Ltd.	Taiwan	NT$880,000,000	–	100	–	Production of television programmes, channel operation and advertising
#	Peony Holding N.V.	Curaçao	US$100	US$6,000	100	–	Investment holding
	The Chinese Channel Limited	United Kingdom	GBP1,111	–	100	–	Provision of services for programme productions and channel operations
	The Chinese Channel Limited	Hong Kong	HK$4	–	100	–	Provision of services for channel operations
*	The Chinese Channel (France) SAS	France	EUR600,000	–	100	–	Provision of satellite and subscription television programmes
#	The Chinese Channel (Holdings) Limited	Cayman Islands	GBP89,640	–	100	–	Investment holding
	TVB (Australia) Pty. Ltd.	Australia	A$5,500,000	–	100	–	Provision of satellite and subscription television programmes
	TVB Facilities Limited	Hong Kong	HK$10,000	–	100	–	Provision of services for programme productions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

	Name	Place of incorporation[Δ]	Issued and fully paid ordinary share capital	Issued and fully paid preference share capital	Percentage of equity capital held by the Group	Percentage of equity capital held by the Company	Principal activities
*	TVB Holdings (USA) Inc.	USA	US$6,010,000	–	100	–	Investment holding and programme licensing and distribution
	TVB Macau Company Limited	Macau	MOP25,000	–	100	–	Provision of services for programme productions
*	TVB (Overseas) Holdings Limited	British Virgin Islands	US$50,000	–	55	–	Programme licensing
	TVB Publications Limited	Hong Kong	HK$20,000,000	–	73.68	–	Magazine publications
§	TVB Publishing Holding Limited	Hong Kong	HK$8,550,000	–	73.68	–	Investment holding
	TVB Satellite Broadcasting Limited	Hong Kong	HK$2	–	100	–	Provision of programming and channel services
*	TVB Satellite Platform, Inc.	USA	US$3,000,000	–	100	–	Provision of satellite and subscription television programmes
	TVB Satellite TV Entertainment Limited	Bermuda	US$12,000	–	100	–	Provision of satellite and subscription television programmes
	TVB Satellite TV (HK) Limited	Hong Kong	HK$2	–	100	–	Provision of pay television programmes
	TVB (UK) Limited	United Kingdom	GBP2	–	100	–	Investment holding
*	TVB (USA) Inc.	USA	US$10,000	–	100	–	Provision of satellite and subscription television programmes
	TVB Video (UK) Limited	United Kingdom	GBP1,000	–	100	–	Programme licensing
	TVB.COM Limited	Hong Kong	HK$2	–	100	–	Internet web portal
	TVBO Facilities Limited	Bermuda	US$12,000	–	100	–	Provision of services for programme productions
#	Zennora Group Limited	British Virgin Islands	US$1,000	–	100	–	Investment holding

None of the subsidiaries have issued any loan capital. Except for TVBO Facilities Limited and TVBO Production Limited which operate worldwide, all subsidiaries operate principally in their place of incorporation.

There are no significant contractual arrangement with the non-controlling interests.

* The accounts of these subsidiaries, which do not materially affect the results of the Group, have been audited by firms other than PricewaterhouseCoopers.

\# The accounts of these subsidiaries are not audited.

§ On 30 November 2001, TVB Publishing Holding Limited issued a total of 9,000,000 ordinary shares (with a par value of HK$0.10 per share) at HK$8.60 per share to its non-controlling shareholders as unpaid shares. These shares will not be entitled to voting and dividends rights until they are fully paid. 4,500,000 ordinary shares were fully paid up in 2003 and the remaining 4,500,000 ordinary shares were still unpaid as at 31 December 2013.

Δ All principal subsidiaries are limited liability companies.

39 CHANGE IN ACCOUNTING POLICY

Adoption of HKAS 19 (revised)

The effect of these changes to the accounting policy is shown in the following tables.

Impact of change in accounting policy on consolidated statement of financial position

	As at 31 December 2013 HK$'000	Adopt HKAS 19 (revised) HK$'000	As at 31 December 2013 as presented HK$'000	As at 31 December 2012 (previously stated) HK$'000	Adopt HKAS 19 (revised) HK$'000	As at 31 December 2012 (restated) HK$'000	As at 1 January 2012 (previously stated) HK$'000	Adopt HKAS 19 (revised) HK$'000	As at 1 January 2012 (restated) HK$'000
Deferred income tax assets	21,478	6,891	28,369	18,493	11,476	29,969	26,050	9,294	35,344
Total assets	10,294,284	6,891	10,301,175	9,721,472	11,476	9,732,948	8,834,129	9,294	8,843,423
Other reserves	843,757	(503)	843,254	863,623	(2,018)	861,605	807,568	–	807,568
Retained earnings – other	6,604,297	(30,732)	6,573,565	6,039,731	(54,009)	5,985,722	5,467,480	(45,378)	5,422,102
Retirement benefit obligations	3,303	38,126	41,429	5,226	67,503	72,729	5,189	54,672	59,861
Total equity and liabilities	10,294,284	6,891	10,301,175	9,721,472	11,476	9,732,948	8,834,129	9,294	8,843,423

Impact of change in accounting policy on consolidated income statement

	For the year ended 31 December 2013 HK$'000	Adopt HKAS 19 (revised) HK$'000	For the year ended 31 December 2013 as presented HK$'000	For the year ended 31 December 2012 (previously stated) HK$'000	Adopt HKAS 19 (revised) HK$'000	For the year ended 31 December 2012 (restated) HK$'000
Selling, distribution and transmission costs	(626,264)	155	(626,109)	(554,701)	120	(554,581)
General and administrative expenses	(738,891)	3,644	(735,247)	(702,502)	2,406	(700,096)
Profit before income tax	2,116,816	3,799	2,120,615	2,138,925	2,526	2,141,451
Income tax expense	(358,193)	(233)	(358,426)	(402,996)	(429)	(403,425)
Profit for the year	1,758,623	3,566	1,762,189	1,735,929	2,097	1,738,026
Profit attributable to:						
Equity holders of the Company	1,734,421	3,566	1,737,987	1,730,159	2,097	1,732,256
Non-controlling interests	24,202	–	24,202	5,770	–	5,770
	1,758,623	3,566	1,762,189	1,735,929	2,097	1,738,026
Earnings per share (basic and diluted) for profit attributable to equity holders of the Company during the year	HK$3.97	–	HK$3.97	HK$3.95	–	HK$3.95

39 CHANGE IN ACCOUNTING POLICY (continued)

Adoption of HKAS 19 (revised) (continued)

Impact of change in accounting policy on consolidated statement of comprehensive income

	For the year ended 31 December 2013 HK$'000	Adopt HKAS 19 (revised) HK$'000	For the year ended 31 December 2013 as presented HK$'000	For the year ended 31 December 2012 (previously stated) HK$'000	Adopt HKAS 19 (revised) HK$'000	For the year ended 31 December 2012 (restated) HK$'000
Profit for the year	1,758,623	3,566	1,762,189	1,735,929	2,097	1,738,026
Other comprehensive income:						
Item that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit obligations	–	19,711	19,711	–	(10,728)	(10,728)
Item that may be reclassified to profit or loss:						
Currency translation differences	(49,099)	1,515	(47,584)	37,984	(2,018)	35,966
Other comprehensive (loss)/income for the year, net of tax	(49,099)	21,226	(27,873)	37,984	(12,746)	25,238
Total comprehensive income for the year	1,709,524	24,792	1,734,316	1,773,913	(10,649)	1,763,264
Total comprehensive income for the year attributable to:						
Equity holders of the Company	1,683,500	24,792	1,708,292	1,768,136	(10,649)	1,757,487
Non-controlling interests	26,024	–	26,024	5,777	–	5,777
Total comprehensive income for the year	1,709,524	24,792	1,734,316	1,773,913	(10,649)	1,763,264

39 CHANGE IN ACCOUNTING POLICY (continued)

Adoption of HKAS 19 (revised) (continued)

Impact of change in accounting policy on consolidated statement of changes in equity

	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2012, as previously reported	21,900	807,568	6,233,980	7,063,448	30,044	7,093,492
Effect of change in accounting policy	–	–	(45,378)	(45,378)	–	(45,378)
Balance at 1 January 2012, as restated	21,900	807,568	6,188,602	7,018,070	30,044	7,048,114
Profit for the year, as previously reported	–	–	1,730,159	1,730,159	5,770	1,735,929
Effect of change in accounting policy	–	–	2,097	2,097	–	2,097
Profit for the year, as restated	–	–	1,732,256	1,732,256	5,770	1,738,026
Other comprehensive income for the year, as previously reported	–	37,977	–	37,977	7	37,984
Effect of change in accounting policy	–	(2,018)	(10,728)	(12,746)	–	(12,746)
Other comprehensive income/(loss) for the year, as restated	–	35,959	(10,728)	25,231	7	25,238
Total comprehensive income, net of tax	–	35,959	1,721,528	1,757,487	5,777	1,763,264
Transaction with owners:						
Transferred to legal reserve	–	19,108	(19,108)	–	–	–
2011 final dividend paid	–	–	(766,500)	(766,500)	(762)	(767,262)
2012 interim dividend paid	–	–	(262,800)	(262,800)	–	(262,800)
Capital injection by non-controlling interests	–	–	–	–	55,080	55,080
Change in ownership interests in a subsidiary without change of control	–	(1,030)	–	(1,030)	(4,055)	(5,085)
Total transaction with owners	–	18,078	(1,048,408)	(1,030,330)	50,263	(980,067)
Balance at 31 December 2012, as restated	21,900	861,605	6,861,722	7,745,227	86,084	7,831,311

MAJOR TVB CHANNELS

Channel	Language	Description
翡翠台 Jade	C	TVB's flagship service and the most popular channel in Hong Kong. With strong production and star power, Jade offers viewers a sumptuous amount of home-grown drama, variety and enrichment content with local taste and flavor
Pearl	E	The leading English-language free-to-air channel bringing viewers high-quality programmes across a range of genres which includes movies, drama, lifestyle and documentary acquired from different corners of the globe
高清翡翠台 HD Jade	C	24-hour high-definition (HD) terrestrial channel showcasing true HD quality of TVB production complemented by high-end acquired drama and documentary
J2	C	Unique digital channel tailor-made for young and kidult audiences with in-house production as well as popular drama, anime and annual events from Asian and international markets
互動新聞台 iNews	C	The only 24-hour news channel offering free service to viewers in Hong Kong. It is also simulcast on tvb.com, myTV and TVB News mobile applications

Channel	Language	Description
TVBS	M	One of the most watched infotainment channels in Taiwan covering interactive discussion and in-depth analysis on social, political and economic issues
TVBS NEWS TVBS-News	M	The first 24-hour all-news channel in Taiwan presenting viewers the most instant and important news coverage around the world
TVBS 歡樂台 TVBS-G	M	One of the most popular entertainment channels in Taiwan presenting dramas, music, fashion, sports and other rich and diverse programming
TVB8	M	24-hour Mandarin channel tailor-made for all Chinese viewers around the world, offering a diverse line-up of infotainment programmes as well as in-house-produced programmes plus variety shows
TVB星河 TVB Xing He	C/M	The world's first 24-hour Chinese drama channel offering a wide array of classic TVB dramas from thrilling actions series, heart-touching romances to delightful comedies
翡翠台 TVB Jade	C	Featuring family-oriented entertainment programmes tailored to the viewing preferences and schedules for Chinese viewers in USA
tvbj TVBJ	C	The unique Cantonese-speaking channel in Singapore, featuring dramas and sitcoms, music specials, game shows, live broadcast of grand specials and star-studded spectaculars

Remarks: C = Cantonese M = Mandarin E = English

Channel	Language	Description
Drama 1	C	Drama channel delivering the latest and most popular titles from Korea, Japan and Taiwan, casted with the most prominent idols from these regions
Drama 2	C	Drama channel assembling flagship drama titles from all around Asia, including popular TVB titles
TVB Sports	C	General sports channel featuring a wide range of local and international sports events including the 2014 FIFA World Cup
TVB Classic	C	Drama channel presenting a collection of the most memorable and admired TVB dramas from TVB's well-established library
TVB Food	C	Unique channel on food tailor-made for HK audience with celebrity chefs and culinary experts introducing the most peculiar delicacies of the world
TVB Good Show	C	Features popular Asian varieties from Hong Kong, China, Korea, Taiwan and Japan, including music concert, awards ceremony, reality show and controversial entertainment events
TVB Kids	C	Children channel offering a mixture of carefully selected animation and educational series that aim at encouraging creativity in children of all ages
TVB Entertainment News	C	Delivering the latest showbiz buzz from around the world, as well as exclusive interviews with the hottest local and international celebrities
TVB Movies	C	24-hour channel featuring a movie line-up of hits from Hong Kong, as well as the best of Asian cinema and animation titles
TVB Window	C	Showcasing wide array of entertainment from TVB Network Vision including dramas, education, animation, food, travel, lifestyle, news, showbiz news and more
TVB Encore	C	Offering same-day catch-up service of TVB Jade’s weekday primetime programmes, including two flagship drama series, sit-com and infotainment programmes
TVBN	C	24-hour news channel reporting up-to-the-minute breaking news both locally and internationally as well as financial, sports and weather information
TVBN2	C	24-hour news channel airing live and full coverage of selected local and international events ranging from Government press conferences to meetings and speeches of Legislative and District Council

Television Broadcasts Limited
電視廣播有限公司

TVB CITY, 77 CHUN CHOI STREET
TSEUNG KWAN O INDUSTRIAL ESTATE
KOWLOON, HONG KONG