

TVB 2015

Interim Report
中期報告



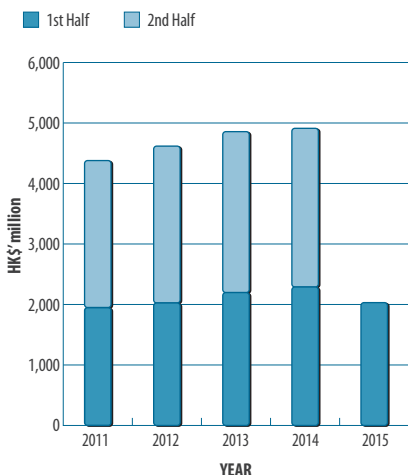
Television Broadcasts Limited
電視廣播有限公司

Stock Code 股份代號 : 00511

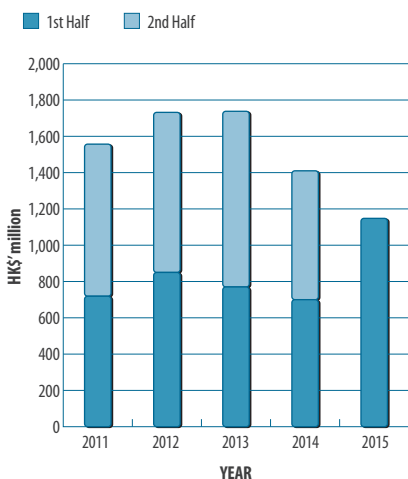
FINANCIAL HIGHLIGHTS

Revenue

Continuing operations



Profit Attributable to Equity Holders of the Company

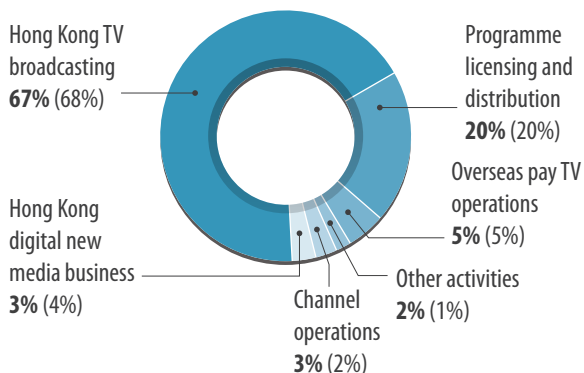


Six months ended 30 June

	2015	2014 Change (Restated)
Performance		
Earnings per share	HK\$2.62	HK\$1.60 +64%
Interim dividend per share	HK\$0.60	HK\$0.60 -
	HK\$'mil	HK\$'mil
Revenue		
- Hong Kong TV broadcasting	1,386	1,581 -12%
- Hong Kong digital new media business	72	87 -17%
- Programme licensing and distribution	483	516 -6%
- Overseas pay TV operations	93	122 -23%
- Channel operations	55	63 -12%
- Other activities	42	29 +45%
- Inter-segment elimination	(100)	(109) -7%
	2,031	2,289 -11%
Total expenses	(1,570)	(1,550) +1%
Share of losses of associates	(33)	(42) -23%
Profit attributable to equity holders	1,148	700 +64%
	30 June 2015 HK\$'mil	31 December 2014 HK\$'mil
Total assets	9,258	10,557 -12%
Total liabilities	1,233	1,853 -33%
Total equity	8,025	8,704 -8%
Number of issued shares	438,000,000	438,000,000
Ratios		
Current ratio	8.2	5.0
Gearing	5.0%	4.5%

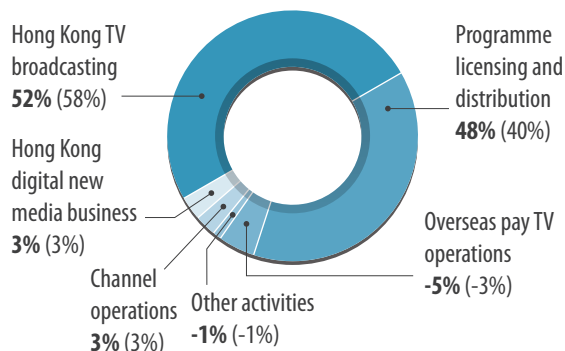
Revenue by Operating Segment

% relating to 1st half of 2014 are shown in brackets



Reportable Segment Profit* by Operating Segment

% relating to 1st half of 2014 are shown in brackets



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

CONTENTS

2 CORPORATE INFORMATION

4 CHAIRMAN'S STATEMENT

REVIEW OF OPERATIONS

6 Hong Kong TV Broadcasting

8 Hong Kong Digital New Media Business

9 International Operations

12 Financial Review

15 CORPORATE GOVERNANCE AND OTHER INFORMATION

FINANCIAL INFORMATION

22 Interim Financial Information

47 Report on Review of Interim Financial Information

CORPORATE INFORMATION

CHAIRMAN

Dr. Charles CHAN Kwok Keung
(appointed as Chairman on 1 January 2015)

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mark LEE Po On Group Chief Executive Officer
CHEONG Shin Keong General Manager
(appointed as Executive Director on 1 January 2015)

NON-EXECUTIVE DIRECTORS

Dr. Charles CHAN Kwok Keung
Mona FONG
Jonathan Milton NELSON
Anthony LEE Hsien Pin
CHEN Wen Chi
Thomas HUI To
(appointed on 23 April 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Raymond OR Ching Fai SBS, JP
Dr. William LO Wing Yan JP
(appointed on 11 February 2015)
Professor Caroline WANG Chia-Ling
(appointed on 1 April 2015)
Dr. Allan ZEMAN GBM, JP
(appointed on 1 April 2015)

ALTERNATE DIRECTORS

Dr. Allan YAP
Alternate Director to Dr. Charles Chan Kwok Keung
Harvey CHANG Hsiao Wei
Alternate Director to Chen Wen Chi (with effect from 23 April 2015)
Jessica Huang POULEUR
Alternate Director to Jonathan Milton Nelson

BOARD COMMITTEES

EXECUTIVE COMMITTEE

Dr. Charles CHAN Kwok Keung Chairman
(appointed as chairman on 1 January 2015)
Mark LEE Po On
CHEONG Shin Keong
(appointed as member on 1 January 2015)
CHEN Wen Chi
Thomas HUI To
(appointed as member on 20 May 2015)

AUDIT COMMITTEE

Dr. William LO Wing Yan Chairman
(appointed as member and chairman on 11 February 2015)
Anthony LEE Hsien Pin
Dr. Raymond OR Ching Fai

REMUNERATION COMMITTEE

Dr. Raymond OR Ching Fai Chairman
Dr. Charles CHAN Kwok Keung
(appointed as member on 11 February 2015)
Dr. William LO Wing Yan
(appointed as member on 11 February 2015)

NOMINATION COMMITTEE

Dr. Raymond OR Ching Fai Chairman
(appointed as chairman on 1 March 2015)
Anthony LEE Hsien Pin
Dr. William LO Wing Yan
(appointed as member on 11 February 2015)

RISK COMMITTEE (established on 19 August 2015)

Dr. Raymond OR Ching Fai Chairman
Mark LEE Po On
CHEONG Shin Keong
Dr. William LO Wing Yan
Professor Caroline WANG Chia-Ling

SENIOR MANAGEMENT

Mark LEE Po On Group Chief Executive Officer
(retitled from Group General Manager on 1 January 2015)
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 Limited
The Bank of East Asia, Limited
Bank of Communications Co., Ltd.
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation
Limited

SHARE REGISTRARS AND TRANSFER OFFICE

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

AMERICAN DEPOSITARY RECEIPTS

BNY Mellon Shareowner Services
P.O. Box 30170
College Station
TX 77842-3170
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 2358 1337
Website: www.corporate.tvb.com

CORPORATE CALENDAR

EX-DIVIDEND DATE OF 2015 INTERIM DIVIDEND

16 September 2015

BOOK CLOSE PERIOD

18 September 2015 to 21 September 2015,
both days inclusive

PAYMENT DATE OF 2015 INTERIM DIVIDEND

6 October 2015

CHAIRMAN'S STATEMENT

The Board of Directors of Television Broadcasts Limited ("Board") is pleased to present the 2015 interim report and condensed consolidated interim financial information of Television Broadcasts Limited ("Company" or "TVB") and its subsidiaries ("Group") for the six months ended 30 June 2015 ("Period").

RESULTS AND INTERIM DIVIDEND

The Group's revenue decreased by 11% from HK\$2,289 million to HK\$2,031 million during the Period. Total costs rose marginally by 1% from HK\$1,550 million to HK\$1,570 million, as a result of our dedicated efforts to contain costs. Owing to Hong Kong's increasingly difficult pay TV market in which our associate TVB Network Vision Limited ("TVB Network Vision") operates, the Group had to recognise during the Period an impairment loss of HK\$654 million, representing 100% of the Group's net interests in TVB Network Vision. As a result, a net loss of HK\$285 million (2014: a net profit of HK\$607 million) was booked, as the Group's continuing operations.

The Group's shareholding in Taiwan Operations (under Liann Yee Production Co., Ltd. or "Liann Yee") was reduced from 100% to 47% under a transaction that generated a profit of HK\$1,396 million, which was booked under discontinued operations, upon completion on 6 May 2015. This profit helped lift the Group's net profit during this Period.

Taking into account the Liann Yee transaction and the impairment loss on TVB Network Vision, the Group's profit attributable to equity holders rose by 64%, from HK\$700 million to HK\$1,148 million, equivalent to an earnings per share of HK\$2.62 (2014: HK\$1.60).

The Board has resolved to declare an interim dividend of HK\$0.60 (2014: HK\$0.60 per share) for the Period. This interim dividend will be paid on 6 October 2015 to shareholders whose names are recorded on the Register of Members on 21 September 2015.

BUSINESS AND OUTLOOK

The first half of 2015 was challenging for operators in the Hong Kong media industry and for our distribution business globally.

According to Government's published data, sales of all retail outlets experienced an average drop of 1.6% during the Period compared with last year. High value products including jewellery, watches and clocks, and valuable gifts, a sector which is important for our advertising revenue reported a decline of approximately 16% during the Period. Facing intensifying competition from digital media, traditional media have been grappling with falling readerships. In recent weeks, the increasingly difficult operating environment has led to the closures of several print media outlets. Major advertisers have become more cautious with their promotional campaign spending, which has in turn made it harder for our advertising business.

As a leading operator in Hong Kong, we have strived to provide our audience with a wide selection of programmes. We are pleased to have received in May 2015 approval for the renewal of our domestic free television programme service licence from the Hong Kong Government, enabling us to serve the community for another 12 years following the expiry of the current licence in November 2015. TVB has committed to invest not less than HK\$6,336 million on programming and capital expenditure over the first six years of the new licence.

With a TV population of around 6.5 million viewers, we anticipate that the local TV market will become more competitive after the Hong Kong Government granted a new 12-year domestic free television programme service licence to HK Television Entertainment Company Limited, a member of the PCCW group, and approved in principle Fantastic Television Limited, a member of the Wharf group, to operate in the same marketplace. We are monitoring these developments closely.

While terrestrial TV broadcasting has always been a key entertainment platform in Hong Kong, TVB announced in April 2015 that a new over-the-top ("OTT") service will be introduced in early 2016. A multitude of TVB self-produced channels and acquired programmes will be made available on this new platform. This "second" entertainment platform, together with our "third" platform of mobile apps and website, will complement to TVB's terrestrial TV channels. Users will be able to enjoy a packaged service including extensive catch-ups, a video-on-demand library, together with viewing through

mobile devices and portal. We hope that this will become a distinctive one-stop solution for our audience seeking entertainment programmes from both TVB and other foreign content providers.

During the Period, the Group strategically disposed of a 53% shareholding in Liann Yee Production Co., Ltd. in Taiwan. The move was in line with our long-term goal to focus more on developing our core businesses in Hong Kong and capturing vast growth opportunities in Mainland China and in the digital new media space. We believe that divesting ourselves of our majority shareholding in Liann Yee is an important step towards localisation and will drive our business further in Taiwan. This transaction has allowed us to partially unlock the value of our investment and return it to shareholders.

Over the last few months, we have announced a number of new Directors' appointments and a change in the composition of an upstream shareholder. Young Lion Holdings Limited, which indirectly holds 26% interest in the Company, introduced a new member, Mr. Li Ruigang, to this investor group. Mr. Li brings a wealth of experience and expertise in the media, television, movies, entertainment, sports and the Internet to the Group. His insights and connections in the broadcasting and media-related industries will help the Company gain a stronger foothold in Mainland China and the international markets. Our new Directors, Mr. Thomas Hui, Dr. William Lo, Professor Caroline Wang and Dr. Allan Zeman, are all renowned experts in their respective fields and bring important experience and contributions to the Company. With these recent changes, I am confident that the Company will go from strength to strength as we face the challenges ahead and meet the demands of our stakeholders.

Charles Chan Kwok Keung
Chairman

Hong Kong, 19 August 2015

REVIEW OF OPERATIONS

HONG KONG TV BROADCASTING

Revenue for Hong Kong TV broadcasting decreased by 12% from HK\$1,581 million to HK\$1,386 million, and the reportable segment profit before impairment loss on loan to and trade receivables from an associate fell 46% from HK\$444 million to HK\$240 million. Operating margin fell from 28% to 17% year-on-year.

TV ADVERTISING

Total advertising revenue from terrestrial TV channels for the Period dropped by 12% compared with last year. According to Government's published data, sales of all retail outlets experienced an average drop of 1.6% during the Period compared with last year. High value products including jewellery, watches and clocks, and valuable gifts, a sector which is important for our advertising revenue reported a decline of approximately 16% during the Period. Slower growth in Mainland China, a strong US dollar, and the recent local stock market fluctuations have been contributing to dampened retail sales to date. Tension in local politics could also negatively impact on confidence and willingness to invest in advertising.

Two key growth categories in the past – milk powder and skincare – recorded a significant drop in spending. While the milk powder category remained the top revenue generator in the Period, the actual spending was down by 15%. As skincare producers have been experiencing poorer sales, we noted a 40% less spending on our channels. Supermarkets, one of our top categories, recorded a 30% decline in spending as their marketing campaigns slowed down after the Chinese New Year in February. From past experience, spending will likely pick up again when the market recovers.

There are however a few bright spots including the travel agents category, which spent three times more than last year; the soap and shower gel makers and the toothpaste makers, which increased their spending by 143% and 10% respectively. Yet, the revenue increase from these categories could only compensate 74% of the spending decline.

TERRESTRIAL TV CHANNELS PERFORMANCE

Special efforts were made to ensure that the broadcasting schedules of our terrestrial TV complemented each other. This strategy was to enable the mass audience to focus on TVB's local productions on Jade during prime time.

To engage our core audience, popular productions hosted by iconic celebrities were brought back to our channels. At the same time, the introduction of programmes with innovative formats and themes helped diversify our offerings and broaden the audience pool.

The overall audience share¹ of TVB's terrestrial TV channels² against the Total TV channels in Hong Kong during weekday prime time³ was 82%, against a share of 80% from last year.

Penetration rate of digital terrestrial TV among Hong Kong households edged up to 86% in June 2015 from 82% in December 2014. As agreed with the Hong Kong Government, the switch off of analogue broadcasting has been extended to 2020.

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 prime time for TVB's terrestrial TV channels runs from 7 p.m. to 12 a.m., Mondays to Fridays.

JADE CHANNEL

The second-line drama slot from 9:30 p.m. to 10:30 p.m. has been revised from weekday nights to all evenings to further cultivate habitual viewing. This timeslot will showcase top dramas, including both TVB-produced or acquired programmes.

Acquired Mainland Chinese drama serial *The Empress of China* kicked-off the daily 9:30 p.m. drama slot on Jade. TVB devoted substantial efforts to localising the serial by condensing the original 82 episodes into 74 episodes to cater to local preference for a quicker pace of viewing, and by producing three original theme songs in Cantonese together with mood music. This drama became the top-rated serial during the Period, which achieved an average consolidated TV rating⁴ of 27.2 TVRs.

Legal drama *Raising The Bar* successfully attracted viewers with its cast of young actresses as pupil lawyers pursuing justice and was popular among the audience. Another serial *Young Charioteers*, also featuring a cast of young talents in a story about bicycle racing, love, and work.

The popular long-running situation comedy *Come Home Love* eventually wrapped up its original plot in July 2015 with a total of 804 episodes. A new spin-off series began in the same month with a new cast, story lines, and characters.

Popular non-drama programmes headlined by iconic TV hosts returned to Jade, providing quality entertainment to our audience. Some notable food and dining programmes were *Good Cheap Eats (Sr.3)*; *Eating Well With Madam Wong (Sr.2)* and *Neighbourhood Gourmet (Sr.3)*. Beloved music programme, *Sunday Songbird*, drew a steady pool of viewers with the powerful performances by veteran singers belting out classic Chinese oldies on Sunday nights.

Inspired by a US talk show, *Sze U Tonight* was produced and broadcast on Sunday late-nights. With its innovative formats and themes, this programme helped diversify and expand our audience pool.

HD JADE CHANNEL

Signature HD drama serials remain a key attraction of the channel. Among the more popular titles were acquired dramas *The Lost Daughter Returns* and *The Stand-In*. The signature timeslot will continue to bring more glamorous epic dramas to the audience. High-definition documentaries – broadcast on Sunday evenings – continued to generate promising ratings for HD Jade.

J2 CHANNEL

During the Period, J2 further consolidated its position as a general entertainment channel targeting adults. The channel continues to enhance its offerings of high-quality in-house productions featuring a mix of young talents; J2 has also strategically rearranged its programmes for the evening timeslot on weekdays to boost viewership.

Collaborating with The Hong Kong Jockey Club, the station will provide live coverage of Mark Six draws from 1 August 2015 and race meetings in the next season.

⁴ Consolidated TV rating is defined as the summation of TV rating⁵, online live rating⁶ and online catch-up rating⁷.

⁵ TV rating ("TVR") represents the size of the audience expressed as a percentage of the total TV population. For 2015, the total TV population comprises 6,466,000 viewers, and therefore, 1 TVR represents 64,660 viewers (1% of the total TV population). Ratings data source: Nielsen TAM.

⁶ Online live rating is defined as an aggregate live rating of web and mobile apps platforms.

⁷ Online catch-up rating is defined as an aggregate catch-up rating of web and mobile apps platforms. Data of online live rating and online catch-up rating 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 64,660 viewers.

REVIEW OF OPERATIONS

PEARL CHANNEL

Since March 2015, Pearl's prime time programme schedule has been revamped to complement those of other channels. On weekdays, a new four-tier lineup offers lifestyle programmes, infotainment, the latest English dramas, and high-quality documentaries to our audience. The channel strategically launched a "Get a Life on Sat" campaign to boost viewership on Saturday nights with blockbuster movies which included *Avatar* and *Madagascar 3 Europe's Most Wanted*.

INEWS CHANNEL AND NEWS PROGRAMMES

Since January, News Roundup has been extended to a whole hour on weekday nights to provide more in-depth news coverage that better accommodates audience's schedules.

The channel has also enriched its line-up by adding news analysis segments such as *News Scrutiny*, *Closer Look*, and *Behind the Headlines* to examine the hottest current affairs and behind-the-scene stories. Other newly introduced segments included *Big Big World II*, *HK Historical Sites*, and *International News Files*; these segments use a softer approach to enrich the audience's knowledge of history, little-known customs and traditions around the world, as well as past news events.

CHANNELS FOR PAY TV PLATFORM

To further strengthen our leading position as "Drama Kingdom" in the pay TV market, the Company launched four foreign drama channels, namely TVB Japanese Drama, TVB Korean Drama, TVB Chinese Drama, and TVB Drama Select in April 2015. The new channels complement the existing TVB Classic and TVB Encore, which feature vintage as well as the latest TVB dramas, to produce a comprehensive bundle of both local and acquired dramas. In addition, the station launched TVB Classic Movies in April 2015 to showcase local feature-length films made during the 1950s to 1970s. In total, TVB provides 13 channels on its pay TV platform, including non-drama channels TVB Window, TVB Food, TVB Sports, TVB Entertainment News, TVBN, and TVBN2, to cater for the diverse interests of our subscribers.

HONG KONG DIGITAL NEW MEDIA BUSINESS

Online advertising revenue in the Period fell primarily due to sluggish retail sales and a weaker economy. However, revenue from our new video-on-demand streaming service, GOTV, is on the rise as the number of subscribers has more than tripled since its launch in January 2014. GOTV had more than 90,000 paid subscribers as of the end of June 2015.

In May 2015, our flagship service, myTV, has undergone a major revamp aimed at boosting viewership by offering additional live streaming for Jade and improving the interface to make it easier to navigate. The revamp also provides cross-border access to the website and the mobile app between Hong Kong and Macau and enables users to do better searches and social sharing. In addition, a new pay service, subscription VOD has been integrated into myTV to boost video consumption.

A new OTT service offering a brand new TV viewing experience is targeted to be launched in early 2016. The service will provide a wide range of attractive contents including TVB's own programmes, premium acquired programmes, an extensive catch-up service, and a VOD library with tens of thousands of video selections. With broadband connection, this service will run smoothly on smart mobile devices, personal computers, and a new TVB-branded set-top-box that connects to a user's TV set; video quality will be upgraded with bit rates as high as 4Mbps for TV screens. Personalised services will also be offered to help users select their favourite programmes with ease and watch them anytime, anywhere. The OTT service will be offered to users via many sales channels once it is finalised.

OTHER HONG KONG OPERATIONS

INVESTMENT IN HONG KONG PAY TV PLATFORM

For the Period, TVB's share of the net loss of TVB Pay Vision Holdings Limited ("TVBPH") was approximately HK\$33 million (2014: HK\$42 million). Due to rampant Internet piracy exacerbated by technological advancement globally, the content which TVB Network Vision has planned to bring to its viewers through a conventional subscription service is already widely available in the market, causing a significant shortfall in its revenue targets.

The original plan by TVB Network Vision to roll out an OTT service will now be carried out by TVB's digital new media unit, which has access to the vast TVB content library and the necessary skills for the technical design of the service.

As announced on 4 August 2015, an impairment loss totaling HK\$654 million representing 100% of the Company's net interest (comprising cost of investment, loan, trade receivables less amounts of losses shared and impairment) in TVBPH has been booked during the Period.

MAGAZINE BUSINESS

Amid ongoing economic uncertainty and shrinking advertising budgets, the magazine business imposed strict and effective cost controls in an attempt to improve its profitability. Total revenue during the Period decreased by 6% compared with last year.

Further cost-cutting measures are being put in place, due to a continuing decline in advertising spending particularly from luxury brands. As a result, the distribution of our upmarket magazine "Live", alongside TVB Weekly, has been changed from weekly to monthly, since July 2015.

MOVIE PRODUCTION

Triumph in The Skies, a remake of the hugely popular TVB drama series of the same title, was released in Hong Kong and the international markets during the Chinese New Year period in February 2015. This movie recorded a box office of RMB155 million in Mainland China and HK\$22 million in Hong Kong, as of February 2015.

A total of eight titles are in various stages of preparation under various brands including Shaw Brothers Pictures. These productions are targeted for release in 2016 and beyond.

INTERNATIONAL OPERATIONS

PROGRAMME LICENSING AND DISTRIBUTION

Total revenue from the programme licensing and distribution through telecast, video, and new media decreased by 6% from HK\$516 million to HK\$483 million during the Period.

In Malaysia, the overall economy was affected by the introduction of goods and services tax in April 2015 and the depreciation of the Malaysian ringgit, which hit a nine-year low against the US dollar in June 2015. With uncertainty over the economic environment, advertisers in both Malaysia and Singapore remained cautious on media placement.

To enhance the popularity of our channels in Singapore, we have scheduled an upgrade of TVB8, Xing He and TVBJ to high-definition format on StarHub Cable Vision Limited in the third quarter of 2015. News and entertainment news apps for mobiles and tablets have been developed and are targeted for launch around the same time. These new propositions will improve connectivity and provide our subscribers with a consistent viewing experience across all of their devices, enabling TVB to better cater to the changing viewing patterns of the young generation.

REVIEW OF OPERATIONS

In Vietnam, we began providing Saigontourist Cable Television Company Limited with TVB dramas on the same day as they are broadcast in Hong Kong. This not only allows our new productions to be released ahead of pirates, but also helps increase our channel's advertising revenue of which we have a share. In addition, we are developing our business in Cambodia, which is becoming a key growth market.

CHINA OPERATIONS

The Group's licensing and advertising businesses as well as artiste management in Mainland China continued under 上海翡翠東方傳播有限公司 ("TVBC"), a joint venture between TVB, China Media Capital, Shanghai Media Group, and Gravity Corporation.

Due to programming cutbacks by satellite TV stations and stricter controls imposed by the State Administration of Press, Publication, Radio, Film and Television ("SAPPRFT") on imported dramas, our telecast licensing business on a nationwide basis was not as satisfactory as last year.

On a positive note, revenue from the Guangdong region rose more than 30% during the Period because of a growing demand for Cantonese-speaking dramas, which was encouraging. Demand also grew for VOD contents on the Internet, resulting in a substantial 85% increase in revenue.

Nevertheless, a new rule requiring all imported foreign contents to be censored by SAPPRFT before they are released on the Internet has taken effect since 1 April 2015. We are closely monitoring the effect of the new rule on our business.

Master of Destiny, a drama serial co-produced by TVBC, was released through national satellite TV channels during prime time and new media platforms. It recorded accumulated viewers of more than 870 million on Tencent's platform and ranked number two among other dramas released through the Internet in the same period.

TVBC will continue to invest in Mainland-produced dramas that qualify for prime time release on national satellite TV channels. It will also produce more Mainland dramas tailor made for release in the digital media, which is a rising trend in Mainland China.

TAIWAN OPERATIONS

TVBS – TAIWAN

As announced by the Board in January 2015, the Group has entered into conditional Disposal Agreement with three independent third parties for disposal of 53% interest in Liann Yee, which operates the business of TVBS. The transaction was completed on 6 May 2015 after completion of reorganisation of the business in Taiwan and obtaining requisite regulatory approvals from relevant Taiwan authorities. Consequently, the Group's shareholding interests in Liann Yee was reduced to 47% and became a joint venture of the Group.

During the Period, the market share of TVBS News reached a new record high of 28% among all six news channels following a revamp 18 months ago that brought on new anchors, new programmes, and new virtue reality studio facilities. These efforts have proved to be very successful, with our channel leading the market by a wide margin of more than 5% compared to the second most-watched news channel. Our exclusive coverage of the devastating news report of a commercial airline crash in downtown Taipei was used by more than 800 major media outlets around the world giving both verbal and visual credits to TVBS. Our revamped official website, which now provides live webcasting of major events, has propelled our channel's ranking into the top 10 spots from below 30 previously.

As the very first full HD broadcaster, the penetration rate of the TVBS News and Entertainment channels has reached 99%, the highest in Taiwan's cable market. TVBS was also the first broadcaster to introduce a full 4K production line in house. The channel provided a live 4K feed of the 2015 New Year firework show at Taipei 101 to leading broadcasters globally and received many positive responses, further strengthening its reputation.

OVERSEAS PAY TV OPERATIONS

The combined revenue from our three overseas pay TV platforms in Europe, Australia and North America (USA) dropped by 23% to HK\$93 million (2014: HK\$122 million) during the Period. Illegal OTT set-top boxes carrying vast quantities of pirated programmes continued to cause a decline in subscription revenue and the number of subscribers. We are changing our business model from satellite delivery to an OTT-based delivery in order to lower operating costs.

To safeguard our pay TV business against rampant OTT piracy, we have actively taken legal, operational and marketing actions with good progress. In the United States, we obtained a preliminary court injunction against a major OTT pirate and its distributors under a joint legal action with DISH Network and CCTV. Moreover, the Senate of the Australian Government passed in June a site-blocking anti-piracy bill. We have also launched our own OTT services in Australia and Europe to replace the traditional satellite direct-to-home platform with the aim of bringing costs down and reversing the loss of subscribers and restore profitability.

CHANNEL OPERATIONS

TVB8 AND XING HE CHANNELS

Total revenue recorded a 12% drop to HK\$55 million during the Period. To address the demand for better picture quality, we have scheduled an upgrade of TVB8 and Xing He channels to HD format in Singapore, Malaysia, Indonesia and other Asian markets in the third quarter. We plan to compile a premium Xing He HD channel with the aim of capturing mainstream audiences in various markets by providing different dubbed languages for their selection. Such enhancements will provide added value to new and existing subscribers and affiliated platforms, and will help sustain our competitive advantage in those markets.

COMBATING PIRACY

Hong Kong customs and Macau customs conducted a joint operation on 11 May 2015 and smashed a syndicate engaged in illegally uploading TVB programmes to a pirated website for public sharing. Three people were arrested and a large quantity of computers and recording equipment were seized.

TVB continues to work with law enforcement agencies in Mainland China to take actions against illicit websites, apps, and set-top boxes carrying programmes that infringe on TVB copyrights. Investigations are ongoing.

In the United States, we succeeded in a civil action against several retailers and the manufacturer of a TV box illegally carrying TVB programmes. We are also exploring the feasibility of adopting site-blocking applications in the United Kingdom to tackle TV box piracy.

As a long-term strategy to protect our interests, we have lobbied different governments to amend their copyright legislations in the fight against Internet piracy. In Hong Kong, many legislators have reacted positively to our lobbying efforts and have expressed support for the legislation of new provisions to halt the sales of pirated TV boxes. We will continue to engage relevant authorities to combat piracy.

REVIEW OF OPERATIONS

FINANCIAL REVIEW

OPERATING RESULTS FOR THE PERIOD

Discontinued operations

On 6 May 2015, the Group completed the disposal of its 53% equity interest in Liann Yee Production Co., Ltd. and its subsidiaries ("Liann Yee Group") for a cash consideration of NT\$4,695,000,000 (approximately HK\$1,182,144,000). Totally a disposal gain of HK\$1,395,770,000, represented by a gain on disposal of the equity interest of HK\$851,621,000 and a gain on retained interest of HK\$544,149,000, was recognised. Details of this disposal were set out in Note 18 to the condensed consolidated financial information.

Consequently, Liann Yee Group has ceased to be a subsidiary and has become a joint venture of the Group. The Group has adopted equity accounting in respect of the retained interest in Liann Yee Group thereafter. Liann Yee Group's profit for the period from 1 January to 5 May 2015 was presented as discontinued operations in the condensed consolidated financial information and last year comparatives were restated accordingly.

By the adoption of equity accounting, Liann Yee Group's assets and liabilities had not been included in the Group's condensed consolidated statement of financial position as at 30 June 2015. Investment cost of the retained 47% equity interest in Liann Yee Group and the non-current portion of the shareholder loan to Liann Yee Group have been included in "Interests in joint ventures" in the condensed consolidated financial information. Current portion of the shareholder loan to Liann Yee Group was separately shown as "Loan to a joint venture" in the condensed consolidated financial information. Neihu Real Estate and Bade Real Estate were transferred from Liann Yee Group to the Group prior to the completion of the disposal transaction. Thereafter, the Group leased back certain portion of the properties to Liann Yee Group on normal commercial terms. Accordingly these properties were included as "Investment properties" in the Group's condensed consolidated statement of financial position.

Continuing operations

For the six months ended 30 June 2015, the Group recorded a revenue of HK\$2,031 million (2014: HK\$2,289 million), representing a decrease of 11% over the same period of last year. Cost of sales amounted to HK\$904 million (2014: HK\$942 million), representing a decrease

of 4% over the same period of last year. Gross profit amounted to HK\$1,126 million (2014: HK\$1,347 million), representing a decrease of 16% over the same period of last year.

The drop in revenue was mainly because advertising income from Hong Kong had decreased due to the weaker retail market, and there was revenue generated from the World Cup event in last period.

Included in cost of sales were the cost of programmes, film rights and stocks for the Period which amounted to HK\$669 million (2014: HK\$724 million), representing a decrease of 8% over the same period of last year. The decrease in cost of sales was attributable to the absence of licence rights and production costs for the broadcast of World Cup related programmes for the World Cup event in last period.

Selling, distribution and transmission costs for the Period amounted to HK\$270 million (2014: HK\$268 million), an increase of 1% as comparable with the same period of last year.

General and administrative expenses for the Period amounted to HK\$396 million (2014: HK\$340 million), representing an increase of 16% over the same period of last year. The increase in general and administrative expenses was mainly because there was reversal of provision for impairment on receivables from third parties during the same period of last year.

During the Period, the Group shared losses of HK\$33 million of TVBPVH, an associate of the Group engaging in Hong Kong pay TV business. When compared with the losses shared of HK\$42 million for the six months ended 30 June 2014, the decrease in the losses was mainly due to the decreases in operating costs.

Further to a review of the recoverability of the loan to and trade receivables from TVB Network Vision, the Hong Kong pay TV business operating company of TVBPVH, at 30 June 2015, an impairment loss amounting to HK\$654 million was recognised in the condensed consolidated financial information for the Period due to continuous losses sustained and the unfavourable operating environment for traditional pay TV businesses. After making this impairment loss, the total interests in TVBPVH as of 30 June 2015, which represented the total cost of investment, a long-term loan and trade receivable balances less the accumulated share of losses and impairment, had been fully written off.

Income tax for the Period amounted to HK\$65 million (2014: HK\$114 million), a decrease of 43% over the same period of last year because of lesser profits earned by the Group during the Period. The Group's major subsidiaries operate in the countries whose effective tax rates vary from 0% to 41%.

Overall, the Group's loss attributable to equity holders for continuing operations amounted to HK\$278 million (2014: profit of HK\$606 million).

Earnings per share

The basic and dilute earnings per share from continuing and discontinued operations was HK\$2.62 (2014: HK\$1.60).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's financial position remained strong. At 30 June 2015, total equity stood at HK\$8,025 million (31 December 2014: HK\$8,704 million).

The Group had unpledged bank deposits and cash balances of HK\$2,856 million at 30 June 2015 (31 December 2014: HK\$3,332 million). About 15% of the unpledged bank deposits and cash balances were maintained in overseas subsidiaries for their daily operations. Unpledged bank deposits and cash balances held by the Group were denominated mainly in Hong Kong dollars, US dollars and Renminbi.

Trade receivables from third parties amounted to HK\$1,184 million (31 December 2014: HK\$1,551 million) decreased by 24% over the last year end. In addition to trade receivables from Liann Yee Group not to be included in the condensed consolidated statement of financial position as explained in Discontinued Operations, seasonal variation attributable to a lower level of billing to customers in the first half of the year, when compared with the second half of the year, explained the decrease. Special provision has been made, where appropriate, to cover any potential bad and doubtful debts.

As the Group had reached a settlement with the Inland Revenue Department of Hong Kong on the tax audit in respect of the profits generated by the Group's programme licensing and distribution business carried out overseas, the tax reserve certificates purchased as at last year end were used for the tax settlement during the Period. Over-purchased tax certificates were refunded during the Period. Accordingly, the income tax liabilities of the Group at 30 June 2015 were decreased.

The Group's net current assets amounted to HK\$4,758 million (31 December 2014: HK\$5,314 million), representing a decrease of 10% over the last year end. The current ratio, expressed as the ratio of current assets to current liabilities, was 8.2 at 30 June 2015 (31 December 2014: 5.0).

The Group's total bank borrowings at 30 June 2015 were HK\$401 million (31 December 2014: HK\$392 million), which were related to a secured bank loan denominated in New Taiwan dollars and floating interest bearing. The maturity profile of the Group's borrowing was as follows: in the second year, HK\$2 million (1%); in the third to fifth years, HK\$93 million (23%); over five years, HK\$306 million (76%). At 30 June 2015, the gearing ratio, expressed as the ratio of gross debts to total equity, stood at 5.0% (31 December 2014: 4.5%).

At 30 June 2015, certain investment properties of a subsidiary of the Group with net asset value of HK\$631 million were pledged to secure a bank loan granted to that subsidiary. In addition, bank deposits and cash at banks of HK\$9 million were pledged to secure banking facilities granted to certain subsidiaries of the Group.

At 30 June 2015, capital commitments of the Group amounted to HK\$674 million (31 December 2014: HK\$860 million), representing a decrease of 22%.

REVIEW OF OPERATIONS

FINANCIAL GUARANTEES

At 30 June 2015, there were guarantees given to banks amounting to HK\$21 million (31 December 2014: HK\$22 million) for banking facilities granted to an investee company and a joint venture.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

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

HUMAN RESOURCES

At 30 June 2015, the Group employed, excluding Directors and freelance workers but including contract artistes and staff in overseas subsidiaries, a total of 4,123 full-time employees (31 December 2014: 5,273). The staff of Liann Yee Group were excluded after completion of the disposal.

For employment in Hong Kong, different pay schemes apply to contract artistes, sales and non-sales personnel. Contract artistes are paid either on a per-show basis or by a package of shows basis. Sales personnel are remunerated on commission based schemes. Non-sales personnel are remunerated on a monthly salaries basis. Discretionary bonuses may be awarded as an incentive for better performance. About 4% of the Group's manpower was employed in overseas subsidiaries, and was paid on scales and systems relevant to the respective localities and legislations.

The Group does not operate any employee share option scheme.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

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 Corporate Governance Code ("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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") (including all code provisions and certain recommended best practices in the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules).

At 30 June 2015, the Board and its Committees comprised:

The Board monitors the Company's progress on corporate governance practices and reviews the TVB CG Code adopted by the Company from time-to-time.

BOARD OF DIRECTORS AND ITS COMMITTEES

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 five Board Committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Committee. Each of them has defined terms of reference covering its authority, duties and functions.

Board of Directors	also serving:	Executive Committee	Audit Committee ¹	Remuneration Committee	Nomination Committee
Chairman and Non-executive Director					
Charles Chan Kwok Keung		Chairman	–	Member	–
Executive Directors					
Mark Lee Po On		Member	–	–	–
Cheong Shin Keong		Member	–	–	–
Non-executive Directors					
Mona Fong ²		Member	–	–	–
Jonathan Milton Nelson		–	–	–	–
Anthony Lee Hsien Pin		–	Member	–	Member
Chen Wen Chi		Member	–	–	–
Thomas Hui To		Member	–	–	–
Independent Non-executive Directors³					
Raymond Or Ching Fai		–	Member	Chairman	Chairman
William Lo Wing Yan		–	Chairman	Member	Member
Caroline Wang Chia-Ling		–	–	–	–
Allan Zeman		–	–	–	–
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 Chen Wen Chi		n/a	n/a	n/a	n/a
Jessica Huang Pouleur Alternate Director to Jonathan Milton Nelson		n/a	n/a	n/a	n/a

n/a: not applicable

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- 1 The Audit Committee comprised 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 and Rule 3.10(2) of the Listing Rules.
- 2 On 17 July 2015, Ms. Mona Fong resigned as a member of the Executive Committee.
- 3 The Company announced the appointment of Dr. William Lo Wing Yan as an Independent Non-executive Director of the Company with effect from 11 February 2015 and the appointment of Professor Caroline Wang Chia-Ling and Dr. Allan Zeman as Independent Non-executive Directors of the Company with effect from 1 April 2015 following the retirement and resignation of certain former Independent Non-executive Directors in 2014 and 2015. Upon the said appointments, the total of four Independent Non-executive Directors namely, Dr. Raymond Or Ching Fai, Dr. William Lo Wing Yan, Professor Caroline Wang Chia-Ling and Dr. Allan Zeman on the Board, which fulfills the requirements of the minimum number of three independent non-executive directors as prescribed under Rule 3.10(1) of the Listing Rules and represents one-third of the composition of the Board of Directors as prescribed under Rule 3.10A of the Listing Rules.

During the Period and up to the date of this report, the following changes to the composition of the Board and its Committees took place:

On 1 January 2015, Dr. Charles Chan Kwok Keung, a Non-executive Director of the Company, was appointed as the Chairman of the Board and the chairman of the Executive Committee. Mr. Cheong Shin Keong was appointed as an Executive Director of the Company and a member of the Executive Committee on the same day.

On 11 February 2015, Dr. William Lo Wing Yan was appointed as an Independent Non-executive Director of the Company, a member and the chairman of the Audit Committee and a member of the Remuneration Committee and a member of the Nomination Committee. Dr. Charles Chan Kwok Keung was appointed as a member of the Remuneration Committee on the same day.

On 1 March 2015, Dr. Chow Yei Ching resigned as an Independent Non-executive Director of the Company and ceased to act as the chairman of the Nomination Committee. Dr. Raymond Or Ching Fai was appointed as the chairman of the Nomination Committee on the same day.

On 1 April 2015, Professor Caroline Wang Chia-Ling and Dr. Allan Zeman were appointed as Independent Non-executive Directors of the Company.

On 23 April 2015, Ms. Cher Wang Hsiueh Hong ("Ms. Wang") resigned as a Non-executive Director of the Company and Mr. Thomas Hui To was appointed as a Non-executive Director of the Company. Following the resignation of Ms. Wang, Mr. Harvey Chang Hsiao Wei ("Mr. Chang") ceased to act as an Alternate Director to Ms. Wang. On the same day, Mr. Chang was appointed as an Alternate Director to Mr. Chen Wen Chi, a Non-executive Director of the Company.

On 20 May 2015, each of Mr. Cheong Shin Keong, Dr. William Lo Wing Yan, Professor Caroline Wang Chia-Ling, Dr. Allan Zeman and Mr. Thomas Hui To, who held offices as Directors of the Company until the annual general meeting of the Company held on that day ("2015 AGM"), was successfully elected at the 2015 AGM. Ms. Mona Fong, Mr. Anthony Lee Hsien Pin, and Mr. Chen Wen Chi, who retired at the 2015 AGM, were successfully re-elected as Directors at the 2015 AGM. Mr. Thomas Hui To was appointed as a member of the Executive Committee on the same day.

On 17 July 2015, Ms. Mona Fong resigned as a member of the Executive Committee.

On 19 August 2015, the Risk Committee of the Board was established. Dr. Raymond Or Ching Fai (chairman of the Risk Committee), Dr. William Lo Wing Yan and Professor Caroline Wang Chia-Ling, all are Independent Non-executive Directors of the Company, Mr. Mark Lee Po On and Mr. Cheong Shin Keong, both are Executive Directors of the Company, have been appointed as members.

CHANGE IN DIRECTORS' INFORMATION

Subsequent to the publication of the latest biographical details of the Directors of the Company in its 2014 Annual Report and the publication of the announcements of the Company dated 31 March 2015 and 23 April 2015 in relation to the appointment of the Directors of the Company, there were the following changes in Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

On 11 June 2015, Mr. Allan Yap was appointed as an executive director of Meike International Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

On 7 August 2015, Dr. Raymond Or Ching Fai was appointed as a non-executive director and deputy chairman of Aquis Entertainment Limited, a company listed on the Australian Securities Exchange.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the TVB CG Code as its own code on corporate governance.

The Company was in compliance with the code provisions of the CG Code during the Period, save for the fact that one Director was not able to attend the 2015 AGM due to prior engagement in respect of code provision A.6.7 of the CG Code.

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

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

Dr. William Lo Wing Yan, who was appointed as an Independent Non-executive Director of the Company on 11 February 2015, Professor Caroline Wang Chia-Ling and Dr. Allan Zeman, who were appointed as Independent Non-executive Directors of the Company on 1 April 2015, and Mr. Thomas Hui To, who was appointed as a Non-executive Director of the Company on 23 April 2015, confirmed, following specific enquiries by the Company, that they had complied with the Model Code from the respective dates of their appointment as a Director of the Company until 30 June 2015.

Dr. Chow Yei Ching, who resigned as an Independent Non-executive Director of the Company on 1 March 2015, confirmed, following specific enquiries by the Company, that he had complied with the Model Code throughout the period between 1 January 2015 and 28 February 2015.

Ms. Cher Wang Hsiueh Hong, who resigned as a Non-executive Director of the Company on 23 April 2015, confirmed, following specific enquiries by the Company, that she had complied with the Model Code throughout the period between 1 January 2015 and 22 April 2015.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

OTHER INFORMATION

REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the Period has not been audited, but has been reviewed by PricewaterhouseCoopers, the external auditor of the Company whose report is set out on page 47. The Audit Committee has reviewed with Management the accounting principles and practices adopted by the Group and discussed financial reporting matters, including a review of the unaudited condensed consolidated financial information and this interim report for the Period.

INTERIM DIVIDEND

The Directors declared the payment of an interim dividend of HK\$0.60 per share for the 438,000,000 ordinary shares in issue in respect of the Period. The interim dividend will be paid in cash to shareholders whose names are recorded on the Register of Members of the Company on 21 September 2015. The dividend warrants will be despatched to shareholders on 6 October 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 18 September 2015 to Monday, 21 September 2015, both dates inclusive, for the purpose of determining shareholders' entitlement to the interim dividend. During the said book close period, no transfer of shares will be registered. In order to qualify for entitlement to the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, 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 September 2015.

DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 30 June 2015, the interests and short positions of the named Directors in the shares of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("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, are set out below:

INTERESTS IN THE SHARES OF THE COMPANY

Name of Director	Number of ordinary shares held					Percentage of issued share capital (%) ^(a)
	Personal interests	Family interests	Corporate interests	Other interests	Total interests	
Charles Chan Kwok Keung	–	–	113,888,628	–	113,888,628 ^{#(b)(f)}	26.00
Jonathan Milton Nelson	–	–	–	113,888,628	113,888,628 ^{#(c)(f)}	26.00
Chen Wen Chi	–	113,888,628	–	–	113,888,628 ^{#(d)(f)}	26.00
Mona Fong	1,146,000	–	15,950,200 ^(e)	–	17,096,200 ^(f)	3.90
Lee Po On	–	438,000	–	–	438,000 ^(f)	0.10

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 30 June 2015:

- (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) 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.
- (d) 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 Investment Limited ("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.
- (e) These 15,950,200 shares of the Company were held by The Shaw Foundation Hong Kong Limited ("Shaw Foundation"). Shaw Holdings Inc. ("Shaw Holdings") holds 100% equity interest in Shaw Foundation. Ms. Mona Fong exerts 100% control over Shaw Holdings through The Sir Run Run Shaw Charitable Trust.
- (f) The interests held by these Directors represented long positions.

INTERESTS IN THE SHARES OF THE ASSOCIATED CORPORATIONS OF THE COMPANY

Name of associated corporation	Name of Director	Number of ordinary shares held					Total interests	Percentage of issued share capital (%) ^(a)
		Personal interests	Family interests	Corporate interests	Other interests			
Concept Legend Limited	Mona Fong	-	-	1	-	1 ^{(b)(d)}	50.00	
Wealth Founder Limited	Mona Fong	-	-	67	-	67 ^{(c)(d)}	67.00	

Notes:

At 30 June 2015:

- (a) Percentage of issued share capital of associated corporation was based on the total number of ordinary shares of each of the associated corporations of the Company in issue.
- (b) This one share of Concept Legend Limited ("Concept Legend") was held by Shaw Productions Limited ("Shaw Productions"). Shaw Holdings holds 100% equity interest in Shaw Productions. Ms. Mona Fong exerts 100% control over Shaw Holdings through The Sir Run Run Shaw Charitable Trust.
- (c) These 67 shares of Wealth Founder Limited were held by Concept Legend, in which Shaw Productions holds 50% equity interest. Shaw Holdings holds 100% equity interest in Shaw Productions. Ms. Mona Fong exerts 100% control over Shaw Holdings through The Sir Run Run Shaw Charitable Trust.
- (d) The interests held by Ms. Mona Fong represented long positions.

Save for the information disclosed above, at 30 June 2015, 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 Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

OTHER PERSONS' INTERESTS IN THE SHARES OF THE COMPANY

At 30 June 2015, the interests or short positions of the persons (other than the Directors or chief executive 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:

INTERESTS 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)(g)(i)}	26.00
Young Lion Acquisition Co. Limited	113,888,628 ^{#(c)(g)(i)}	26.00
Young Lion Holdings Limited	113,888,628 ^{#(c)(g)(i)}	26.00
Innovative View Holdings Limited	113,888,628 ^{#(c)(g)(i)}	26.00
Li Rui Gang	113,888,628 ^{#(d)(i)}	26.00
CMC M&E Holdings Ltd.	113,888,628 ^{#(d)(i)}	26.00
CMC M&E Acquisition Co. Ltd.	113,888,628 ^{#(d)(g)(i)}	26.00
Wang Hsiueh-Hong	113,888,628 ^{#(e)(i)}	26.00
Kun Chang Investment Co. Ltd.	113,888,628 ^{#(e)(i)}	26.00
Profit Global Investment Limited	113,888,628 ^{#(e)(g)(i)}	26.00
Providence Holdco (International) GP Ltd.	113,888,628 ^{#(f)(i)}	26.00
Providence Fund Holdco (International) L.P.	113,888,628 ^{#(f)(i)}	26.00
PEP VI International Ltd.	113,888,628 ^{#(f)(i)}	26.00
Providence Equity GP VI International L.P.	113,888,628 ^{#(f)(i)}	26.00
Providence Equity Partners VI International L.P.	113,888,628 ^{#(f)(i)}	26.00
P6 YL Holdings Limited	113,888,628 ^{#(f)(g)(i)}	26.00
Dodge & Cox	40,163,800 ^{(h)(i)}	9.17
Silchester International Investors LLP	40,100,300 ^{(h)(i)}	9.16

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 and its Associated Corporations".

At 30 June 2015:

- (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. YLH is controlled by Dr. Charles Chan Kwok Keung ("Dr. Chan", the Chairman of the Board of the Company), with Mr. Li Rui Gang ("Mr. Li"), Ms. Cher Wang Hsiueh Hong ("Ms. Wang") and Providence Equity Partners L.L.C. (in which Mr. Jonathan Milton Nelson ("Mr. Nelson"), a Non-executive Directors of the Company, is the chief executive officer and founder) as the other three members.
- (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 a wholly-owned subsidiary of Young Lion Acquisition Co. Limited ("YLA"), which is in turn a wholly-owned subsidiary of YLH, which is controlled by Dr. Chan, through IVH.
- (d) Mr. Li was deemed to be interested in the 113,888,628 shares of the Company. Such interests were held indirectly through the interest of CMC M&E Acquisition Co. Ltd. ("CMC Acquisition") in YLH. CMC Acquisition is a wholly-owned subsidiary of CMC M&E Holdings Limited, which is controlled by Mr. Li.
- (e) Ms. Wang was deemed to be interested in the 113,888,628 shares of the Company. Such interests were held indirectly through the interest of Profit Global in YLH. 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. Wang.

- (f) P6YL was deemed to be interested in the 113,888,628 shares of the Company. Such interests were held indirectly through the interest of P6YL in YLH. 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. Nelson holds controlling interests in P6YL through Providence Holdco (International) GP Ltd. and its subsidiaries as abovementioned.
- (g) Dr. Chan, IVH, CMC Acquisition, Profit Global, P6YL, YLH, YLA and Shaw Brothers are the parties of an agreement (“Agreement”) to hold the interest in the 113,888,628 shares in the Company. The Agreement is an agreement to which Section 317 of the SFO applies.
- (h) Interests were held in the capacity of investment managers.
- (i) The interests held by these persons represented long positions.

Save for the information disclosed above, at 30 June 2015, no other persons (other than the Directors or chief executive of the Company) had any interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO or as otherwise notified the Company.

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

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

INTERIM REPORT

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

FINANCIAL INFORMATION

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Note	30 June 2015 Unaudited HK\$'000	31 December 2014 Audited HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,754,859	3,068,165
Investment properties	7	739,593	10,202
Land use rights	7	64,757	66,378
Goodwill	7	–	115,643
Interests in joint ventures	8	1,211,223	44,909
Interests in associates	9	–	530,786
Available-for-sale financial assets		3	3
Deferred income tax assets		17,299	23,529
Prepayments	10	51,728	39,893
Total non-current assets		3,839,462	3,899,508
Current assets			
Programmes and film rights		818,934	761,863
Stocks		12,462	10,674
Trade and other receivables, prepayments and deposits	10	1,666,755	2,538,940
Tax recoverable		5,014	5,074
Loan to a joint venture	8	50,965	–
Restricted cash		8,594	9,039
Bank deposits maturing after three months		901,555	135,676
Cash and cash equivalents		1,954,484	3,195,869
Total current assets		5,418,763	6,657,135
Total assets		9,258,225	10,556,643
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	11	664,044	664,044
Other reserves	12	69,524	159,241
Retained earnings			
– Dividends	20	262,800	1,883,400
– Others		6,856,106	5,818,734
Non-controlling interests		7,852,474	8,525,419
		172,297	178,927
Total equity		8,024,771	8,704,346

	Note	30 June 2015 Unaudited HK\$'000	31 December 2014 Audited HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	14	401,360	293,700
Deferred income tax liabilities		171,478	181,080
Retirement benefit obligations		–	34,628
Total non-current liabilities		572,838	509,408
Current liabilities			
Trade and other payables and accruals	13	599,091	793,019
Current income tax liabilities		61,525	451,970
Borrowings	14	–	97,900
Total current liabilities		660,616	1,342,889
Total liabilities		1,233,454	1,852,297
Total equity and liabilities		9,258,225	10,556,643
Net current assets		4,758,147	5,314,246
Total assets less current liabilities		8,597,609	9,213,754

The notes on pages 28 to 46 form an integral part of this condensed consolidated financial information.

FINANCIAL INFORMATION

Condensed Consolidated Income Statement

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000 (Restated)
Continuing operations			
Revenue	6	2,030,706	2,289,169
Cost of sales		(904,466)	(942,112)
Gross profit		1,126,240	1,347,057
Other revenues	15	38,563	38,898
Selling, distribution and transmission costs		(270,325)	(267,823)
General and administrative expenses		(395,648)	(340,460)
Other losses, net		(35,043)	(7,361)
Finance costs		(3,484)	(1,708)
Share of profits/(losses) of:			
Joint ventures		6,735	(5,441)
Associates		(32,766)	(42,310)
Impairment loss on loan to and trade receivables from an associate		(654,106)	–
(Loss)/profit before income tax	16	(219,834)	720,852
Income tax expense	17	(65,005)	(113,667)
(Loss)/profit for the period from continuing operations		(284,839)	607,185
Discontinued operations			
Profit for the period from discontinued operations		83,152	93,785
Tax on dividend distributed prior to completion of disposal		(52,726)	–
Gain on disposal of discontinued operations		1,395,770	–
	18(a)	1,426,196	93,785
Profit for the period		1,141,357	700,970
(Loss)/profit attributable to:			
Equity holders of the Company			
– Continuing operations		(278,158)	606,389
– Discontinued operations		1,426,196	93,785
		1,148,038	700,174
Non-controlling interests			
– Continuing operations		(6,681)	796
		1,141,357	700,970
(Loss)/earnings per share (basic and diluted) for (loss)/profit attributable to equity holders of the Company during the period			
– Continuing operations	19	(HK\$0.64)	HK\$1.39
– Discontinued operations	19	HK\$3.26	HK\$0.21
		HK\$2.62	HK\$1.60
Dividends	20	262,800	262,800

The notes on pages 28 to 46 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (Restated)
Profit for the period	1,141,357	700,970
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	–	1,380
Tax effect of remeasurement of defined benefit obligations recognised directly in other comprehensive income	–	(235)
	–	1,145
Item that may be reclassified to profit or loss:		
Currency translation differences	53,882	3,578
Reclassification adjustment to profit or loss on disposal of subsidiaries	7,531	–
Other comprehensive income for the period, net of tax	61,413	4,723
Total comprehensive income for the period	1,202,770	705,693
Total comprehensive income for the period attributable to:		
Equity holders of the Company		
– Continuing operations	(243,001)	608,067
– Discontinued operations	1,452,401	97,470
	1,209,400	705,537
Non-controlling interests		
– Continuing operations	(6,630)	156
Total comprehensive income for the period	1,202,770	705,693

The notes on pages 28 to 46 form an integral part of this condensed consolidated financial information.

FINANCIAL INFORMATION

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Note	Unaudited					Total equity HK\$'000
		Attributable to equity holders of the Company				Non- controlling interests	
		Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	HK\$'000	
Balance at 1 January 2014		21,900	843,254	7,449,565	8,314,719	112,108	8,426,827
Comprehensive income:							
Profit for the period		-	-	700,174	700,174	796	700,970
Other comprehensive income:							
Remeasurement of defined benefit obligations		-	-	1,145	1,145	-	1,145
Currency translation differences		-	4,218	-	4,218	(640)	3,578
Total comprehensive income, net of tax, for the period ended 30 June 2014		-	4,218	701,319	705,537	156	705,693
Transactions with owners:							
Transition to no-par value regime on 3 March 2014	11	642,144	(642,144)	-	-	-	-
Transferred to legal reserve 2013 final dividends paid	12	-	28,578	(28,578)	-	-	-
		-	-	(876,000)	(876,000)	-	(876,000)
Total transactions with owners		642,144	(613,566)	(904,578)	(876,000)	-	(876,000)
Balance at 30 June 2014		664,044	233,906	7,246,306	8,144,256	112,264	8,256,520
Balance at 1 January 2015		664,044	159,241	7,702,134	8,525,419	178,927	8,704,346
Comprehensive income:							
Profit for the period		-	-	1,148,038	1,148,038	(6,681)	1,141,357
Other comprehensive income:							
Currency translation differences							
- Group		-	53,767	-	53,767	51	53,818
- Joint ventures		-	64	-	64	-	64
Reclassification adjustment in relation to disposal of subsidiaries		-	7,531	-	7,531	-	7,531
Total comprehensive income, net of tax, for the period ended 30 June 2015		-	61,362	1,148,038	1,209,400	(6,630)	1,202,770
Transactions with owners:							
Transferred to legal reserve	12	-	3,882	(3,882)	-	-	-
Disposal of subsidiaries	12	-	(156,016)	156,016	-	-	-
2014 final and special dividends paid	20	-	-	(1,883,400)	(1,883,400)	-	(1,883,400)
Total contributions by and distributions to owners		-	(152,134)	(1,731,266)	(1,883,400)	-	(1,883,400)
Loss previously in reserve released to profit or loss on disposal of subsidiaries		-	1,055	-	1,055	-	1,055
Total transactions with owners		-	(151,079)	(1,731,266)	(1,882,345)	-	(1,882,345)
Balance at 30 June 2015		664,044	69,524	7,118,906	7,852,474	172,297	8,024,771

The notes on pages 28 to 46 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Note	Unaudited	
		Six months ended 30 June	
		2015	2014
		HK\$'000	HK\$'000
Cash flows from operating activities			
Cash generated from operations	21	682,986	803,116
Interest paid		(3,718)	(111)
Hong Kong tax paid		(36,990)	(68,594)
Overseas tax paid		(63,958)	(60,062)
Net cash generated from operating activities		578,320	674,349
Cash flows from investing activities			
Purchases of property, plant and equipment, investment properties and land use rights		(123,089)	(189,952)
Investment in a joint venture		–	(6,311)
Loan to a joint venture		–	(15,778)
(Increase)/decrease in bank deposits maturing after three months		(768,136)	241,252
Net cash inflow from disposal of subsidiaries	18(c)	978,642	–
Proceeds from sale of property, plant and equipment		539	724
Interest received		32,921	25,560
Net cash generated from investing activities		120,877	55,495
Cash flows from financing activities			
Proceeds from bank loans		398,960	–
Repayments of bank loans		(398,960)	(24,077)
Repayment of a loan due to a joint venture		(63,190)	–
(Increase)/decrease in restricted cash		(6)	330
Dividends paid to equity holders of the Company		(1,883,400)	(876,000)
Net cash used in financing activities		(1,946,596)	(899,747)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at 1 January		3,195,869	2,609,393
Effect of foreign exchange rate changes		6,014	(4,794)
Cash and cash equivalents at 30 June		1,954,484	2,434,696

The notes on pages 28 to 46 form an integral part of this condensed consolidated financial information.

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

1 GENERAL INFORMATION

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

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

This condensed consolidated financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated financial information was approved for issue on 19 August 2015.

This interim financial information has not been audited, but has been reviewed by the Audit Committee of the Board, and by PricewaterhouseCoopers, our Auditor, in accordance with the Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

KEY EVENTS

On 6 May 2015, the Group completed the disposal of its 53% equity interest in Liann Yee Production Co., Ltd. and its subsidiaries (“Liann Yee Group”) for a cash consideration of NT\$4,695,000,000 (approximately HK\$1,182,144,000). Totally a disposal gain of HK\$1,395,770,000, represented by a gain on disposal of the equity interest of HK\$851,621,000 and a gain on retained interest of HK\$544,149,000, was recognised. Details of this disposal were set out in Note 18 to the condensed consolidated financial information.

Consequently, Liann Yee Group has ceased to be a subsidiary and has become a joint venture of the Group. The Group has adopted equity accounting in respect of the retained interest in Liann Yee Group thereafter. Liann Yee Group’s profit for the period from 1 January to 5 May 2015 was presented as discontinued operations in the condensed consolidated financial information and last year comparatives were restated accordingly.

By the adoption of equity accounting, Liann Yee Group’s assets and liabilities had not been included in the Group’s condensed consolidated statement of financial position as at 30 June 2015. Investment cost of the retained 47% equity interest in Liann Yee Group and the non-current portion of the shareholder loan to Liann Yee Group have been included in “Interests in joint ventures” in the condensed consolidated financial information. Current portion of the shareholder loan to Liann Yee Group was separately shown as “Loan to a joint venture” in the condensed consolidated financial information. Neihu Real Estate and Bade Real Estate were transferred from Liann Yee Group to the Group prior to the completion of the disposal transaction. Thereafter, the Group leased back certain portion of the properties to Liann Yee Group on normal commercial terms. Accordingly these properties were included as “Investment properties” in the Group’s condensed consolidated statement of financial position.

2 BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which were prepared in accordance with Hong Kong Financial Reporting Standards.

3 ACCOUNTING POLICIES

The accounting policies applied and methods of computation used in the preparation of these interim accounts are consistent with those used in the 2014 annual financial statements. New or revised standards, amendments to standards and interpretations effective for the financial year ending 31 December 2015 are not expected to have a material impact on the Group.

The Group has not early adopted new or revised standards, amendments to standards and interpretations that have been issued but are not yet effective for the accounting period ending 31 December 2015. The Group is in the process of making an assessment of the likely impact of these new or revised standards, amendments to standards and interpretations to the Group's results and financial position in the period of initial application.

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

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in any risk management policies since the year end.

5.2 FAIR VALUE ESTIMATION

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

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 30 June 2015 and 31 December 2014, the fair value measurement of the Group's available-for-sale financial assets is classified in level 3.

There was no transfer between categories during the period.

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

6 SEGMENT INFORMATION

The Group Chief Executive Officer is the Group's chief operating decision maker. The Group reports its operating segments based on the internal reports reviewed by the Group Chief Executive Officer for the purposes of allocating resources to the segments and assessing their performance. The Group determined to separately report "Hong Kong digital new media business" as a reportable operating segment due to the increasing importance of the business. As such, the comparative figures have been adjusted to conform with the reclassification.

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) Hong Kong digital new media business | – provision of contents to mobile devices and website portals |
| (c) Programme licensing and distribution | – distribution of television programmes and channels to telecast, video and new media operators |
| (d) Overseas pay TV operations | – provision of pay television services to subscribers in USA, Europe and Australia |
| (e) Channel operations | – compilation and distribution of television channels in Mainland China, Malaysia, Singapore and other countries |
| (f) Other activities | – magazine publications, receipt of rental income and other related services |

The segment information reported below does not include any amounts related to the operations of Liann Yee Group, which are described in more details in Note 18.

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 respects, as explained in the table below, is measured differently from the profit before income tax in the condensed consolidated financial information.

Revenue 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.

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

6 SEGMENT INFORMATION (continued)

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

	Hong Kong TV broadcasting HK\$'000	Hong Kong digital new media business HK\$'000	Programme licensing and distribution HK\$'000	Overseas pay TV operations HK\$'000	Channel operations HK\$'000	Other activities HK\$'000	Elimination HK\$'000	Total HK\$'000
Continuing operations								
Six months ended 30 June 2015								
Revenue								
External customers	1,364,398	70,403	416,085	93,269	52,277	34,274	-	2,030,706
Inter-segment	21,214	1,876	66,612	17	2,947	7,812	(100,478)	-
Total	1,385,612	72,279	482,697	93,286	55,224	42,086	(100,478)	2,030,706
Reportable segment profit before impairment loss	240,244	13,008	222,681	(21,237)	12,853	(7,246)	-	460,303
Impairment loss on loan to and trade receivables from an associate (Note 9, 10)	(654,106)	-	-	-	-	-	-	(654,106)
Reportable segment (loss)/profit after impairment loss	(413,862)	13,008	222,681	(21,237)	12,853	(7,246)	-	(193,803)
Interest income	25,319	368	5,023	179	-	1,059	-	31,948
Finance costs	-	-	-	-	-	(3,484)	-	(3,484)
Depreciation and amortisation	(119,578)	(6,852)	(3,086)	(2,490)	(79)	(7,220)	-	(139,305)
Additions to non-current assets [#]	93,328	9,611	6,531	556	3,820	313	-	114,159
Six months ended 30 June 2014 (restated)								
Revenue								
External customers	1,555,856	85,679	447,209	121,716	52,892	25,817	-	2,289,169
Inter-segment	25,152	1,890	68,406	195	9,658	3,260	(108,561)	-
Total	1,581,008	87,569	515,615	121,911	62,550	29,077	(108,561)	2,289,169
Reportable segment profit	443,671	24,180	310,507	(23,808)	18,361	(4,308)	-	768,603
Interest income	28,438	457	1,670	51	-	1,285	-	31,901
Finance costs	(1,708)	-	-	-	-	-	-	(1,708)
Depreciation and amortisation	(114,929)	(5,314)	(2,067)	(3,248)	(95)	(2,316)	-	(127,969)
Additions to non-current assets [#]	134,520	5,499	9,110	2,296	100	301	-	151,826

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

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

6 SEGMENT INFORMATION (continued)

A reconciliation of reportable segment (loss)/profit to (loss)/profit before income tax is provided as follows:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (Restated)
Reportable segment (loss)/profit	(193,803)	768,603
Share of profits/(losses) of joint ventures	6,735	(5,441)
Share of losses of associates	(32,766)	(42,310)
(Loss)/profit before income tax	(219,834)	720,852

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (Restated)
Hong Kong	1,464,494	1,666,991
USA and Canada	71,358	85,524
Australia	31,428	41,302
Europe	4,564	15,450
Mainland China	147,155	177,137
Malaysia and Singapore	270,950	273,781
Other countries	40,757	28,984
	2,030,706	2,289,169

7 CAPITAL EXPENDITURE

	Goodwill HK\$'000	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Land use rights HK\$'000
As at 1 January 2014	171,730	3,105,052	13,595	69,834
Additions	–	189,952	–	–
Disposals	–	(444)	–	–
Depreciation and amortisation (Note 16)	–	(153,965)	(357)	(1,634)
Exchange differences	212	2,895	(103)	(491)
As at 30 June 2014	171,942	3,143,490	13,135	67,709
As at 1 January 2015	115,643	3,068,165	10,202	66,378
Additions	–	111,254	–	–
Disposals	–	(433)	–	–
Transfer (Note 7(b))	–	(728,586)	728,586	–
Disposal of subsidiaries	(116,719)	(569,983)	–	–
Depreciation and amortisation (Note 16)	–	(151,584)	(4,439)	(1,636)
Exchange differences	1,076	26,026	5,244	15
As at 30 June 2015	–	1,754,859	739,593	64,757

Notes:

- (a) As at 30 June 2015, land and buildings with net book value of HK\$631,210,000 (31 December 2014: HK\$720,072,000) were pledged to secure a bank loan granted to a subsidiary of the Group.
- (b) During the period, properties previously held by Liann Yee Group were transferred to another subsidiary of the Group as investment properties as described in “Key Events” in Note 1.

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

8 INTERESTS IN JOINT VENTURES

	30 June 2015 HK\$'000
At 1 January	44,909
Investment costs (note)	907,829
Loan to a joint venture	300,902
Interest receivables from joint ventures	1,262
Share of profits for the period	6,735
Share of other comprehensive income for the period	64
Exchange differences	487
	1,262,188
Less: current portion of loan to a joint venture	(50,965)
At 30 June	1,211,223

Note:

The amount represented the fair value of the 47% retained interest of Liann Yee Group (Note 18(c)).

9 INTERESTS IN ASSOCIATES

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Investment costs	736,813	736,813
Less: accumulated share of losses	(736,813)	(736,813)
	–	–
Loan to an associate	719,212	719,212
Interest receivable from an associate	21,443	19,660
	740,655	738,872
Less: share of losses in excess of investment costs	(151,035)	(118,269)
Less: provision for impairment loss (note)	(589,620)	(89,817)
	–	530,786
Unlisted shares, at cost	736,813	736,813

9 INTERESTS IN ASSOCIATES (continued)

Note:

TVB Network Vision Limited ("TVB Network Vision"), an associate engaging in Hong Kong pay TV business, has been offering content from TVB and other providers from different regions with programme genre ranging from drama serials, variety programmes to sports. However, due to rampant Internet piracy activities exacerbated by technological advancement around the world, the content which TVB Network Vision has planned to bring to its viewers through conventional subscription service is widely available in the market, causing significant shortfall in its revenue targets. In addition, the operation of high cost pay TV business (provision of pay TV service using satellite transmission and third party platform cooperation) has increasingly become difficult.

In view of TVB Network Vision's continuous losses sustained and the unfavourable operating environment for traditional pay TV business, future cash inflow of TVB Network Vision will be significantly reduced. TVB Network Vision will not proceed to launch the over-the-top platform in 2016, as previously envisaged in their business plan as disclosed in our 2014 annual financial statements. As such, impairment losses of HK\$499,803,000 and HK\$154,303,000 (Note 10) against the loan and trade receivables due from TVB Network Vision, with a total impairment loss of HK\$654,106,000, were made in the financial statements for the period ended 30 June 2015. After making this impairment loss, the total net interests in TVB Pay Vision Holdings Limited ("TVBPVH", the holding company of TVB Network Vision) as of 30 June 2015, which represented the total cost of investment, a long-term loan and trade receivable balances less the accumulated share of losses and impairment, had been fully written off.

10 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Non-current		
Prepayments related to capital expenditure	51,728	39,893
Current		
Trade receivables from:		
Joint ventures	4,011	–
Associates	575,929	537,177
Related parties	49,074	42,691
Third parties (Note 10(a))	1,184,003	1,550,881
	1,813,017	2,130,749
Less: provision for impairment loss on receivables from:		
Associates (Note 10(b))	(575,929)	(421,626)
Third parties	(73,116)	(72,754)
Amounts due from joint ventures	2,510	2,256
Other receivables, prepayments and deposits	500,273	478,243
Tax reserve certificates	–	422,072
	1,666,755	2,538,940
	1,718,483	2,578,833

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

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

Notes:

- (a) 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.
- (b) During the period, an additional impairment loss of HK\$154,303,000 was made against the trade receivables due from TVB Network Vision.

At 30 June 2015 and 31 December 2014, the ageing of trade receivables based on invoice date including trading balances due from joint ventures, associates and related parties was as follows:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Current	451,055	563,503
1 – 2 months	256,639	341,718
2 – 3 months	220,148	251,162
3 – 4 months	109,380	203,377
4 – 5 months	48,339	83,649
Over 5 months	727,456	687,340
	1,813,017	2,130,749

11 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK\$'000
Ordinary shares, issued and fully paid:		
At 1 January 2014	438,000	21,900
Transition to no-par value regime on 3 March 2014 (note)	–	642,144
At 30 June 2014 and 31 December 2014 and 1 January 2015 and 30 June 2015	438,000	664,044

Note:

In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), dated 3 March 2014, any amount standing to the credit of the share premium and capital redemption reserve accounts have become part of the Company's share capital (Note 12).

12 OTHER RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Capital reserve HK\$'000	Legal reserve HK\$'000	Translation reserve HK\$'000	Total HK\$'000
Balance at 1 January 2014	602,026	40,118	70,000	(191)	167,954	(36,653)	843,254
Currency translation differences:							
– Group	–	–	–	–	–	4,218	4,218
Transition to no-par value regime on 3 March 2014 (Note 11)	(602,026)	(40,118)	–	–	–	–	(642,144)
Transferred from retained earnings	–	–	–	–	28,578	–	28,578
Balance at 30 June 2014	–	–	70,000	(191)	196,532	(32,435)	233,906
Currency translation differences:							
– Group	–	–	–	–	–	(91,470)	(91,470)
– Joint ventures	–	–	–	–	–	(35)	(35)
Transferred to retained earnings	–	–	–	–	(8,596)	–	(8,596)
Reclassification adjustment to profit or loss on liquidation of subsidiaries	–	–	–	–	–	25,436	25,436
Balance at 31 December 2014	–	–	70,000	(191)	187,936	(98,504)	159,241
Balance at 1 January 2015	–	–	70,000	(191)	187,936	(98,504)	159,241
Currency translation differences:							
– Group	–	–	–	–	–	53,767	53,767
– Joint ventures	–	–	–	–	–	64	64
Transferred from retained earnings	–	–	–	–	3,882	–	3,882
Reclassification adjustment to profit or loss on disposal of subsidiaries	–	–	–	–	–	7,531	7,531
Disposal of subsidiaries	–	–	–	(864)	(155,152)	–	(156,016)
Loss previously in reserve released to profit or loss on disposal of subsidiaries	–	–	–	1,055	–	–	1,055
Balance at 30 June 2015	–	–	70,000	–	36,666	(37,142)	69,524

13 TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Trade payables to:		
Joint ventures	11,221	–
Related parties	7,706	6,007
Third parties	104,611	134,075
Amounts due to a joint venture	123,538	140,082
Receipts in advance, deferred income and customers' deposits	1,764	1
Provision for employee benefits and other expenses	151,297	124,703
Accruals and other payables	122,492	276,631
	200,000	251,602
	599,091	793,019

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

13 TRADE AND OTHER PAYABLES AND ACCRUALS (continued)

At 30 June 2015 and 31 December 2014, the ageing of trade payables based on invoice date including trading balances due to joint ventures and related parties was as follows:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Current	100,420	109,530
1 – 2 months	16,201	25,054
2 – 3 months	4,193	3,497
3 – 4 months	1,337	690
4 – 5 months	651	176
Over 5 months	736	1,135
	123,538	140,082

14 BORROWINGS

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Non-current		
Long-term bank loan, secured	401,360	293,700
Current		
Short-term bank loans, secured	–	97,900
Total bank borrowings	401,360	391,600

The Group's bank borrowings were repayable as follows:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Within 1 year	–	97,900
Between 1 and 2 years	2,573	9,790
Between 2 and 5 years	92,621	176,220
Over 5 years	306,166	107,690
	401,360	391,600

15 OTHER REVENUES

	Six months ended 30 June 2015 HK\$'000	2014 HK\$'000 (Restated)
Interest income	31,948	31,901
Others	6,615	6,997
	38,563	38,898

16 (LOSS)/PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (Restated)
Continuing operations		
Depreciation (Note 7)	137,669	126,335
Amortisation of land use rights (Note 7)	1,636	1,634
Costs of programmes, film rights and stocks	669,364	723,692
Net exchange losses	35,043	7,361
Discontinued operations		
Depreciation (Note 7)	18,354	27,987
Costs of programmes, film rights and stocks	39,324	61,412

17 INCOME TAX EXPENSE

Hong Kong and overseas profits taxes have been provided at the rate of 16.5% (2014: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively. Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (Restated)
Current income tax:		
– Hong Kong	75,518	107,715
– Overseas	8,181	21,582
– (Over)/under provisions in prior periods	(8,603)	1,708
Deferred income tax:		
– Origination and reversal of temporary differences	(10,091)	(17,338)
	65,005	113,667

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

18 DISCONTINUED OPERATIONS

As more fully explained in Note 1 in respect of the disposal of Liann Yee Group, the results of Taiwan operations together with the related gain on disposal have been presented as discontinued operations in the condensed consolidated income statement for the six months ended 30 June 2015.

(a) Analysis of the results of the discontinued operations is as follows:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Revenue	276,081	414,387
Cost of sales	(134,684)	(211,369)
Gross profit	141,397	203,018
Other revenues	2,890	1,820
Selling, distribution and transmission costs	(29,831)	(48,389)
General and administrative expenses	(31,202)	(33,054)
Other losses, net	(468)	(56)
Finance costs	(1,896)	(78)
Profit before income tax	80,890	123,261
Income tax credit/(expense)	2,262	(29,476)
Profit after income tax	83,152	93,785
Tax on dividend distributed prior to completion of disposal	(52,726)	–
Gain on disposal of subsidiaries [#]	1,395,770	–
Profit for the period from discontinued operations	1,426,196	93,785
Profit attributable to:		
– Equity holders of the Company	1,426,196	93,785

[#] Totally a disposal gain of HK\$1,395,770,000, represented by a gain on disposal of the equity interest of HK\$851,621,000 and a gain on retained interest of HK\$544,149,000, was recognised.

(b) Analysis of the cash flows of discontinued operations is as follows:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Net cash inflow from operating activities	121,736	31,036
Net cash inflow/(outflow) from investing activities	1,183,480	(39,759)
Net cash outflow from financing activities	(553,086)	(24,077)
Net cash inflow/(outflow) from discontinued operations	752,130	(32,800)

18 DISCONTINUED OPERATIONS (continued)

(c) Disposal of subsidiaries

	HK\$'000
Net assets disposed:	
Property, plant and equipment	569,983
Deferred income tax assets	6,644
Loan to a subsidiary of the Group	63,190
Programmes and film rights	25,107
Stocks	508
Trade and other receivables, prepayments and deposits	192,388
Restricted cash	451
Bank deposits maturing after three months	2,257
Cash and cash equivalents	203,502
Loan from a subsidiary of the Group	(300,902)
Trade and other payables and accruals	(140,126)
Current income tax liabilities	(51,286)
Retirement benefit obligations	(35,198)
	536,518
Goodwill	116,719
Capital reserve	1,055
Exchange loss transferred from translation reserve	7,531
Expenses incurred on disposal	32,380
	694,203
Cash consideration	1,182,144
Fair value of retained interests (Note 8)	907,829
	2,089,973
Gain on disposal of subsidiaries	1,395,770
Analysis of net cash flow on disposal:	
Cash consideration received	1,182,144
Cash and cash equivalents disposed of	(203,502)
Net cash inflow from disposal of subsidiaries	978,642

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

19 (LOSS)/EARNINGS PER SHARE

The (loss)/earnings per share is calculated based on the Group's (loss)/profit attributable to equity holders of the Company and 438,000,000 ordinary shares in issue throughout the six months ended 30 June 2015 and 2014. No fully diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000 (Restated)
(Loss)/profit attributable to equity holders of the Company		
– Continuing operations	(278,158)	606,389
– Discontinued operations	1,426,196	93,785
	1,148,038	700,174

20 DIVIDENDS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend, declared after the end of the reporting period, of HK\$0.60 (2014: HK\$0.60) per ordinary share	262,800	262,800

A final dividend of HK\$2.00 per ordinary share and a special dividend of HK\$2.30 per ordinary share for the year ended 31 December 2014 amounting to HK\$876,000,000 and HK\$1,007,400,000, respectively, were approved by shareholders on 20 May 2015 and paid on 8 June 2015.

21 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before income tax to cash generated from operations:

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Profit before income tax including discontinued operations	1,256,826	844,113
Adjustments for:		
Depreciation and amortisation	157,659	155,956
Defined benefit plans	(277)	(1,834)
Provision for impairment loss on loan to an associate	499,803	–
Provision for impairment loss on trade receivables	155,324	–
Reversal of provision for impairment loss on trade receivables	–	(32,996)
Share of losses of associates	32,766	42,310
Share of (profits)/losses of joint ventures	(6,735)	5,441
Gain on disposal of subsidiaries	(1,395,770)	–
Expenses incurred on disposal of subsidiaries	(32,380)	–
Gain on disposal of property, plant and equipment	(106)	(280)
Interest income	(32,810)	(32,232)
Finance costs	3,723	1,786
Exchange differences	25,638	9,045
	663,661	991,309
Increase in programmes, film rights and stocks	(84,474)	(142,152)
Decrease in trade and other receivables, prepayments and deposits	163,210	53,241
Decrease in trade and other payables and accruals	(59,411)	(99,282)
Cash generated from operations	682,986	803,116

22 FINANCIAL GUARANTEES

The amounts of financial guarantees are as follows:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
	Guarantees for banking facilities granted to:	
An investee company	8,120	8,691
A joint venture	13,341	13,336
	21,461	22,027

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

23 CAPITAL COMMITMENTS

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

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Authorised but not contracted for	602,995	759,549
Contracted but not provided for	70,586	100,044
	673,581	859,593

24 OBLIGATIONS UNDER TELEVISION BROADCASTING LICENCE

The Company operates under the terms of a domestic free television programme service licence granted by the Government of the HKSAR ("Government") which runs for a period of twelve years to 30 November 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.

On 12 May 2015, the Government announced that the Company's application for renewal of the domestic free television programme service licence for a period of 12 years from 1 December 2015 to 30 November 2027 has been approved.

25 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

	Note	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Sales of services:			
Joint ventures			
Rental income	(i)	4,278	–
Technical and facilities services fees	(i)	968	–
Associate			
Programmes and channel licensing fees	(ii)	29,606	32,934
Technical and operational service fees	(ii)	6,120	5,400
Rental income and related charges	(ii)	3,999	3,999
Advertising income	(ii)	44	3,626
Others	(ii)	1,047	1,567
Other related party			
Programmes and channel licensing fees	(iii)	123,773	140,378
Advertising consultancy fees	(iii)	13,506	17,408
		183,341	205,312
Purchases of services:			
Joint venture			
Programmes and channel licensing fees	(i)	(10,315)	–
Associate			
Playback and uplink service fees	(ii)	(15,359)	(15,524)
Graphic service fees	(ii)	(1,250)	(1,500)
Others	(ii)	(328)	(1,265)
Other related party			
Project management fees	(iv)	(1,621)	(2,160)
		(28,873)	(20,449)

Notes:

- (i) The fees were received from/(paid to) Liann Yee Production Co., Ltd., a joint venture of the Group since 6 May 2015.
- (ii) The fees were received from/(paid to) TVB Network Vision, an associate of the Group.
- (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.

FINANCIAL INFORMATION

Notes to the Condensed Consolidated Financial Information

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

- (iv) The fees were paid to ITC Properties Management Limited. The entity is controlled by a person who has significant influence over the Company, and a close member of that person's family.

The Company supplies channel contents to TVB Network Vision in exchange of its advertising revenue attributable to the relevant channels.

The fees received from/(paid to) related parties are based upon mutually agreed terms and conditions.

(b) Key management compensation

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	10,183	12,604

(c) Fund advanced/loans to related parties

	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Fund advanced to a joint venture		
Beginning of the period/year	41,981	26,231
Fund advanced	–	15,750
End of the period/year	41,981	41,981
Loans to joint ventures		
Beginning of the period/year	16,696	–
Loan provided during the period/year (note (i))	300,902	15,778
Interest charged	1,262	816
Exchange differences	130	102
End of the period/year	318,990	16,696
Loan to an associate (note (ii))		
Beginning of the period/year	738,872	735,419
Interest charged	1,783	3,453
End of the period/year	740,655	738,872

Notes:

- (i) The loan provided to a joint venture in 2015 carries interest at the rate of Taipei Interbank Offered Rate plus 0.425% per annum.
- (ii) The loan to the associate carries interest at the rate of 1-month HIBOR plus 0.25% per annum. At 30 June 2015, a provision for impairment loss of the loan to an associate of HK\$589,620,000 (31 December 2014: HK\$89,817,000) had been made (Note 9).

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF TELEVISION BROADCASTS LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 46, which comprises the condensed consolidated statement of financial position of Television Broadcasts Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 August 2015


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



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

© Television Broadcasts Limited 2015
電視廣播有限公司

 This Interim Report is printed on environmentally friendly paper
本中期報告採用環保紙印製