



DR. CHARLES CHAN KWOK KEUNG
Chairman

CHAIRMAN'S STATEMENT

I wish to present my report to you as Chairman of Television Broadcasts Limited ("TVB", "Group" or "Company") for the year ended 31 December 2015.

I reported in my report last August that the first half of the year was challenging for operators in the Hong Kong media industry and for our distribution business globally. These challenges continue in our operating environment and remain areas of attention for us. During 2015, we made a number of important steps to re-position ourselves for the future, namely the development of our over-the-top ("OTT") platform for an early 2016 launch, and the divestment of our operating business in Taiwan. We are also working closely with our strategic shareholder, China Media Capital ("CMC"), to further excel TVB's brand and expertise in our markets. We believe, despite some near term pressure, our new focus helps build shareholders' value in the long term.

PERFORMANCE AND DIVIDENDS

Overall, the Group reported a profit attributable to equity holders of HK\$1,331 million for 2015, which represented a decrease of 6% over last year, and an earnings per share of HK\$3.04 (2014: HK\$3.22). As previously reported, the Group booked a gain of HK\$1,396 million on disposal of our Taiwan Operations, but at the same time, recognised a number of non-recurring losses, including an impairment loss of HK\$695 million against our interest in the Hong Kong pay TV associate, TVB Network Vision; an impairment loss on property of HK\$88 million as a result of a Board's decision to abort the construction of new production studios and related facilities in Hong Kong; and exchange losses on Renminbi fixed term deposits of HK\$42 million. Our operating profit after excluding the exchange losses on Renminbi fixed term deposits and the impairment loss on property decreased 36% over last year, from HK\$1,569 million to HK\$1,006 million. This result was mainly due to the weaker performance of our Hong Kong advertising business, coupled with adverse performances from overseas.

Value creation for shareholder remains a priority of the Board, and we are committed to maintaining a steady dividend even amidst tough times. This year, the Board has recommended a final dividend of HK\$2.00 per share. Together with HK\$0.60 per share of interim dividend paid, the total dividend for this year of HK\$2.60 per share (2014: HK\$2.60 per share). This matter will be put forward for shareholders' approval at the coming annual general meeting. We hope that this dividend policy clearly demonstrates our long-term confidence in the business.

BUSINESS REVIEW AND OUTLOOK

As further discussed in this report, the traditional media is facing intensifying competition from online and digital alternatives worldwide. Piracy is still serious, the Company will continue to carry out sustained anti-piracy efforts to protect our business interests. In 2015, our Hong Kong TV broadcasting and advertising business under-performed last year by 42%, from a segment profit (before impairment losses and exchange losses) of HK\$947 million to HK\$551 million as a result of a sluggish advertising market. During the year, the perceived risk of a global economic slowdown had prompted advertisers to act cautiously.

Through our channels, TVB is engaging with over 3 million viewing audience daily in Hong Kong during prime time. Television broadcasting continues to be our core business, despite a changing operating landscape. We have, over the years, expanded into digital new media business to deliver our programmes and channels. I am pleased to announce the official launch of our new OTT service in Hong Kong, named myTV SUPER, in April which will offer a brand new TV viewing experience, leveraging on the high speed Internet connectivity. We are confident that this new service would become a distinctive and attractive one-stop solution for entertainment needs.

On movie investments which we have earmarked as a key business focus, TVB is partnering with CMC and Warner Bros. Entertainment through a joint venture named Flagship Entertainment Group to develop a slate of Chinese-language films. We believe this joint venture will further escalate our movie production business to a truly international level.

Through the two announced transactions, we had sold our operating business in Taiwan TVBS. Although the contributions from Taiwan had served us well in the past, the Company's focus in future will lie in strengthening our presence in Hong Kong, the PRC and other potential markets. This is in line with the Group's long term goal to focus on developing its core businesses in Hong Kong, and to capture the vast growth opportunities in the PRC and the digital new media space.

Looking ahead, 2016 remains challenging, due to the weaker macroeconomic conditions resulting in a weak advertising market in Hong Kong. But, we are hopeful that this down trend shall gradually improve in 2017. Production of quality programme content will continue to be the cornerstone of our business. In this summer, TVB will be the exclusive broadcaster of the Rio 2016 Olympic Games. We shall be using all of our platforms, terrestrial and OTT, to bring this important and world-focused event to our viewers in Hong Kong. I am pleased to announce the official launch of myTV SUPER service in April. As with any new business, there will be some start-up costs, but we are optimistic that this OTT service will yield positive contributions in the near future.

Last but not least, I would like to take this opportunity to extend my heartfelt gratitude to our shareholders, business partners and audience around the world for their continued support. As Chairman, I would also like to convey my thanks to all Board members, the management team and our dedicated staff and artistes, for their unfailing support.

Charles Chan Kwok Keung

Chairman

Hong Kong, 23 March 2016