

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activities of the Company are terrestrial TV broadcasting, together with programme production and distribution, and other TV-related activities. The principal activities of the major subsidiaries are detailed in Note 41 to the consolidated financial statements.

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

RESULTS, APPROPRIATIONS AND DISTRIBUTABLE RESERVES

The results of the Group for the year are set out in the consolidated income statement on pages 88 to 89.

Distributable reserves of the Company amounted to HK\$4,674,441,000 as at 31 December 2015 (2014: HK\$6,181,289,000).

DIVIDENDS

Based on the full-year results, the Directors have recommended a final dividend of HK\$2.00 per share to shareholders. Together with the interim dividend of HK\$0.60 per share paid on 6 October 2015, this will give a total of HK\$2.60 per share for the full year ended 31 December 2015. In addition, the Company, based on the disposal of 53% in the shareholding in Liann Yee Group, had paid a special dividend of HK\$2.30 per share on 8 June 2015.

Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Wednesday, 25 May 2016 ("2016 AGM"), the final dividend shall be paid to shareholders whose names are recorded on the Register of Members of the Company on 1 June 2016. Dividend warrants for the final dividend will be despatched to shareholders on 10 June 2016.

CLOSURE OF REGISTER OF MEMBERS

FIRST BOOK CLOSE

The Register of Members of the Company will be closed from Wednesday, 4 May 2016 to Wednesday, 25 May 2016, both dates inclusive, ("First Book Close Period") for the purpose of determining shareholders' attendance and voting entitlement at the 2016 AGM.

During the First Book Close Period, no transfer of shares will be registered. In order to qualify for shareholders' attendance and voting entitlement at the 2016 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 3 May 2016.

SECOND BOOK CLOSE

The Register of Members of the Company will be re-opened on Thursday, 26 May 2016 and then will be closed again from Tuesday, 31 May 2016 to Wednesday, 1 June 2016, both dates inclusive, ("Second Book Close Period") for the purpose of determining shareholders' entitlement to the final dividend.

During the Second Book Close Period, no transfer of shares will be registered. In order to qualify for entitlement to the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 30 May 2016.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$7,366,000.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group held for investment purpose are set out below and in Note 7 to the consolidated financial statements.

A whole block of building including 206 car parking spaces located at No. 451 and 453 Ruiguang Road, Neihu District, Taipei City, Taiwan, such building is used as studio and offices, and is freehold.

Properties including level 10, 13, 14, 15, 16 and 2 car parking spaces at basement 2, 4 car parking spaces at basement 3 and 2 car parking spaces at basement 4, No. 23 Section 1 of Bade Road, Zhongzheng District, Taipei City, Taiwan, such properties are used as offices, and are freehold.

SHARE ISSUED IN THE YEAR

The Company has not issued any shares in the year. Details of the share capital information of the Company are set out in Note 18 to the consolidated financial statements.

FIVE-YEAR FINANCIAL REVIEW

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

BUSINESS REVIEW

A business review of the Group, by lines of business, for the year are as follows:

OVERALL

In 2015, TVB celebrated its 48th anniversary as a broadcaster in Hong Kong. TVB has a dominant market share of over 90% in TV broadcasting Hong Kong, and employs 4,062 employees in Hong Kong and an additional 159 employees worldwide.

HONG KONG TV BROADCASTING

In May 2015, TVB's domestic free TV programme service licence ("Free TV Licence") was successfully renewed by the Government for a further period of 12 years, ending in 2027. Under the Free TV Licence, TVB broadcasts five terrestrial TV channels, namely Jade, J2, Pearl, iNews and HD Jade (renamed as J5) (collectively, the "TVB channels") using the allocated digital TV spectrum (using digital TV sets or via set-top boxes), and two terrestrial TV channels, namely, Jade and Pearl using the allocated TV analogue spectrum. The Government has confirmed that the analogue TV spectrum will have to be switched off by 2020, which is deferred from 2015. Since 2007, TVB has made substantial investment to build up the DTT network by constructing a total of 29 signal transmission stations throughout Hong Kong. By September 2013, the DTT network coverage already reached 99 percent of the population, on par with that for analogue services.

As a Free TV licensee, TVB is regulated under the Broadcasting Ordinance and various Codes of Practices. In particular, the duration of advertisements which can be broadcast on TVB channels during the broadcasting hours is strictly regulated. Further, TVB is required to broadcast certain Government produced programmes and announcements. Under the licence, TVB is required to produce a news programme service for the general public, and positive programmes catering to the needs of children and elderly viewers.

DIGITAL NEW MEDIA

In order to cater to the changing viewing habits of viewers, TVB commenced development of its digital new media business over 10 years ago. Through technological improvements, TVB is able to deliver increasing amount video content on its website. TVB monetises these content through its website by insertion of advertisement, in static or video format, before and during the programmes.

In recent years, TVB has extended its digital new media business from portal to mobile devices through the use of apps. As at 31 December 2015, TVB operates a total of eight apps, targeting different segment of viewers who are seeking programmes and documentaries; news; entertainment news; finance related news and content. The monetisation of the content is by way of display advertisements, both in static or video format.

Launching in April of 2016, TVB shall start an Internet-connected TV service or OTT service named myTV SUPER. Viewers are able to enjoy through a subscription service a very large quantity of linear channels and programmes on demand. TVB believes that this OTT service, named as the "second" platform after terrestrial TV platform, can become a major viewing platform in the future.

PROGRAMME LICENSING AND DISTRIBUTION

TVB licenses its self-produced channels and programmes to overseas TV broadcasters, including both free and pay operators, in return for licence fees. A number of business models are being used, depending on the markets. In Mainland China where content produced by TVB is regarded as non-Mainland produced, it is subject to the regulations governing imported TV programmes. In other key markets such as Malaysia and Singapore, TVB enters into supply agreements with the local operators supplying a fixed number of hours of programmes and channels in return for a licence fee. During the year, TVB's contracts with MEASAT Broadcast Network Systems Sdn Bhd ("MEASAT") in Malaysia and StarHub Cable Vision Limited in Singapore continued to take effect. TVB is currently negotiating with MEASAT for a further renewal of the supply agreement which has recently expired. Beyond these key markets, TVB continues to explore the licensing of content to newer markets, including Vietnam and Cambodia, as part of its business to further widen the distribution.

REPORT OF THE DIRECTORS

OVERSEAS PAY TV OPERATIONS

TVB operates its own platforms in a number of key overseas markets, namely North America (USA), Australia and Europe under a subscription model. A number of channels are being compiled by TVB which may be TVB produced or acquired, to form a service pack. Viewers are required to subscribe for such service packs to enjoy the TV content provided by TVB. In recent years, TVB began to utilise the Internet for distribution instead of via satellite services in countries within Europe and in Australia, under a service named TVB Anywhere. However, in recent years, the overseas pay TV operations have been experiencing substantial subscriber churns, owing to the wide availability of unlicensed content, TVB and the like, carried by pirated service operators.

TAIWAN OPERATIONS

TVB had disposed of its operation in Taiwan carried on by Liann Yee Group under the business name of TVBS in two tranches – namely, a disposal of 53% shareholding interest which took place in January 2015 and a disposal of the remaining 47% shareholding interest in January 2016. The first disposal of 53% shareholding interest was completed in May 2015. Upon completion of the second disposal of 47% shareholding interest in March 2016, TVB had disposed of its entire interest in Liann Yee Group. The only business left in Taiwan is the holding of certain property assets in Taipei City, namely a production studio and office block in Neihs District and some ancillary offices on Bade Road in Zhongzheng District which are being accounted for as investment properties. However, TVB shall continue to engage in the licensing of TVB content in Taiwan to channel operators, including Liann Yee Group, in future.

CHANNEL OPERATIONS

TVB produces and distributes two satellite TV channels, namely TVB8 and Xing He channels, for distribution in markets such as Mainland China, Malaysia and Singapore.

OTHERS

TVB operates a number of TV related businesses, namely a movie production and distribution business under the name of Shaw Brothers Pictures; music entertainment; and the publication of a weekly magazine named TVB Weekly which is being distributed in Hong Kong to complement the broadcasting business.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

TVB regards the following risks as the top two macro risks affecting its operation:

- Terrestrial TV, as in many countries worldwide, is experiencing gradual decline in viewership, as many are opting for non-terrestrial TV platforms, such as the Internet and mobile services, mainly because these platforms provide viewers with more channel choices, a much wider selection of programmes, and most importantly, a capability to deliver programmes on demand. If this technological threat is not properly addressed by the Group, this threat will present a significant negative impact on TVB undermining the future financial performance. TVB regards this business risk as the top risk, if not properly addressed. To mitigate this, TVB will be launching a “second” platform for TV viewers in Hong Kong, and a new Internet connected or OTT service called myTV SUPER in April 2016. TVB is partnering with major Internet service providers in Hong Kong, including Hutchison Telecommunications and Hong Kong Broadband in its roll out of this service. Further, this platform will be complemented by the so-called “third” platform, comprising of the portal www.tvb.com and a range of mobile apps catering to the needs of viewers on the move.
- TVB recognises that the quality of drama programmes is of critical importance for the retention of viewers. Main factor attributing to the decline in quality experienced in the past is the loss of experienced scriptwriters to other studios in Mainland China and Taiwan. As a result, the average television ratings for TVB drama serials have been showing some decline. To rectify the problem, management has strengthened the supporting resources to build a more sustainable production pipeline. Management has also appointed a new experienced manager to take overall responsibility over production.

IMPORTANT EVENTS AFFECTING THE COMPANY THAT HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR

On 4 January 2016, TVB had entered into a transaction to dispose of its remaining 47% interest in Liann Yee Group (Taiwan Operations). The transaction was completed in March 2016. The Group ceased to hold any interest in Liann Yee Group, but continues to hold certain property assets. The two disposals in 2015 and 2016 have allowed the Group to unlock all the value of its investments in Taiwan (except for the property assets), and to focus and devote its financial and management resources and strengthen its presence in Hong Kong, Mainland China and other potential markets. This is in line with the long term goal to focus on developing its core businesses in Hong Kong, and to capture the vast growth opportunities in Mainland China and the digital new media space.

FUTURE DEVELOPMENT IN THE COMPANY'S BUSINESS

During the year, TVB had decided to terminate an expansion plan to construct production studios and related facilities in Hong Kong which is within close proximity to TVB City. After further assessment of the market environment in Hong Kong, TVB had decided that it would be in the interest of the Company and its shareholders to terminate this construction, owing to a change in the focus of its strategic plan from a Hong Kong based business to a more Mainland China based business and development in the digital new media space.

KEY FINANCIAL PERFORMANCE INDICATORS

- For the year, the Group's gross profit percentage had decreased from 59% to 55%, a decrease of 4%, and its operating profit percentage had decreased from 32% to 20%, a decrease of 12%, mainly owing to the lower contribution from the Hong Kong TV broadcasting business.
- At 31 December 2015, the Group enjoyed a strong net cash position, with one outstanding bank loan of NT\$1 billion in Taiwan and no other borrowings in the rest of the Group. The gearing ratio (calculated on the basis of total borrowings over total equity) as at 31 December 2015 was 3.0% (31 December 2014: 4.5%).

DIVIDEND POLICY

The Board supports a policy to provide a steady dividend return to shareholders. At the current level of dividend payment of HK\$2.60 per share, the Board is supportive to continue with this level of payment for maintaining a steady dividend policy in the foreseeable future.

THE COMPANY'S ENVIRONMENTAL POLICIES AND PERFORMANCE

It is TVB's policy to ensure that its business is conducted in the most environmental friendly manner. TVB monitors the usage of electricity which is the bigger resource supporting the broadcasting business closely to ensure a high degree of efficiency.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE COMPANY

During the year, the Company was in compliances with the relevant laws and regulations in Hong Kong and other territories in which the Group operates.

THE COMPANY'S KEY RELATIONSHIPS WITH ITS EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company maintains good relationships with its employees (including performance artistes), customers and suppliers.

DIRECTORS

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

EXECUTIVE DIRECTORS

Mark Lee Po On
Cheong Shin Keong (appointed on 1 January 2015)

NON-EXECUTIVE DIRECTORS

Charles Chan Kwok Keung
(appointed as Chairman of the Board on 1 January 2015)
Mona Fong
Jonathan Milton Nelson
Anthony Lee Hsien Pin
Chen Wen Chi
Thomas Hui To (appointed on 23 April 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Raymond Or Ching Fai
William Lo Wing Yan (appointed on 11 February 2015)
Caroline Wang Chia-Ling (appointed on 1 April 2015)
Allan Zeman (appointed on 1 April 2015)

ALTERNATE DIRECTORS

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

* Mr. Harvey Chang Hsiao Wei ceased as Alternate Director to Ms. Cher Wang Hsiueh Hong on 23 April 2015.

REPORT OF THE DIRECTORS

RESIGNED DIRECTORS

Chow Yei Ching (resigned on 1 March 2015)

Cher Wang Hsiueh Hong (resigned on 23 April 2015)

Allan Yap (resigned as an Alternate Director to

Dr. Charles Chan Kwok Keung on 29 December 2015)

The Company had received the resignation letters from the respective Resigned Directors confirming that they had no disagreement with the Board and there was nothing relating to the affairs of the Company which needed the attention of the shareholders and that their resignations were due to increasingly heavy commitments to their other businesses.

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

Pursuant to the Company's Articles of Association ("Articles"), any director appointed by the Company in general meeting shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting. Any director appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for election at the meeting. Subsequently, directors will be subject to retirement and re-election at every third annual general meeting of the Company following his/her election or re-election.

Mr. Cheong Shin Keong, Dr. William Lo Wing Yan, Professor Caroline Wang Chia-Ling, Dr. Allan Zeman and Mr. Thomas Hui To, who were appointed by the Board as Directors of the Company in 2015 and held offices as Directors of the Company until the Company's annual general meeting held in May 2015 ("2015 AGM"), were 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.

In accordance with Article 117(A) of the Articles, Dr. Raymond Or Ching Fai and Mr. Mark Lee Po On will retire at the 2016 AGM and, being eligible, offer themselves for re-election at the 2016 AGM. Dr. Raymond Or Ching Fai and Mr. Mark Lee Po On who will retire at the 2016 AGM, have forwarded written notifications offering themselves for re-election at the 2016 AGM.

Details of the Directors, who are subject to retirement for re-election at the 2016 AGM, are set out in the notice of the 2016 AGM which is sent together with this Annual Report to the shareholders of the Company.

DIRECTORS OF THE SUBSIDIARIES

A list of names of all the directors who have served on the boards of Company's subsidiaries during the year and up to the date of this report is available on the Company's website at www.corporate.tvb.com.

DIRECTORS' SERVICES CONTRACTS

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

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of Directors and members of Senior Management are set out on pages 46 to 51.

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

At 31 December 2015, the interests and short positions of the Directors and chief executive in the shares of the Company and 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 for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), are set out below:

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
Mark 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".

- The nature of the “corporate interests” and “other interests” are provided in the notes below here and below under the sub-heading of “Other Persons’ Interests in the Shares of the Company”.
- “Other interests” including any “trusts and similar interests” and “persons acting in concert” as disclosed in the notes below here and below under the sub-heading of “Other Persons’ Interests in the Shares of the Company”.

At 31 December 2015:

- Shareholding percentage in the issued share capital was based on the 438,000,000 ordinary shares of the Company in issue.
- 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”).
- 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.
- 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.
- 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.
- 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 31 December 2015:

- 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.
- 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.
- 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.
- The interests held by Ms. Mona Fong represented long positions.

Save for the information disclosed above, at no time during the year, the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be disclosed pursuant to the SFO, the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“Companies Ordinance”).

The Company and any of its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations did not operate any employee share option scheme, and therefore, at no time during the year was the Company or any of its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangements to enable the Directors and Chief Executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares, or underlying shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

REPORT OF THE DIRECTORS

OTHER PERSONS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 December 2015, the interests or short positions of the persons (other than the Directors and chief executive of the Company), being 5% or more of the Company's issued capital, 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
Silchester International Investors LLP	48,264,300 ^{(h)(i)}	11.02
Dodge & Cox	40,163,800 ^{(h)(i)}	9.17

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 31 December 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. 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, a Non-executive Director of the Company, 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.

DIRECTORS'/SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

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

CONTINUING CONNECTED TRANSACTIONS

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

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

- (a) On 21 February 2013, the Company and Shaw entered into a tenancy agreement, pursuant to which the Company agreed to hire an office at Shaw Moviecity, with a total gross floor area of approximately 14,150 square feet for a three year fixed term commencing from 1 February 2013 to 31 January 2016. The rent and related expenses incurred by the Company during 2015 were HK\$3,176,000.
- (b) On 21 February 2013, TVB.COM and Shaw entered into a tenancy agreement, pursuant to which TVB.COM agreed to hire an office at Shaw Moviecity, with a total gross floor area of approximately 18,000 square feet for a three year fixed term commencing from 1 February 2013 to 31 January 2016. The rent and related expenses incurred by TVB.COM during 2015 were HK\$3,811,000.

- (c) On 21 February 2013, TVB.COM and Shaw entered into another tenancy agreement, pursuant to which TVB.COM agreed to hire an office at Shaw Moviecity, with a total gross floor area of approximately 10,200 square feet for a three year fixed term commencing from 1 February 2013 to 31 January 2016. The rent and related expenses incurred by TVB.COM during 2015 were HK\$2,160,000.
 - (d) On 21 February 2013, TVB.COM and Shaw entered into a colocation services agreement, pursuant to which TVB.COM agreed to engage colocation services from Shaw for storage of server equipment at Shaw Moviecity for a three year fixed term commencing from 1 February 2013 to 31 January 2016. The service fee incurred by TVB.COM during 2015 was HK\$5,040,000.
 - (e) On 21 February 2013, TVB.COM and Shaw entered into an Internet protocol telephone licence, pursuant to which TVB.COM agreed to obtain the licences for an Internet protocol telephony communication system services installed by Shaw at the offices at Shaw Moviecity which are occupied by TVB.COM as abovementioned. The licence fee incurred by TVB.COM during 2015 was HK\$342,000.
 - (f) On 21 February 2013, the Company and Shaw entered into a parking licence, pursuant to which the Company agreed to obtain licence for designated car parking spaces at Shaw Moviecity for a six month licence period from 1 February 2013 and renewable for every six months. The licence fee incurred by the Company during 2015 was HK\$35,000*.
 - (g) On 21 February 2013, TVB.COM and Shaw entered into a parking licence, pursuant to which TVB.COM agreed to obtain licence for several designated car parking spaces at Shaw Moviecity for a six month licence period from 1 February 2013 and renewable for every six months. The licence fee incurred by TVB.COM during 2015 was HK\$150,000*.
- * As the annual amount of these transactions is immaterial, no itemised disclosure was made in the relevant announcement dated 21 February 2013.

REPORT OF THE DIRECTORS

2. Continuing connected transactions with Concept Legend Limited ("JV Company")

As announced on 26 March 2014, the Company and the JV Company agreed to enter into the framework agreements relating to motion picture production and acquisition of licence rights for the period from 1 April 2014 to 31 December 2015 ("Framework Agreements").

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

- (a) On 26 March 2014, the Company entered into a framework service agreement with the JV Company, for the provision of various supporting facilities and services to the JV Company for the production of motion pictures, for a period from 1 April 2014 to 31 December 2015. The aggregate income from provision of services to the JV Company for 2015 was HK\$891,000.
- (b) On 26 March 2014, the Company further entered into a framework licence agreement with the JV Company, for the acquisition of the television broadcasting and transmission rights of motion pictures being or to be produced by the JV Company, for a period from 1 April 2014 to 31 December 2015. Under the framework licence agreement, the Company has been granted the right of first option to acquire licenses to broadcast, exhibit and to otherwise exploit the motion pictures via the Company's television channels and/or electronic media platforms. The aggregate cost for acquiring licence rights from the JV Company for 2015 was nil.

All of the Independent Non-executive Directors of the Company having reviewed the transactions described in paragraphs 1 and 2 above, hereby confirm for the purpose of including our confirmation in the Company's annual report and accounts for the year ended 31 December 2015, that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Company and its subsidiaries;
- (ii) either on normal commercial terms or on terms no less favourable to the Company and its subsidiaries than terms available to or from independent third parties; and
- (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 59 to 60 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The following transactions are transactions between the Company and persons connected with insignificant subsidiaries which are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements/ did not constitute continuing connected transactions under Chapter 14A of the Listing Rules:

3. Transactions with MEASAT

On 13 June 2013, TVBI Company Limited, a wholly-owned subsidiary of the Company, entered into certain agreements with MEASAT to renew the arrangements under the agreements entered on 13 December 2010 for a term not exceeding three years ("New MEASAT Agreements"). As at the date of the New MEASAT Agreements, MEASAT was an associate of the substantial shareholder of three of the Company's non wholly-owned subsidiaries, and the aggregate value of these non wholly-owned subsidiaries' total assets, profits and revenue represented less than 5% under the relevant percentage ratios (as defined in the Listing Rules) for the financial year ended 31 December 2015, the transactions contemplated under the New MEASAT Agreements were exempt from all the applicable requirements under Chapter 14A of the Listing Rules pursuant to Rules 14A.09(1) and (2) of the Listing Rules.

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

PERMITTED INDEMNITY

According to the Articles, the Directors of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, liabilities, losses, damages and expenses which they or any of them shall or may incur or sustain in the execution of their duties or in relation thereto. The Company has arranged directors' liability insurance, to insure against any losses and liabilities incurred by Directors of the Company in their capacity as such.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of Directors for the year are set out in Note 25 to the consolidated financial statements on page 139 of this Annual Report.

FINANCIAL ASSISTANCE TO AFFILIATED COMPANIES

As at 31 December 2015, the Group had provided financial assistance to certain affiliated companies amounted to HK\$1,416 million in aggregate exceeding 8% under the assets ratio defined under Rule 14.07 (1) of the Listing Rules. In accordance with Rule 13.22 of the Listing Rules, the proforma combined statement of financial position of and the Group's attributable interest in these affiliated companies as at 31 December 2015 were set out as follows:

	Proforma combined HK\$'000	The Group's attributable interest HK\$'000
Non-current assets	100,198	90,144
Current assets	219,060	166,379
Current liabilities	(833,082)	(697,223)
Net current assets	(614,022)	(530,844)
Total assets less current liabilities	(513,824)	(440,700)
Non-current liabilities	(695,718)	(624,840)
Less: unrecognised share of losses	–	26,868
Net liabilities	(1,209,542)	(1,038,672)

BOARD COMMITTEES

The responsibilities of the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Committee of the Board and their work done during the year are set out in the Corporate Governance Report on pages 71 to 79.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Corporate Governance Report for the year are set out on pages 63 to 83 of this Annual Report.

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

The Company had not redeemed, and neither had the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors as at the date of this report, at least 25% of the Company's total issued share capital is held by the public at all times. At 23 March 2016, there were 365 shareholders on the Company's register of members.

MAJOR SUPPLIERS AND CUSTOMERS

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

AUDITOR

The consolidated financial statements for the year ended 31 December 2015 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer itself for re-appointment at the 2016 AGM.

On behalf of the Board

Charles Chan Kwok Keung
Chairman

Hong Kong, 23 March 2016