
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ACTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, a solicitor, a professional accountant or other professional adviser.

If you have sold all your shares in Television Broadcasts Limited, you should at once pass this circular to the purchaser or to the bank, the stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**Television Broadcasts Limited**

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

CONTINUING CONNECTED TRANSACTIONS

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



PLATINUM
Securities

Platinum Securities Company Limited

A letter of advice from Platinum to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 27 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 11 of this circular.

A notice convening an extraordinary general meeting of Television Broadcasts Limited to be held at 12:00 noon on Wednesday, 26 May 2010 at The Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, Tsim Sha Tsui East, Kowloon, Hong Kong is set out on pages 33 and 34 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy and return it in accordance with the instructions printed thereon as soon as possible to the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

20 April 2010

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Astro Services”	the pay television service which is provided and operated by MBNS in the Territories using the trade mark name “ASTRO”
“Board”	the board of Directors
“Broadcasting Ordinance”	the Broadcasting Ordinance, Chapter 562 of the Laws of Hong Kong
“Cap Amounts”	a maximum aggregate annual consideration receivable under the principal terms for each financial year ending 31 December 2010, 2011, 2012, 2013 and 2014 by the Company
“Company”	Television Broadcasts Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“connected person”	has the meanings ascribed to it under the Listing Rules
“Contract Year”	every period of twelve (12) months in respect of the License Period of Programmes and Licensed Channels and the License Period of NVOD/VOD Programmes, as the case may be
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve ratify and confirm the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board which was established for the purpose of advising the Independent Shareholders in relation to the terms of the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts
“Independent Shareholders”	Shareholders who do not have any material interest in the Short Form Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Third Party(ies)”	person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with the Company and its subsidiaries and its connected persons or in the case of a corporation (the ultimate beneficial owner) their respective associates
“Latest Practicable Date”	16 April 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Licensed Channels”	TVBS-Asia, TVB Xing He, TVB E-news and TVB Classic Channels collectively
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MBNS”	MEASAT Broadcast Network Systems Sdn. Bhd., a company incorporated in Malaysia
“Net Advertising Revenue”	gross advertising revenue actually received directly or indirectly through advertising campaigns including advertisements, barter and/or program sponsorship after deduction of any discounts given to advertisers and commissions, bonuses, rebates or other payment of whatever nature given to advertising agents
“NVOD”	“Near Video On Demand” which means a multiple regularly scheduled broadcast of programming content over a period of time wherein a charge is levied to the viewers for the right to receive the programming content at one of the scheduled broadcast times selected by the viewer
“NVOD/VOD Programmes”	the Programmes which will be exhibited on the NVOD/VOD Services of MBNS and will comprise of 560 first run programme hours of drama genre and 40 first run programme hours of non-drama genre per Contract Year of the License Period of NVOD/VOD Programmes
“NVOD/VOD Services”	the “Near Video On Demand” and “Video On Demand” services provided and operated by MBNS in the Territories using the trademark name currently known as “Astro on Demand”
“Platinum”	Platinum Securities Company Limited, a licensed corporation under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders

DEFINITIONS

“Programmes”	television programmes of the Company with respect to which TVBI has the rights to exploit. The Programmes will be exhibited in Wah Lai Toi and will comprise of six first run programme hours per day making a total of 2,190 first run programme hours at the minimum per Contract Year of the License Period of the Programmes and Licensed Channels
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	the shareholders of the Company
“Short Form Agreement”	confirmation letter with binding principal terms entered into between TVBI and MBNS dated 10 March 2010 amongst other things relating to the granting of the rights by TVBI to MBNS to distribute the Programmes and Licensed Channels in the Territories, and the engagement of TVBSE by MBNS as an advertising agency for management and selling of airtime on Wah Lai Toi and the Licensed Channels
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Territories”	Malaysia and Brunei only
“TVBI”	TVBI Company Ltd., a wholly-owned subsidiary of the Company
“TVBSE”	TVB Satellite TV Entertainment Ltd., a wholly-owned subsidiary of the Company
“VOD”	“Video On Demand” which means the transmission of programming content to viewer at a time selected by viewer for each viewing where a charge is made to viewer to view the programming content
“Wah Lai Toi”	a Chinese language general entertainment channel which is owned and operated by MBNS
“%”	per cent.

Unless otherwise specified in this circular, amounts denominated in Ringgit Malaysia have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of RM1 = HK\$2.2815. The exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

LETTER FROM THE BOARD



Television Broadcasts Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

Directors:

Sir Run Run SHAW, G.B.M. (Chairman) #
Dr. Norman LEUNG Nai Pang, G.B.S., LL.D, J.P.
(Executive Deputy Chairman)*
Mona Fong (Deputy Chairperson and Managing Director,
and Alternate Director to Sir Run Run SHAW)*
Christina LEE LOOK Ngan Kwan #
Dr. Chow Yei Ching, G.B.S. #
Kevin LO Chung Ping #
Edward CHENG Wai Sun, S.B.S., J.P. ^
Chien LEE ^
Gordon SIU Kwing Chue, G.B.S., J.P. ^
Vivien CHEN Wai Wai ^
Mark LEE Po On *
Anthony LEE Hsien Pin (Alternate Director to Christina
LEE LOOK Ngan Kwan)

*Registered office and principal place of
business:*

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

* *Executive Directors*

Non-executive Directors

^ *Independent non-executive Directors*

20 April 2010

To the Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

The Board announced on 22 March 2010 that on 10 March 2010, TVBI, a wholly-owned subsidiary of the Company, entered into binding principal terms with MBNS in the form of a confirmation letter, amongst other things, relating to the granting of the rights by TVBI to MBNS to distribute the Programmes and the Licensed Channels in the Territories, and the engagement of TVBSE, a wholly-owned subsidiary of the Company, by MBNS as an advertising agency for managing and selling of airtime on Wah Lai Toi and the Licensed Channels.

LETTER FROM THE BOARD

As MBNS, an associate of the substantial shareholder of three of the Company's non wholly-owned subsidiaries, is a connected person of the Company, the Short Form Agreement and the transactions contemplated under the Short Form Agreement constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The transactions shall, therefore, be subject to approval of the Independent Shareholders at an EGM.

The purpose of this circular is to provide you with further information regarding, among other things, (a) details of the Short Form Agreement and the Cap Amounts, (b) the recommendation of the Independent Board Committee to the Independent Shareholders and (c) the advice of Platinum to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Short Form Agreement, the transactions contemplated thereunder, the Cap Amounts and the duration of the Short Form Agreement and to give you notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts by way of poll.

PRINCIPAL TERMS OF THE SHORT FORM AGREEMENT

Rights of broadcasting, distribution and exhibition of Programmes and Licensed Channels

Licensor:	TVBI
Licensee:	MBNS
License:	To grant the exclusive right to broadcast, distribute and exhibit the Programmes and the Licensed Channels on the Astro Services during the License Period within the Territories
License Period:	Three years fixed term commencing from 1 February 2010 to 31 January 2013 (both days inclusive)
License fees and other fees (excluding insertion fee):	RM71,130,000 (<i>remark 1</i>) (net after deduction of withholding tax, and equivalent to approximately HK\$162,283,095) per Contract Year of the License Period
Insertion fee to MBNS:	TVBI retains 80% of advertising revenue and agrees to pay the remaining 20% to MBNS after deduction of commission, bonus and discounts payable to advertising agents and advertisers for advertisements exhibited on the Licensed Channels which are inserted and played back by MBNS. The payment to MBNS by TVBI for the sharing of advertising revenue is to be offset from the payment receivable by TVBI under the agreement.

Remark:

1. not exceeding RM78,995,556 being the gross license fees before deduction of withholding tax, and equivalent to approximately HK\$180,228,361.

LETTER FROM THE BOARD

Rights of distribution and exhibition of NVOD/VOD Programmes

Licensor:	TVBI
Licensee:	MBNS
License:	To grant the exclusive right to distribute and exhibit the NVOD/VOD Programmes on the NVOD/VOD Services during the License Period within the Territories.
License Period:	Five years fixed term commencing from 1 January 2010 to 31 December 2014 (both days inclusive)
License fees and other fees:	<p>RM20,200,000 (<i>remark 2</i>) (net after deduction of withholding tax, and equivalent to approximately HK\$46,086,300) for each of the first two Contract Years of the License Period from 1 January 2010 to 31 December 2011; and</p> <p>RM23,000,000 (<i>remark 3</i>) (net after deduction of withholding tax, and equivalent to approximately HK\$52,474,500) for each of the last three Contract Years of the License Period from 1 January 2012 to 31 December 2014.</p>
Sharing of revenue:	<p>In respect of each Contract Year of the License Period, TVBI will receive a variable amount based on a sharing percentage on a progressive scale of the revenue derived by MBNS from the Programmes.</p> <p>For the purpose of this sharing of revenue arrangement, “revenue” means the aggregate of the following after deducting any applicable goods and services tax amount:-</p> <ul style="list-style-type: none">(a) all revenue received by MBNS in respect of each episode of each NVOD/ VOD Programme directly from viewers who are authorized by MBNS to subscribe to that episode of a NVOD/ VOD Programme; and(b) all revenue received by MBNS’ sub-licensees less reasonable out-of-pocket costs and expenses, and less commissions (up to 40% of revenue) in respect of each episode of each NVOD/VOD Programme, directly from viewers who are authorized by MBNS’ sub-licensees to subscribe to that episode of a NVOD/ VOD Programme.

LETTER FROM THE BOARD

Remarks:

2. not exceeding RM22,444,444 being the gross license fees before deduction of withholding tax, and equivalent to approximately HK\$51,207,000.
3. not exceeding RM25,555,556 being the gross license fees before deduction of withholding tax, and equivalent to approximately HK\$58,305,000.

On 4 April 2007, TVBI entered into an agreement with MBNS for the granting of the exclusive right to transmit and exhibit the NVOD/VOD Programmes on the NVOD/VOD Services during a license period commencing from the first transmission of each episode of the programmes and ending on the earlier of 12 months after the first transmission or 30 April 2012. Pursuant to the terms of the said agreement, either TVBI or MBNS is entitled to early terminate the said agreement with effect on 1 January 2010 by giving no less than four months' written notice to the other party. The parties mutually agreed to early terminate the said agreement and enter into a new agreement for distribution and exhibition of NVOD/VOD Programmes for another five years commencing on 1 January 2010. The duration of the new agreement for five years is within the normal business practice of this type of contract.

Advertising Agency Services

Principal:	MBNS
Agent:	TVBSE
Service:	To engage TVBSE as an advertising agent for management and selling of airtime on Wah Lai Toi and the Licensed Channels
Term:	Three years fixed term commencing from 1 February 2010 to 31 January 2013 (both days inclusive)
Agency Commission:	TVBSE shall be entitled to sales commission equivalent to 20% of Net Advertising Revenue
	The remaining 80% of the Net Advertising Revenue ("Remainder") shall be distributed as follows:
	(a) in relation to Wah Lai Toi, the Remainder shall belong to MBNS
	(b) in relation to the Licensed Channels, the Remainder shall be shared by TVBI and MBNS on the basis of 80% and 20% respectively

LETTER FROM THE BOARD

Basis of Consideration

The share of advertising revenue payable by the Group and the fees receivable by the Group under the Short Form Agreement are agreed between the parties after arm's length negotiation with reference to the historical dealings between the parties, an upturn in economy which will likely result in higher subscriber number and advertising revenue and the projection of subscription figure for the Malaysian pay television market.

CAP AMOUNTS

Based on the Short Form Agreement entered into between TVBI and MBNS, relating to the said transactions between TVBI and MBNS, and TVBSE and MBNS, the Cap Amounts, being the maximum aggregate annual consideration receivable by TVBI from MBNS, and by TVBSE from MBNS, including gross licensee fees, other fees and shared revenue before deduction of withholding tax under the said agreements, for each of the financial years ending 31 December 2010, 2011, 2012, 2013 and 2014, are as follows:

For the financial year ending	Cap Amounts <i>(HK\$)</i>
31 December 2010	309,000,000
31 December 2011	342,000,000
31 December 2012	363,000,000
31 December 2013	90,000,000
31 December 2014	69,000,000

These Cap Amounts are calculated based on the monthly license fees payable under the agreements, the projected growth rate in subscription (for revenue sharing under the NVOD/VOD agreement) and advertising income and the potential fluctuation of currency exchange rates between Ringgits Malaysia and Hong Kong dollars.

For information, the total aggregate annual amounts under the expired agreements as announced by the Company on 18 March 2005 and 4 April 2007 for the year ended 31 December 2005, 2006, 2007, 2008 and 2009 were approximately HK\$194,000,000, HK\$214,000,000, HK\$278,000,000, HK\$292,000,000 and HK\$280,000,000, respectively.

PRINCIPAL ACTIVITIES OF THE GROUP, TVBI, TVBSE AND MBNS

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

TVBI is principally engaged in programme licensing business.

TVBSE is principally engaged in the operation of television channels and provision of advertising sales services.

LETTER FROM THE BOARD

MBNS is an operator of a multi-channel multi-language subscription television service and a NVOD/ VOD television service in the Territories, and is interested in obtaining the subscription television rights to the Programmes and the Licensed Channels, and NVOD/ VOD rights to the Programmes.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The said transactions entered into between the parties contemplated under the Short Form Agreement relating to, amongst other things, the granting of the rights by TVBI to MBNS to distribute the Programmes and the Licensed Channels in the Territories, and the engagement of TVBSE by MBNS as an advertising agency for managing and selling of airtime on Wah Lai Toi and the Licensed Channels will enable the Group to generate stable income, and enjoy continuous exposure in the Territories over the license periods. Therefore, the Directors (including the independent non-executive Directors) consider, based on the principal terms of the Short Form Agreement, that the said transactions were entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the transactions contemplated thereunder are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

MBNS is a wholly-owned indirect subsidiary of ASTRO All Asia Networks plc. which has indirect shareholding interests in three indirectly owned subsidiaries of the Company, being approximately 26.3% of the voting shares of TVB Publishing Holding Limited and its wholly-owned subsidiaries, namely Art Limited and TVB Publications Limited.

The Company has indirect shareholding of approximately 73.7% of the voting shares in TVB Publishing Holding Limited.

MBNS is accordingly an associate of a connected person of the Company as defined in Rule 1.01 of the Listing Rules. TVBI and TVBSE are both the wholly-owned subsidiaries of the Company. Therefore, the entering into the said transactions by TVBI with MBNS, and TVBSE with MBNS, in aggregate, constitutes non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules, and therefore, the said transactions are subject to approval of the Independent Shareholders at an EGM. So far as the Company is aware, since no Shareholder has a material interest in the Short Form Agreement, no Shareholder is required to abstain from voting on the resolution regarding the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts.

BOOK CLOSURE

In order to allow for sufficient time for Shareholders to complete and return the declaration of voting controller as required under the provisions of the Broadcasting Ordinance, the register of members of the Company will be closed from Wednesday, 5 May 2010 to Wednesday, 26 May 2010, both dates inclusive. If any Shareholder wishes to vote at the EGM, such Shareholder must be recorded as a shareholder on the register of members of the Company and return the declaration form as required under the Broadcasting Ordinance.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising Mr. Edward Cheng Wai Sun, Mr. Chien Lee, Mr. Gordon Siu Kwing Chue and Ms. Vivien Chen Wai Wai, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts. Platinum has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

Set out on pages 33 and 34 of this circular is a notice convening the EGM which will be held at 12:00 noon on Wednesday, 26 May 2010 at The Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, Tsim Sha Tsui East, Kowloon, Hong Kong, at which the following ordinary resolution will be proposed by way of poll:–

- to approve, ratify and confirm the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts

The form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it as soon as possible to the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so desire.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on page 11 of this circular. The Independent Board Committee, taking into account the advice of Platinum, the text of which is set out on pages 12 to 27 of this circular, considers that the terms of the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts are fair and reasonable and are in the interests of the Shareholders and the Group as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the EGM to approve, ratify and confirm the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts.

Yours faithfully,
For and on behalf of the Board of
Television Broadcasts Limited
Run Run Shaw
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Television Broadcasts Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

20 April 2010

To the Independent Shareholders

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS

As the Independent Board Committee, we have been appointed to advise you in connection with the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts. Details of the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts are set out in the letter from the Board contained in the circular to the Shareholders dated 20 April 2010 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the terms of the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts and the advice of Platinum in relation thereto as set out on pages 12 to 27 of the Circular, we are of the opinion that the terms of the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts are fair and reasonable and are in the interests of the Group and the Shareholders (including the Independent Shareholders) as a whole. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve, ratify and confirm the Short Form Agreement, the transactions contemplated thereunder and the Cap Amounts.

Yours faithfully,
Independent Board Committee

Edward CHENG Wai Sun
Independent Non-executive Director

Gordon SIU Kwing Chue
Independent Non-executive Director

Chien LEE
Independent Non-executive Director

Vivien CHEN Wai Wai
Independent Non-executive Director

LETTER FROM PLATINUM

The following is the text of the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.



PLATINUM Securities Company Limited

22/F Standard Chartered Bank Building
4 Des Voeux Road Central
Hong Kong

Telephone (852) 2841 7000
Facsimile (852) 2522 2700

20 April 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS WITH MBNS

INTRODUCTION

We refer to the announcement of the Company dated 22 March 2010. On 20 April 2010, the Company despatched a circular (the “Circular”) in relation to the proposed continuing connected transactions with MBNS (the “Transactions”) to the Shareholders, of which this letter forms part. Details of the Transactions are contained in the letter from the Board in the Circular which you should read carefully.

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable, in the interests of the Company and the Shareholders as a whole, and as to whether the Independent Shareholders should vote in favour of the Transactions. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

We are independent from, and are not connected with the Company or any other party to the Transactions or any of their respective associates, connected persons or parties acting in concert with any of them and accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders.

We will receive a fee from the Company for our role as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Transactions or any of their respective associates, connected persons or parties acting in concert with any of them.

LETTER FROM PLATINUM

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things: (i) the annual results of the Group for the financial year ended 31 December 2009 (the “2009 Annual Results”); (ii) the annual report of the Group for the financial year ended 31 December 2008 (the “2008 Annual Report”); (iii) the annual report of the Group for the financial year ended 31 December 2007 (the “2007 Annual Report”); (iv) the annual report of the Group for the financial year ended 31 December 2006 (the “2006 Annual Report”); (v) the annual report of the Group for the financial year ended 31 December 2005 (the “2005 Annual Report”); and (vi) the annual report of ASTRO All Asia Networks plc. (“Astro”) for the financial year ended 31 January 2009 (the “Astro 2009 Annual Report”).

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Company and/or the Directors which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the Transactions.

The Independent Board Committee, comprising the independent non-executive Directors, namely, Mr. Edward Cheng Wai Sun, Mr. Chien Lee, Mr. Gordon Siu Kwing Chue and Ms. Vivien Chen Wai Wai has been established to advise the Independent Shareholders in relation to the Transactions.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the Transactions and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background of the Transactions

On 10 March 2010, TVBI, a wholly-owned subsidiary of the Company, entered into binding principal terms with MBNS in the form of a confirmation letter relating to the granting of the rights by TVBI to MBNS to distribute the Programmes and the Licensed Channels in the Territories, and the engagement of TVBSE, a wholly-owned subsidiary of the Company, by MBNS as an advertising agency for managing and selling of airtime on Wah Lai Toi and the Licensed Channels.

LETTER FROM PLATINUM

2. Principal terms of the Transactions

(i) Rights of broadcasting, distribution and exhibition of Programmes and Licensed Channels (the “Programmes and Licensed Channels Agreement”)

Licensor	:	TVBI
Licensee	:	MBNS
License	:	To grant the exclusive right to broadcast, distribute and exhibit the Programmes and the Licensed Channels on the Astro Services during the License Period within the Territories
License Period	:	Three years fixed term commencing from 1 February 2010 to 31 January 2013 (both days inclusive)
License fees and other fees (excluding insertion fee)	:	RM71,130,000 (<i>remark 1</i>) (net after deduction of withholding tax, and equivalent to approximately HK\$162,283,095) per Contract Year of the License Period
Insertion fee to MBNS	:	TVBI retains 80% of advertising revenue and agrees to pay the remaining 20% to MBNS after deduction of commission, bonus and discounts payable to advertising agents and advertisers for advertisements exhibited on the Licensed Channels which are inserted and played back by MBNS. The payment to MBNS by TVBI for the sharing of advertising revenue is to be offset from the payment receivable by TVBI under the agreement.

Remark:

1. not exceeding RM78,995,556 being the gross license fees before deduction of withholding tax, and equivalent to approximately HK\$180,228,361.

(ii) Rights of distribution and exhibition of NVOD/VOD Programmes (the “NVOD/VOD Agreement”)

Licensor	:	TVBI
Licensee	:	MBNS
License	:	To grant the exclusive right to distribute and exhibit the NVOD/VOD Programmes on the NVOD/VOD Services during the License Period within the Territories
License Period	:	Five years fixed term commencing from 1 January 2010 to 31 December 2014 (both days inclusive)

LETTER FROM PLATINUM

License fees and other fees : RM20,200,000 (*remark 2*) (net after deduction of withholding tax, and equivalent to approximately HK\$46,086,300) for each of the first two Contract Years of the License Period from 1 January 2010 to 31 December 2011; and

RM23,000,000 (*remark 3*) (net after deduction of withholding tax, and equivalent to approximately HK\$52,474,500) for each of the last three Contract Years of the License Period from 1 January 2012 to 31 December 2014.

Sharing of revenue : In respect of each Contract Year of the License Period, TVBI will receive a variable amount based on a sharing percentage on a progressive scale of the revenue derived by MBNS from the Programmes.

Remarks:

2. not exceeding RM22,444,444 being the gross license fees before deduction of withholding tax, and equivalent to approximately HK\$ 51,207,000.
3. not exceeding RM25,555,556 being the gross license fees before deduction of withholding tax, and equivalent to approximately HK\$58,305,000.

(iii) Advertising Agency Services (the “Advertising Agency Agreement”)

Principal : MBNS

Agent : TVBSE

Service : To engage TVBSE as an advertising agency for management and selling of airtime on Wah Lai Toi and the Licensed Channels

Term : Three years fixed term commencing from 1 February 2010 to 31 January 2013 (both days inclusive)

Agency Commission : TVBSE shall be entitled to sales commission equivalent to 20% of Net Advertising Revenue

The remaining 80% of the Remainder shall be distributed as follows:

- (a) in relation to Wah Lai Toi, the Remainder shall belong to MBNS; and
- (b) in relation to the Licensed Channels, the Remainder shall be shared by TVBI and MBNS on the basis of 80% and 20% respectively.

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3. Reasons for the Transactions

(i) Business of the Group

As stated in the 2008 Annual Report, the Group is principally engaged in terrestrial TV broadcasting together with programme production, programme licensing and distribution, overseas satellite pay TV operations, channel operations and other related activities.

Table 1 below shows the total turnover of the Group by operating segments for the last three financial years.

Table 1: Breakdown of turnover of the Group by operating segments

	For the financial year ended 31 December					
	2007* (Restated)		2008		2009	
	HK\$'000	% of total turnover	HK\$'000	% of total turnover	HK\$'000	% of total turnover
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Hong Kong terrestrial television broadcasting	2,365,857	55	2,339,179	53	2,063,358	51
Programme licensing and distribution	574,926	13	585,001	13	547,013	14
Overseas satellite pay TV operations	341,325	8	345,315	8	347,436	9
Taiwan operations	626,184	15	715,996	16	622,998	16
Channel operations	321,593	7	329,116	8	314,340	8
Other activities	95,924	2	92,697	2	88,187	2
Total	4,325,809	100	4,407,304	100	3,983,332	100

* Based on classification of operating segment for the financial year ended 31 December 2009.

Sources: Information provided by the Company.

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Revenue from the Transactions would be accounted towards the programme licensing and distribution segment as well as the channel operations segment. As shown in Table 1 above, each of these two segments represents a sizeable portion of the Group's turnover.

Table 2 below shows the total turnover of the Group by geographical segments for the last three financial years.

Table 2: Breakdown of turnover of the Group by geographical segments

	For the financial year ended 31 December					
	2007		2008		2009	
	% of total turnover		% of total turnover		% of total turnover	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Hong Kong	2,689,295	63	2,660,971	60	2,366,476	59
Taiwan	654,339	15	734,588	17	627,504	16
USA and Canada	212,721	5	216,094	5	217,727	5
Australia	88,442	2	95,722	2	98,284	2
Europe	100,694	2	91,519	2	82,614	2
Mainland China	183,786	4	177,490	4	183,284	5
Malaysia and Singapore ¹	365,772	8	399,686	9	378,668	10
Other countries	30,760	1	31,234	1	28,775	1
Total	<u>4,325,809</u>	<u>100</u>	<u>4,407,304</u>	<u>100</u>	<u>3,983,332</u>	<u>100</u>

Note:

1. Brunei is included in this geographical segment.

Sources: Financial statements of the Company.

As seen in Table 2 above, the Malaysia and Singapore segment has consistently been an important revenue stream to the Group in the last three financial years and represents its third largest geographical segment outside of its home market in Hong Kong and Taiwan.

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(ii) Information on MBNS and Astro

As stated in the Circular, MBNS is an operator of a multi-channel multi language subscription television service and a NVOD/VOD television service in Territories. It is a wholly-owned indirect subsidiary of Astro. According to the Astro 2009 Annual Report, Astro is primarily engaged in the provision of Direct-to-Home subscription television services, radio broadcasting services, film library licensing, multi-media interactive services, television content creation, aggregation and distribution and investment holding.

As illustrated in Table 3 below, Astro has a high household penetration rate in the Malaysia television market. Furthermore, based on our discussion with the management of the Company, we understand that Astro is the only pay television operator as well as the largest Chinese television operator in Malaysia.

Table 3: Household penetration rates of Astro

For the financial year ended 31 January	Household penetration rates of Astro in the Malaysia television market
	<i>%</i>
2007	37
2008	40
2009	45

Source: The Astro 2009 Annual Report.

Astro's satellite television services have been available in Brunei since 2000 through Kristal-Astro Sdn Bhd, which is 48.9% owned by Astro. In comparison to Malaysia, Brunei's television industry is substantially smaller as the population of Brunei is only approximately 1% of that of Malaysia as at 2009.

(iii) Other considerations

Given that the Transactions are for a period of three to five years, the Group would likely be able to generate a stable revenue stream from the fees receivable by the Company under the Transactions, particularly as a substantial portion of the fees is fixed.

In addition, as the Transactions are renewals of the previous similar arrangements with MBNS, we believe that the Transactions would enable the Group to continue its exposure to the Territories.

Furthermore, based on information provided by the Company, we understand that the Company has always distributed its programmes and channels in the Territories through MBNS. Hence, over the years, the Company has established a long-standing working and business relationship with MBNS.

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Given that:

- (i) in terms of operating segment, the programme licensing and distribution segment and the channel operations segment have both made sizeable turnover contribution to the Group;
- (ii) in terms of geographical segment, the Malaysia and Singapore segment (which includes Brunei) is a key market for the Group based on turnover contribution;
- (iii) Astro has a strong presence in the Malaysian television market;
- (iv) the Transactions are likely to generate a stable revenue stream for the Group;
- (v) the Transactions would enable the Group to continue its exposure to the Territories; and
- (vi) the Company has established a long-standing working and business relationship with MBNS,

we are of the opinion that the Transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

4. Basis of consideration and Cap Amounts

The Cap Amounts under the Transactions are shown in Table 4 below.

Table 4: Cap Amounts under the Transactions

For the year ended 31 December	Cap Amounts <i>HK\$</i>
2010	309,000,000
2011	342,000,000
2012	363,000,000
2013	90,000,000
2014	69,000,000

Source: Letter from the Board in the Circular.

As stated in the letter from the Board in the Circular, the Cap Amounts are calculated based on:

- (i) the gross monthly license fees before deduction of withholding tax payable under the agreements for the Transactions;
- (ii) the projected growth rate in subscription (for revenue sharing under the NVOD/VOD agreement) and advertising income; and

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(iii) the potential fluctuation of currency exchange rates between Malaysia Ringgits (“MYR”) and Hong Kong dollars (“HKD”).

(i) Monthly license fees payable under the agreements for the Transactions

There are two license fees payable under the Transactions, namely, a fixed license fee under the Programme and Licensed Channels Agreement and a fixed license fee under the NVOD/VOD Agreement.

A. The Programme and Licensed Channels Agreement

Under the Programmes and Licensed Channels Agreement, the Company will receive a fixed license fee of HK\$180,228,361 per Contract Year.

Based on our discussion with the management of the Company, we understand that the amount of this fixed license fee has been determined after arm’s length negotiation with MBNS in accordance with the historical amounts of fees received by the Company under the previous similar arrangement with MBNS as shown in the following table as well as MBNS’s current number of subscribers to one of its pay-television package called “Dynasty”. According to Astro’s website, Wah Lai Toi and the Licensed Channels are only offered through its Dynasty package.

Table 5: Historical amounts received for the broadcasting, distribution and exhibition of programmes and licensed channels

For the financial year ended 31 December	Historical amounts received for the broadcasting, distribution and exhibition of programmes and licensed channels ¹ <i>HK\$</i>
2005	130,421,000
2006	142,520,000
2007	152,951,000
2008	159,277,000
2009	153,234,000

Note:

1. Under the Programme and Licensed Channels Agreement, TVB Classic Channel has been added and TVB8 Channel has been replaced with TVB E-News Channel.

Sources: Information for the financial years ended 31 December 2005 to 2008 is based on the 2005 Annual Report, the 2006 Annual Report, the 2007 Annual Report and the 2008 Annual Report whilst information for the financial year ended 31 December 2009 is based on information provided by the Company.

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We have reviewed the number of subscribers to Astro's Dynasty package and we note that from 2005 to 2009, there had only been a mid to low single digit annual percentage change in the number of subscribers. In addition, we note that under the Programme and Licensed Channels Agreement, TVB Classic Channel has been added as one of the Licensed Channels. We further understand from the management of the Company that the TVB Classic Channel will also be offered under Astro's Dynasty package and that the license fees has been adjusted upwards to reflect the inclusion of this additional channel based on the current number of subscribers to Astro's Dynasty package. As such, we are of the view that it is fair and reasonable to determine the Cap Amounts in accordance with the historical amounts of license fees plus an upward adjustment for the inclusion of an additional channel with regards to the Programme and Licensed Channels Agreement.

B. The NVOD/VOD Agreement

Under the NVOD/VOD Agreement, the Company will receive a fixed fee of approximately HK\$51,207,000 for each of the first two Contract Years and approximately HK\$58,305,000 for each of the last three Contract Years.

Based on our discussion with the management of the Company, we understand that the amount of this fixed license fee has been determined after arm's length negotiation with MBNS in accordance with the historical amounts of fees received by the Company under the previous similar arrangement with MBNS as shown in the following table as well as MBNS's current number of NVOD/VOD subscribers.

Table 6: Historical amounts received for the distribution and exhibition of NVOD/VOD programmes

For the financial year ended 31 December	Historical amounts received for the distribution and exhibition of NVOD/VOD programmes HK\$
2007	49,521,000
2008	50,661,000
2009	47,650,000

Sources: Information for the financial years ended 31 December 2007 to 2008 is based on the the 2007 Annual Report and the 2008 Annual Report whilst information for the financial year ended 31 December 2009 is based on information provided by the Company.

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We note that under the NVOD/VOD Agreement, apart from the fixed license fee, the Company would receive a share of revenue should MBNS's revenue from its NVOD/VOD services derived from the Programmes reach certain thresholds. We have reviewed the announcement of the Company dated 4 April 2007 with regards to the previous arrangement with MBNS for the provision of NVOD/VOD programmes and we note that the previous arrangement with MBNS also contained the same fee structure (i.e. a fixed fee plus a share of revenue if the revenue met a certain threshold). Based on our discussion with the management of the Company, we understand that although the Company had only received the fixed fee component under the previous arrangement with MBNS as the revenue threshold was not met, growth in the number of subscribers to MBNS's NVOD/VOD packages has been relatively stable at approximately 20,000 new subscribers every year and management of MBNS expects this growth trend to continue. In this regard, we note that although the Company had received a fixed fee under the previous arrangement with MBNS for the three financial years ended 31 December 2009, the fluctuations in the historical amounts received by the Company as shown in Table 6 above are caused by fluctuations in the exchange rates between MYR and HKD since the fixed fee was determined in MYR. In addition, we further understand from the management of the Company that it is Astro's internal policy to have a slight increase to its monthly subscription fee once every two years.

As such, we are of the view that it is fair and reasonable to determine the Cap Amounts in accordance with the historical amounts of license fees with an upward adjustment to the fixed license fee after two years together with a sharing of revenue to capture subscription growth with regards to the NVOD/VOD Agreement.

(ii) Projected growth rate in subscription and advertising income

A. Subscription

Under the NVOD/VOD Agreement, apart from the fixed license fee, the Company is also entitled to a share of MBNS's revenue derived from the Programmes on a progressive basis. As discussed above, the growth in the number of subscribers to MBNS's NVOD/VOD packages has been relatively stable at approximately 20,000 new subscribers every year and management of MBNS expects this growth trend to continue. As such, this revenue sharing arrangement with MBNS would enable the Company to enjoy further upside should MBNS's revenue from its NVOD/VOD services derived from the Programmes reach certain thresholds.

Based on information provided by the Company, we understand that almost all of MBNS's revenue generated from its NVOD/VOD services comes from subscription fees for its NVOD/VOD monthly packages. As such, MBNS's revenue from its NVOD/VOD services is directly related to the number of subscribers for its NVOD/VOD packages as well as the amount of monthly subscription fee, which as mentioned above, has a slight increase once every two years. Therefore, the main driver to MBNS's revenue from its NVOD/VOD services is the growth in the number of subscribers to its NVOD/VOD packages. Furthermore, based on our discussion with the management of the Company, we understand that the Company has projected the growth in subscription to MBNS's NVOD/VOD packages

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based on the historical growth pattern mentioned above. Consequently, we are of the view that it is fair and reasonable to determine the Cap Amounts by reference to the growth in subscription to MBNS's NVOD/VOD services based on its historical growth pattern.

B. Advertising income

Under the Transactions, the Company has two sources of advertising income:

- (1) under the Programme and Licensed Channels Agreement, a share of 80% of advertising revenue after deduction of commission, bonus and discounts payable to advertising agents and advertisers for advertisements exhibited on the Licensed Channels which are inserted and played back by MBNS; and
- (2) under the Advertising Agency Agreement, a share of 20% of advertising revenue as advertising agency fee for the management and selling of airtime on Wah Lai Toi and the Licensed Channels.

We note that under the advertising revenue sharing arrangement in the Programme and Licensed Channels Agreement, the Company will receive the majority of the advertising revenue as part of the consideration to the Company for providing the Programmes and the Licensed Channels. We have reviewed information on the arrangements between the Group and independent third parties for similar services as that provided under the Programmes and Licensed Channels Agreement and we note that there are also similar sharing of advertising revenue arrangements with such independent third parties, which range from 12% to 50%. As the sharing of advertising revenue under the Programmes and Licensed Channels Agreement of 80% of advertising revenue after deduction of commission, bonus and discounts payable to advertising agents and advertisers is higher than the range of the share of advertising revenue with independent third parties, we are of the view that the sharing percentage under the Programmes and Licensed Channels Agreement is favourable to the Company and therefore fair and reasonable.

Whilst for the Advertising Agency Agreement, we note that as stated in the letter from the Board in the Circular, the advertising agency fee is based on industry practice. Again, we have also reviewed information on the arrangements between the Group and independent third parties for similar services as that provided under the Advertising Agency Agreement and we note that the Company charges a commission from such independent third parties that ranges from 10% to 15%. As the commission under the Advertising Agency Agreement of 20% of advertising revenue is higher than the range of commissions charged from independent third parties, we are of the view that the sharing percentage under the Advertising Agency Agreement is favourable to the Company and therefore fair and reasonable.

Since the respective advertising fees to be received by the Company under the Programme and Licensed Channels Agreement and the Advertising Agency Agreement is a fixed percentage of MBNS's advertising revenue, we believe it is appropriate to determine the Cap Amounts with reference to the projected growth rate in advertising income.

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Based on information provided by the Company, we understand that in determining the Cap Amounts, the Company has projected a growth of 15% in advertising income and factored in a seasonal adjustment for Chinese New Year. In assessing whether such projection is appropriate, we have examined the historical advertising fees received by the Company under the previous similar arrangement with MBNS. Table 7 below exhibits the results of our findings.

Table 7: Historical actual amounts of advertising income received

For the financial year ended 31 December	Historical amounts of advertising income received <i>HK\$</i>	Annual growth rate <i>%</i>
2005	33,688,000	n.a.
2006	40,305,000	20
2007	46,849,000	16
2008	50,632,000	8
2009	50,110,000	(1)
Average for 2005 to 2009		11
Average for 2005 to 2008		15

Sources: Information for the financial years ended 31 December 2005 to 2008 is based on the 2005 Annual Report, the 2006 Annual Report, the 2007 Annual Report and the 2008 Annual Report whilst information for the financial year ended 31 December 2009 is based on information provided by the Company.

As shown in Table 7 above, the historical advertising income received by the Company had grown at an average rate of approximately 11% from financial years ended 31 December 2005 to 2009. Based on our discussion with the management of the Company, we understand that the advertising income in the financial year ended 31 December 2009 had been negatively impacted by the economic downturn but that management has begun to see signs of recovery in advertising income and expects the growth in advertising income to resume to its previous level before the financial crisis. We note from Table 7 above that prior to 2009, the average annual growth rate in advertising income had been approximately 15% from the financial years ended 31 December 2005 to 2008. Furthermore, based on our discussion with the management of the Company, we understand that from the Company's experience, there is usually an increase in advertising income during Chinese New Year as companies push for more marketing campaigns. As such, we are of the view that it is fair and reasonable to incorporate the share of advertising revenue in determining the Cap Amounts by projecting the growth rate in advertising income based on the historical growth pattern adjusted for seasonal effects.

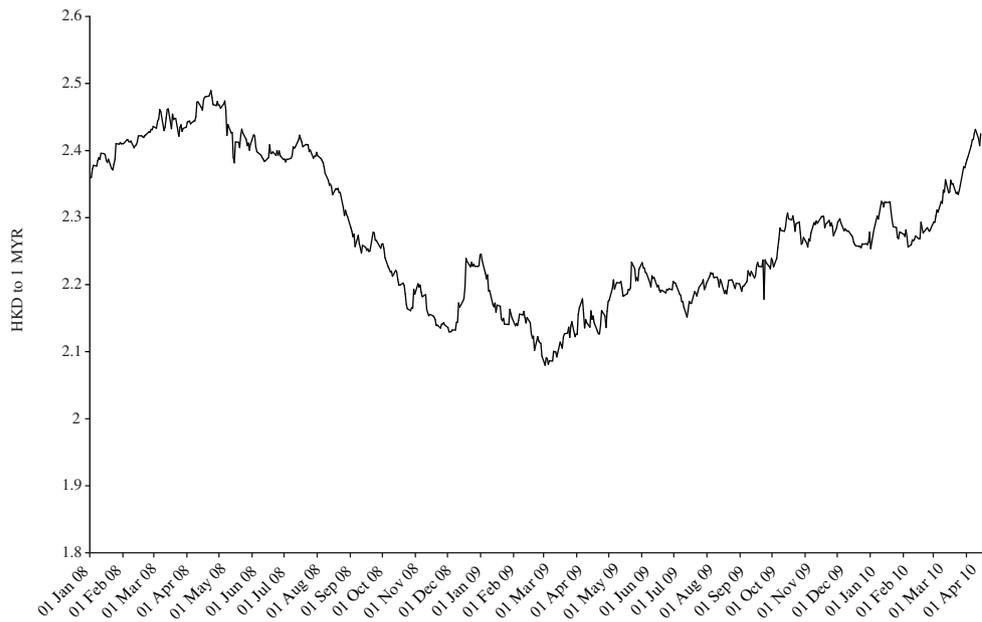
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(iii) Potential currency fluctuation

We have reviewed the agreement between the Company and MBNS in relation to the Transactions and understand that the fees receivable by the Company under the Transactions will be settled in MYR; whereas the Cap Amounts are set in HKD. Hence, the difference between the actual amount of fees received by the Company under the Transactions and the Cap Amounts may vary in accordance with fluctuations in the exchange rate between MYR and HKD.

Table 8 below shows the exchange rates between MYR and HKD from 1 January 2008 to the Latest Practicable Date (the “Review Period”) and Table 9 shows the fluctuations in the exchange rates between MYR and HKD during the Review Period rebased to 1 January 2008.

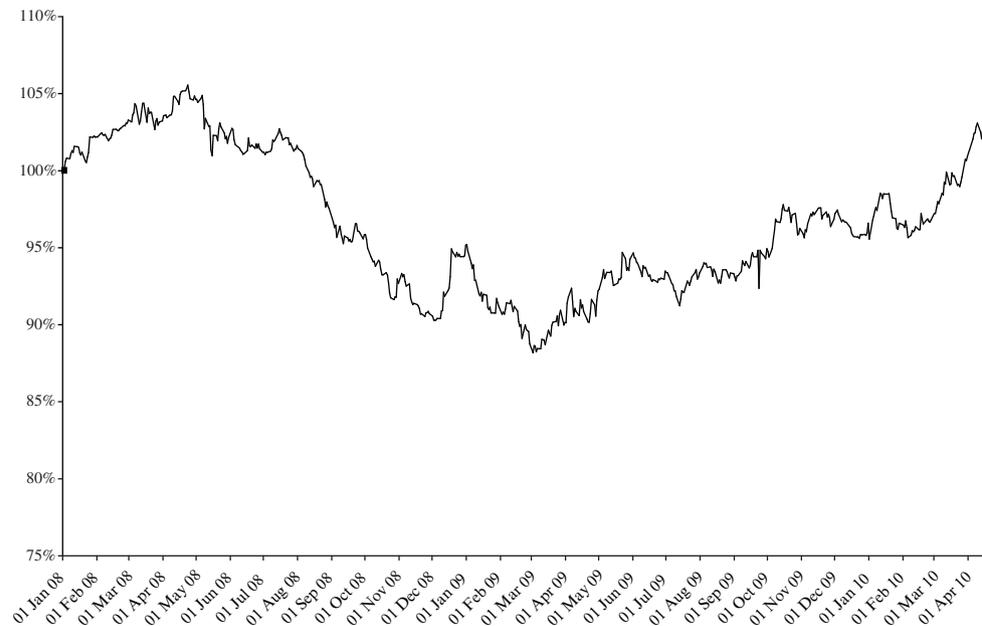
Table 8: Exchange rates between MYR and HKD



Source: Bloomberg.

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Table 9: Fluctuations in the exchange rates between MYR and HKD



Source: Bloomberg.

We note from Table 9 above that the exchange rates between MYR and HKD had generally fluctuated within the range of plus or minus 10% from the exchange rate as at 1 January 2008 during the Review Period.

Therefore, we are of the view that it is appropriate to take into account such potential currency fluctuation in determining the Cap Amounts and that a buffer of 10% in determining the Cap Amounts to allow for currency fluctuation between MYR and HKD is fair and reasonable.

In light of the above, we are of the view that the Transactions are on normal commercial terms and that the Cap Amounts are fair and reasonable.

5. Duration of the NVOD/VOD transaction

In accordance with the Listing Rules, we have also examined whether the duration of the NVOD/VOD Agreement, which exceeds three years, is justifiable.

As stated in the letter from the Board in the Circular, the duration of five years is within the normal business practice of this type of contract. In this regard, we have also reviewed the duration of various similar transactions in the media and entertainment industry, a summary of which is presented in Table 10 below.

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Table 10: Durations of similar transactions in the industry

Party A	Party B	Year of contract	Duration
Blockbuster Inc.	Enron Broadband Services, Inc.	2000	20 years
ANYTIME Pte Ltd.	India On Line Broadband Limited	2006	5 years
Private Media Group	Erotic Media AG	2006	5 years
Outdoor Channel	National Shooting Sports Foundation	2008	5 years
Starz Entertainment, LLC	Disney Enterprises, Inc.	2010	5 years

Sources: Press releases of the respective companies.

As illustrated in Table 10 above, the duration of similar transactions in the industry are generally for a duration exceeding 3 years.

Furthermore, based on our discussion with the management of the Company, we understand that the Company does not have its own platform in the Territories. In addition, we note that as discussed above, Astro has a strong presence in the Malaysia television market and has established a long-standing business and working relationship with the Company. Therefore, we are of the view it is in the benefit of the Company to lock-in a longer contract term of 5 years, which is in line with normal business practice, to ensure its continuous exposure to the Territories via a trusted partner in the absence of its own platform.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Transactions are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Cap Amounts are fair and reasonable and that the duration of the NVOD/VOD Agreement is justifiable. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders and we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transactions.

Yours faithfully,
For and on behalf of

Platinum Securities Company Limited

Ian Ramsay
Director and Head of Corporate Finance

Lenny Li
Assistant Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange (together, "Discloseable Interests") were as follows:

Name of Director	Number of Shares held				Total	Approximate percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests		
Run Run Shaw	-	1,146,000 [#]	141,174,828 ^{*(a)}	-	142,320,828	32.49%
Christina Lee Look Ngan Kwan	602,144	-	16,701,000 ^(b)	-	17,303,144	3.95%
Mona Fong	1,146,000 [#]	-	-	-	1,146,000	0.26%
Chien Lee	400,000	-	-	-	400,000	0.09%
Chow Yei Ching	100,000	-	-	-	100,000	0.02%

Note: Duplication of shareholdings occurred between parties [#] shown above and between parties ^{*} shown above and below under the sub-heading entitled "Substantial Shareholders".

(a) 113,888,628 Shares were held by Shaw Brothers (Hong Kong) Limited and 27,286,200 Shares were held by The Shaw Foundation Hong Kong Limited. Shaw Holdings Inc., directly and through its wholly owned subsidiaries, together with Ms. Mona Fong, the wife of Sir Run Run Shaw, have total equity interest of 100% in Shaw Brothers (Hong Kong) Limited. Shaw Holdings Inc. also holds 100% equity interest in The Shaw Foundation Hong Kong Limited. Sir Run Run Shaw exerts 100% control over Shaw Holdings Inc. through The Sir Run Run Shaw Charitable Trust.

(b) 10,377,000 Shares were held by Trio Investment Corporation S.A., 1,581,000 Shares were held by Crystal Investments Limited, 3,162,000 Shares were held by Compass Inc. and 1,581,000 Shares were held by Bonus Inc. and, in respect of such Shares only, directors of these companies are all accustomed to act in accordance with the directions of Mrs. Christina Lee Look Ngan Kwan.

All the interests stated above represent long positions. Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any Discloseable Interests.

3. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, the Directors and the chief executive of the Company are not aware of any person (other than the Directors and the chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Interests in the Company

Name of shareholder	No. of Shares held	Approximate percentage of issued share capital
Shaw Brothers (Hong Kong) Limited	113,888,628*	26.00%
The Shaw Foundation Hong Kong Limited	27,286,200*	6.23%
Dodge & Cox	27,065,000 (a)	6.18%
Slichester International Investors Limited	22,143,000	5.06%
Marathon Asset Management LLP	22,142,135	5.06%

Note: Duplication of shareholdings occurred between the parties * shown here and above the sub-heading entitled "Directors' Interests".

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

Interests in the subsidiaries of the Company

Name of shareholder	Name of subsidiary of the Company	Number of ordinary shares	Approximate percentage of issued share capital
Summer Merger Sdn. Bhd.	Golden Star Video Library	1,900	19%
Golden Star Video Sdn. Bhd.	Sdn. Bhd. (in liquidation)	3,000	30%
TTC Animation Licensing Incorporation	Toysters Animation International Ltd.	450	45%
Measat Broadcast Network Systems (BVI) Limited	TVB Publishing Holding Limited and its subsidiaries (a)	22,500,000	26.32%

Note:

(a) TVB Publishing Holding Limited beneficially owns 20,000,000 ordinary shares of TVB Publications Limited, representing its entire issued share capital. TVB Publishing Holding Limited also beneficially owns 10,000 ordinary shares of Art Limited, representing its entire issued share capital.

Interests in associates of the Company

Name of shareholder	Name of associate of the Company	Number of ordinary shares	Approximate percentage of issued share capital
BEC International Distribution Co., Ltd.	TVB3 Network Company Limited	599,993	59.9993%
Enjoy Profits Limited	TVB Pay Vision Holdings Limited and its subsidiary (a)	195,456,196	18%
Gemstone Pacific Limited	TVB Pay Vision Holdings Limited and its subsidiary (a)	217,173,552	20%

Note:

- (a) TVB Pay Vision Holdings Limited directly holds 2 ordinary shares of TVB Pay Vision Limited, representing its entire issued share capital.

4. EXPERT

The following is the qualification of the expert who has been named in this circular or has given opinions or advice which are contained in this circular:

Name	Qualification
Platinum Securities Company Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Platinum has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which it appears as at the Latest Practicable Date.

As at the Latest Practicable Date, Platinum did not have any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Platinum did not have any interest, either direct or indirect, in any assets which have been, since date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had an existing or proposed service contract with any member of the Group which is not determinable within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance were pending or threatened against any member of the Group.

8. GENERAL

- (a) The secretary of the Company is Mr. Adrian Mak Yau Kee, FCA, FCPA.
- (b) The share registrar of the Company is Computershare Hong Kong Investor Services Limited whose registered office is at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) There is no contract arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group.
- (d) None of the Directors has, or has had, any direct or indirect interest in any asset which has been acquired or disposed of by or leased to, or which has proposed to be acquired or disposed of by or leased to, the Company or its subsidiaries since 31 December 2009, the date to which the latest published audited consolidated financial statements of the Group were made up, save that on 1 February 2010, the Company and TVB.COM Limited ("TVB.COM"), an indirect wholly-owned subsidiary of the Company, entered into certain agreements with Hong Kong Movie City Company Limited ("HKMC"), which is an associated company of Shaw Brothers (Hong Kong) Limited (a substantial shareholder of the Company) and an associate of Sir Run Run Shaw and Ms. Mona Fong (both are Directors of the Company) to lease office premises and car parking spaces, to provide colocation services, and IP telephone system at/in Shaw Studio, a property locate at 201 Wan Po Road, Tsung Kwan O, Kowloon, Hong Kong ("Shaw Studio") which is owned by HKMC to the Company and TVB.COM. Details of the rental and services and the relevant payments under the said agreements are as follows:-

Premises/Services	Area/Details	Rental/Fees paid from 1 February 2010 to 31 March 2010 in HK\$
(i) Paid by the Company		
Office at G/F, Administration Building, Shaw Studio	GFA: approximately 14,150 square feet	Rent : HK\$254,700 Management fee : HK\$158,480 Rates : HK\$12,735
Car parking licences	1 car parking space at Shaw Studio	HK\$2,500 (inclusive of management fee, government rent and rates)
(ii) Paid by TVB.COM		
Office at Level 4, Production Building, Shaw Studio	GFA: approximately 18,000 square feet	Rent : HK\$288,000 Management fee : HK\$201,600 Rates : HK\$14,400
Office at Level 5, Production Building, Shaw Studio	GFA: approximately 10,200 square feet	Rent : HK\$163,200 Management fee : HK\$114,240 Rates : HK\$8,160
Colocation services	For the racks for storage of server equipment at Shaw Studio	HK\$504,000
IP telephone licence	Provision of IP telephone communication system at offices occupied by TVB.COM at Shaw Studio	HK\$702,000 (paid in advance for the whole licence period, i.e. 36 months)
Car parking licences	10 car parking spaces at Shaw Studio	HK\$25,000 (inclusive of management fee, government rent and rates)

Note: GFA = gross floor area

- (e) The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, the date to which the latest published audited accounts of the Group which were made up.
- (f) In case of inconsistency, the English language text of this document shall prevail over the Chinese language text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the Short Form Agreement will be available for inspection during normal business hours (Saturdays and public holidays excepted) at TVB City, 77 Chun Choi Street, Tseung Kwan O Industrial Estate, Kowloon, Hong Kong from the date of this circular up to and including 26 May 2010.

NOTICE OF EGM

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Television Broadcasts Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Television Broadcasts Limited (the “Company”) will be held at The Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, Tsim Sha Tsui East, Kowloon, Hong Kong on Wednesday, 26 May 2010 at 12:00 noon for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as ordinary resolution of the Company:

“THAT the Short Form Agreement (as defined in the circular dated 20 April 2010 despatched to the shareholders of the Company (a copy of which has been produced to the meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification, “Circular”)), the transactions contemplated thereunder and the Cap Amounts (as defined in the Circular) be and are hereby approved, ratified and confirmed.”

By order of the Board
Adrian Mak Yau Kee
Company Secretary

Hong Kong, 20 April 2010

*Registered office and
principal place of business:*
TVB City
77 Chun Choi Street
Tseung Kwan O Industrial Estate
Kowloon
Hong Kong

Share registrars:
ComputerShare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen’s Road East
Wan Chai, Hong Kong

NOTICE OF EGM

Notes:

1. A member may in respect of any shares held by him attend by proxy any general meeting which he is entitled to attend in person. A proxy need not be a member of the Company.
2. A form of proxy for the meeting is enclosed. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power of attorney or authority must be deposited with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting, and in default thereof the form of proxy and such power of attorney or other authority shall not be treated as valid.
3. The register of members of the Company will be closed from Wednesday, 5 May 2010 to Wednesday, 26 May 2010, both dates inclusive, to allow sufficient time for members of the Company to complete and return the declaration of voting controller ("Declaration Form") as required under the provisions of the Broadcasting Ordinance.
4. During the book close period as mentioned in above Note 3, no transfer of shares of the Company will be effected. In order to ascertain the entitlement to attend the meeting, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 4 May 2010.
5. If any Shareholder of the Company wishes to vote at the EGM, such Shareholder must be recorded as a shareholder on the register of members of the Company and return the Declaration Form in such manner as described therein.
6. The ordinary resolution of the meeting will be determined by way of poll.

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

Sir Run Run SHAW, *G.B.M.* (Chairman) #

Dr. Norman LEUNG Nai Pang, *G.B.S., LL.D., J.P.* (Executive Deputy Chairman)*

Mona Fong (Deputy Chairperson and Managing Director, and Alternate Director to Sir Run Run SHAW)*

Christina LEE LOOK Ngan Kwan #

Dr. Chow Yei Ching, *G.B.S.* #

Kevin LO Chung Ping #

Edward CHENG Wai Sun, *S.B.S., J.P.* ^

Chien LEE ^

Gordon SIU Kwing Chue, *G.B.S., J.P.* ^

Vivien CHEN Wai Wai ^

Mark LEE Po On *

Anthony LEE Hsien Pin (Alternate Director to Christina LEE LOOK Ngan Kwan)

* *Executive Directors*

Non-executive Directors

^ *Independent non-executive Directors*