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Television Broadcasts Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

CONTINUING CONNECTED TRANSACTIONS WITH MBNS

The board of directors of Television Broadcasts Limited is pleased to announce that on 10 March 2010, TVBI, a wholly-owned subsidiary of the Company, has 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 Malaysia and Brunei, and that TVBSE, a wholly-owned subsidiary of the Company, has been engaged by MBNS as an advertising agency for managing and selling of airtime on certain channels.

As MBNS, an associate of the substantial shareholder of three of the Company's non wholly-owned subsidiaries, is a connected person (as defined under the Listing Rules) of the Company, and the transactions contemplated under the Short Form Agreement, together constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions shall, therefore, be subject to approval of the independent shareholders at an extraordinary general meeting of the Company.

As TVBI and MBNS, and TVBSE and MBNS shall further negotiate in good faith with each other the terms and conditions of the long form formal agreements for the transactions, the Company shall at the time of execution of the long form formal agreements, comply with the applicable Listing Rules and make further announcements and prepare circulars in relation to the transactions.

Further to the announcement dated 8 February 2010, the Board of Television Broadcasts Limited is pleased to announce that on 10 March 2010, TVBI has entered into binding principal terms with MBNS in the form of a confirmation letter (“Short Form Agreement”) relating to the granting of the rights by TVBI to MBNS to distribute the Programmes and the Licensed Channels in Malaysia and Brunei, and that TVBSE has been engaged by MBNS as an advertising agency for managing and selling of airtime on certain channels. As TVBI and MBNS, and TVBSE and MBNS shall further negotiate in good faith with each other the terms and conditions of the long form formal agreements for the said transactions, the Company shall at the time of execution of the long form formal agreements, comply with the applicable Listing Rules and make further announcements and prepare circulars in relation to the transactions.

The principal terms of the agreements to be entered into between the respective parties are set out below.

PRINCIPAL TERMS OF THE AGREEMENTS

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 (including insertion fee)	:	RM78,995,556 (gross before deduction of withholding tax, and equivalent to approximately HK\$180,228,361 ^{Note}) per Contract Year of the License Period

Note: Throughout this announcement, the exchange rate used between HK\$ and RM was 2.2815.

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

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, other fees and sharing of revenue : RM22,444,444 (gross before deduction of withholding tax, and equivalent to approximately HK\$51,207,000) for each of the first two Contract Years of the License Period from 1 January 2010 to 31 December 2011; and
RM25,555,556 (gross before deduction of withholding tax, and equivalent to approximately HK\$58,305,000) 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

On 4 April 2007, TVBI had entered an agreement with MBNS for 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 to 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 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 : 20% of net advertising revenue (based on industry practice)

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 amount for the maximum aggregate annual consideration receivable by TVBI from MBNS, and by TVBSE from MBNS, including licensee fees, other fees and shared revenue under the said agreements, for each of the financial years ending 31 December 2010, 2011, 2012, 2013 and 2014, are as follows (“Cap Amounts”):

For the year ending	Cap Amount HK\$
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 Malaysia Ringgits 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.

REASONS FOR THE TRANSACTIONS

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

MBNS is the 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.

The said transactions entered into between the parties 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 by MBNS as an advertising agency for managing and selling of airtime on the 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, 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.

PRINCIPAL ACTIVITIES OF THE GROUP, TVBI, TVBSE AND MBNS

The Group is principally engaged in terrestrial TV broadcasting with programme production, programme licensing and distribution, overseas satellite pay TV 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.

MBNS is the operator of a multi-channel multi language subscription television service and a NVOD/VOD television service in Territories.

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, constitute 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 extraordinary general meeting of the Company.

As the parties shall further negotiate in good faith with the other for attaining the terms and conditions of the long form formal agreements, the Company shall at the time of execution of the long form formal agreements, comply with the applicable Listing Rules, and make further announcements and prepare circulars in relation to the transactions.

DEFINITIONS

“Astro Services”	means the pay television service which is provided and operated by MBNS in the Territories using the trade mark name “ASTRO”
“Board”	board of directors of the Company
“Contract Year”	means 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
“Cap Amount”	the 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 to be approved by the shareholders in an extraordinary general meeting
“Company”	Television Broadcasts Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Licensed Channels”	refers to 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
“NVOD”	refers to “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”	means 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”	means 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”
“Programmes”	means television programmes of the Company with respect to which TVBI has the rights to exploit. The Programmes will be exhibited in the Wah Lai Toi channel (hereafter defined) 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
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TVBI”	TVBI Company Ltd., a wholly-owned subsidiary of the Company
“TVBSE”	TVB Satellite TV Entertainment Ltd., a wholly-owned subsidiary of the Company
“Territories”	means Malaysia and Brunei only

“VOD”	refers to “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”	refers to a Chinese language general entertainment channel which is owned and operated by MBNS.

By Order of the Board
Adrian MAK Yau Kee
Company Secretary

Hong Kong, 22 March 2010

As at the date of this announcement, 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 ^
Anthony LEE Hsien Pin (Alternate Director to Christina LEE LOOK Ngan Kwan)

* *Executive Directors*

Non-executive Directors

^ *Independent Non-executive Directors*