ANNUAL REPORT 2008

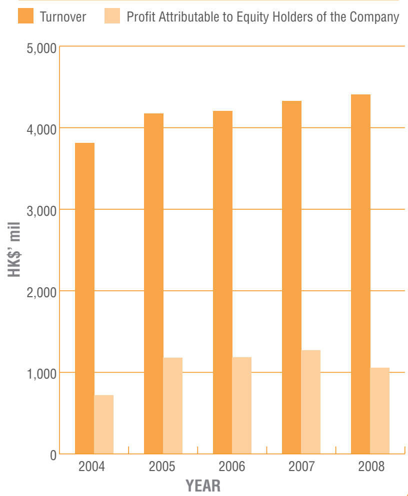
周　年　報　告

Television Broadcasts Limited
電視廣播有限公司

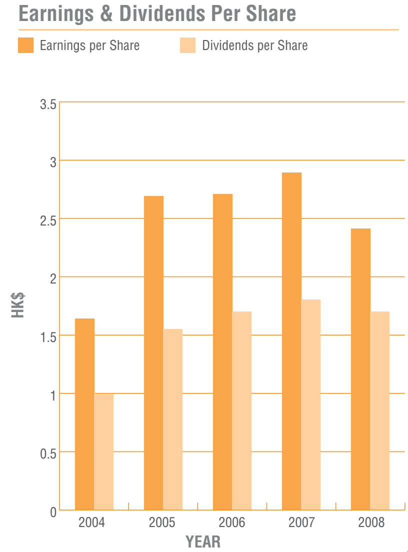
Stock Code 股份代號：00511

Highlights

Turnover & Profit Attributable to Equity Holders of the Company



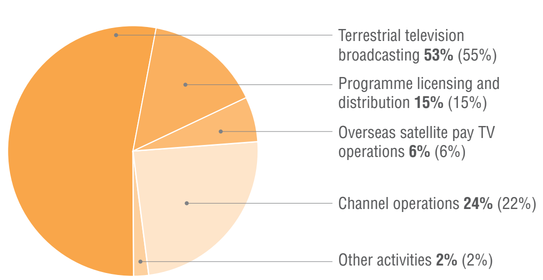
Earnings & Dividends Per Share



	2008	2007	Change
Financial Highlights			
Performance			
Earnings per share	**HK$2.41**	HK$2.89	-17%
Dividend per share			
– Interim	**HK$0.30**	HK$0.30	–
– Final	**HK$1.40**	HK$1.50	-7%
	HK$1.70	HK$1.80	-6%
For the year	**HK$' mil**	HK$' mil	
Turnover			
– Terrestrial television broadcasting	**2,346**	2,373	-1%
– Programme licensing and distribution	**773**	743	+4%
– Overseas satellite pay TV operations	**289**	281	+3%
– Channel operations	**1,065**	965	+10%
– Other activities	**107**	101	+6%
– Inter-segment elimination	**(173)**	(137)	+26%
	4,407	4,326	+2%
Total expenses	**(3,102)**	(2,787)	+11%
Share of losses of associates	**(63)**	(125)	-50%
Profit attributable to equity holders	**1,055**	1,264	-17%
As at 31 December			
Total assets	**6,742**	6,251	+8%
Total liabilities	**1,108**	882	+26%
Total equity	**5,634**	5,369	+5%
Number of issued shares	**438,000,000**	438,000,000	
Ratios			
Current ratio	**5.34**	5.42	
Gearing	**6%**	–	
Operational Highlights			
Average audience share			
Weekday prime time – Jade	**85%**	84%	
Weekly prime time – Pearl	**75%**	79%	
Number of terrestrial TV channels in Hong Kong	**5***	3	

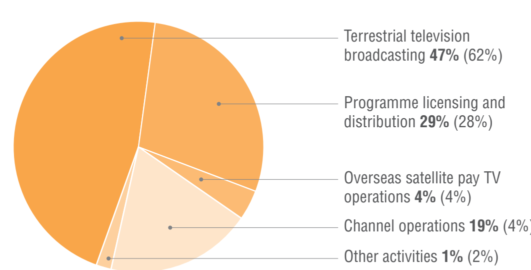
* as of 25 Mar 2009

2008 Turnover by Business Segment



% relating to 2007 are shown in brackets

2008 Segment Results by Business Segment



% relating to 2007 are shown in brackets

Contents

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Sir Run Run SHAW, G.B.M. *(Executive Chairman)*
Dr. Norman LEUNG Nai Pang, G.B.S., LL.D., J.P.
(Executive Deputy Chairman)
Mona FONG *(Deputy Chairperson and Managing Director)*
(appointed as Managing Director on 1 January 2009)

NON-EXECUTIVE DIRECTORS

Christina LEE LOOK Ngan Kwan
Dr. CHOW Yei Ching, G.B.S.
Kevin LO Chung Ping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward CHENG Wai Sun, S.B.S., J.P.
Chien LEE
Dr. LI Dak Sum, DSSc. (Hon.), J.P.
Gordon SIU Kwing Chue, G.B.S., J.P.

ALTERNATE DIRECTOR

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

BOARD COMMITTEES

EXECUTIVE COMMITTEE

Sir Run Run SHAW *(Chairman)*
Dr. Norman LEUNG Nai Pang
Mona FONG
Christina LEE LOOK Ngan Kwan
Kevin LO Chung Ping

AUDIT COMMITTEE

Gordon SIU Kwing Chue *(Chairman)*
(appointed as chairman on 22 January 2008)
Chien LEE
Kevin LO Chung Ping
(appointed as member on 18 April 2008)

REMUNERATION COMMITTEE

Chien LEE *(Chairman)*
Edward CHENG Wai Sun
Gordon SIU Kwing Chue
(appointed as member on 22 January 2008)

EXECUTIVE OFFICERS

SENIOR MANAGEMENT

George CHAN Ching Cheong *(Assistant Managing Director)*
Stephen CHAN Chi Wan *(General Manager – Broadcasting)*
CHEONG Shin Keong *(General Manager – Broadcasting)*
Mark LEE Po On *(General Manager – Finance and Administration)*

COMPANY SECRETARY

Adrian MAK Yau Kee

REGISTERED OFFICE

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

AUDITORS

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

PRINCIPAL BANKERS

Shanghai and Commercial Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICE

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

AMERICAN DEPOSITARY RECEIPTS

The Bank of New York Mellon
BNY Mellon Shareowner Services
PO Box 358516
Pittsburgh, PA 15252-8516
USA

STOCK CODES

Ordinary Shares	
The Stock Exchange of Hong Kong	00511
Reuters	0511.HK
Bloomberg	511 HK
ADR Level 1 Programme	TVBCY

WEBSITE

www.tvb.com

Chairman's Statement

The directors of Television Broadcasts Limited ("Directors") are pleased to present the 2008 annual report and financial statements in respect of Television Broadcasts Limited (the "Company" or "TVB") and its subsidiaries (collectively, the "Group").

RESULTS AND DIVIDEND

For the full year, the Group's turnover increased by 2%, from HK$4,326 million to HK$4,407 million. We saw our cost of sales increased by 15%, from HK$1,764 million to HK$2,025 million during the year. As a result, the profit attributable to shareholders decreased by 17%, from HK$1,264 million to HK$1,055 million. Earnings per share was HK$2.41 (2007: HK$2.89). At the year end, our total equity stood at HK$5,634 million (2007: HK$5,369 million).

At the forthcoming Annual General Meeting in May 2009, Directors will recommend a final dividend of HK$1.40 per share. Together with the interim dividend of HK$0.30 per share paid earlier, this makes a total dividend of HK$1.70 per share for the full year ended 31 December 2008, and represents a decrease of 6% over 2007 and a 71% payout to our current year's profit.

BUSINESS AND OUTLOOK

2008 was an eventful year. At the beginning of the year, we established another milestone in our history as we began full-time digital terrestrial TV broadcasting service in Hong Kong. A year later, we now provide a total of five digital terrestrial TV channels, covering over 75% of the population in Hong Kong.

We witnessed in May 2008 the tragic earthquake in Sichuan, which brought about over 400,000 casualties and made millions homeless. As of today, the pictures of the disaster are still vivid in our mind. Soon after the disaster struck, we mobilised our forces and helped organise a number of fund raising events on our channels in Hong Kong and overseas. The responses were over-whelming and heart warming, and we are grateful to the donors for their kindness.

Then in August 2008, we celebrated the long-awaited Beijing 2008 Olympic Games with pride and a sense of achievement. TVB once again made history by delivering round-the-clock high definition TV coverage with surround sound, rewarding our audience with real life experience of the events.

Problems associated with financial institutions worldwide which began to surface in the second half of 2008 has rapidly led to a global economy downturn.

Our business has been adversely affected as advertising income, a major revenue source in Hong Kong, began to decline, negating the growth in the earlier parts of the year. On the other hand, business in our overseas markets was less severely affected, as our licensing and subscription model helped deliver a relatively steady revenue stream.

Our total costs increased in 2008, as a result of the launch of new digital channels and other special projects such as the Beijing Olympics. Going forward, we shall vigilantly control operating and capital costs to reduce the adverse impact on our bottom line while exploring new revenue sources.

Our belief in maintaining a continuous supply of quality programmes for terrestrial TV channels and international distribution remains. We will, therefore, continue to dedicate our efforts to investing in our future business for growth and, at the same time, to reinforce our position in the market.

Lastly, on behalf of the Board, I sincerely wish to thank all our stakeholders for their endorsement and support to the Group.

Run Run Shaw
Executive Chairman

Hong Kong, 25 March 2009

Review of Operations

OVERVIEW

For the year ended 31 December 2008, the Group achieved a turnover of HK$4,407 million (2007: HK$4,326 million), an increase of approximately 2% over 2007. Cost of sales amounted to HK$2,025 million (2007: HK$1,764 million), an increase of approximately 15% over 2007. As a result, gross profit for the year amounted to HK$2,382 million (2007: HK$2,562 million), a decrease of approximately 7% over 2007. The gross profit percentage was 54% (2007: 59%).

Included in the cost of sales was the costs of programmes, film rights and stocks which amounted to HK$1,416 million (2007: HK$1,169 million).

Selling, distribution and transmission costs amounted to HK$507 million (2007: HK$453 million), an increase of approximately 12% over 2007. General and administrative expenses amounted to HK$570 million, the same level as 2007.

The Group's equity interest in an associate, TVB Pay Vision Holdings Limited ("TVBPVH") had been reduced from 49% to 29% upon a disposal of shares in TVBPVH to Gemstone Pacific Limited in 2007. During the year, equity accounting of the results of the associate was based on 29%, reflecting our economic interest therein even though the Group's voting interest in TVBPVH has been lowered to 15%. For the year, the Group's share of the losses of TVBPVH was reduced to HK$63 million (2007: HK$125 million).

Profit before income tax for the year amounted to HK$1,286 million (2007: HK$1,550 million), a decrease of approximately 17% over 2007.

The Group's taxation charge amounted to HK$230 million (2007: HK$284 million), a decrease of approximately 19% over 2007.

Overall, the Group's profit attributable to equity holders for the year amounted to HK$1,055 million (2007: HK$1,264 million), a decrease of approximately 17% over 2007. Earnings per share was HK$2.41 (2007: HK$2.89).

SEGMENT RESULTS

Revenue under terrestrial TV broadcasting, which comprised predominantly advertising revenue on the Group's terrestrial TV channels decreased from HK$2,373 million to HK$2,346 million, representing a decrease of approximately 1%. Cost of programmes which comprised the costs of self-produced programmes, the amortised costs of acquired film rights and other cost of sales, increased from HK$877 million to HK$1,134 million, representing an increase of approximately 29%. The sharp increase in programme cost in 2008 was mainly attributable to the costs incurred for the new digital terrestrial channels and the non-recurring costs of coverage of the Beijing 2008 Olympic Games. As a result, this segment recorded a lower operating profit of HK$640 million (2007: HK$952 million), a decrease of approximately 33% over 2007.

Revenue from programme licensing and distribution which comprised predominantly licensing income from distribution of our programmes through telecast, homevideo, and new media licensing, increased from HK$743 million to HK$773 million, representing an increase of approximately 4%. Taking into account of direct and overhead costs which totalled HK$363 million (2007: HK$318 million) and an exchange loss of HK$22 million (2007: an exchange gain of HK$15 million), this segment contributed an operating profit of HK$388 million (2007: HK$440 million), a decrease of approximately 12% over 2007.

Revenue from overseas satellite pay TV operations which comprised revenue from our platforms in the USA, Australia and Europe, showed an increase from HK$281 million to HK$289 million, representing an increase of approximately 3%. However, as the growth in costs outweighted the revenue increase, this segment recorded a lower operating profit of HK$48 million when compared with HK$59 million in 2007, representing a decrease of approximately 19%.

Revenue from channel operations which comprised revenue from TVBS, the Taiwan channel operation; TVB8 and Xing He, the satellite TV channel operations; and the supply of the eight channels to TVB Pay Vision Limited ("TVBPV"), increased from HK$965 million to HK$1,065 million, representing an increase of approximately 10%. The satisfactory growth in this segment was mainly contributed by the growth in advertising income from TVBS. Operating costs for this segment was kept under tight control. This segment contributed a combined operating profit of HK$261 million (2007: HK$192 million which excluded the impairment loss on trade receivables of HK$135 million), an increase of approximately 36% over 2007.

REVIEW OF OPERATIONS

TERRESTRIAL TELEVISION BROADCASTING

HONG KONG ADVERTISING REVENUE

Year 2008 started on a high note, with a reasonable growth in advertising revenue in January on account of a generally optimistic advertiser sentiment leading up to Chinese New Year in early February. However, the post-Chinese New Year revenue was anemic. Revenue in the second quarter was boosted by the strong run up to the Beijing 2008 Olympic Games (the "Olympics") in June 2008, helping to offset the mixed performances earlier in April and May 2008. Growth for the first half of 2008 was 5% on a year-on-year basis.

The greatly increased market concerns on the global financial crisis had a substantial impact beginning in October 2008. Overall, advertising revenue derived from our terrestrial TV channels for the year declined by 1%, as a result of a sharp decline in advertising revenue in the last quarter of 2008, negating the growth in advertising revenue experienced in the first three quarters.

For the full year, the key advertising categories on our channels were skin care, fast food restaurants, credit cards, finance companies and supermarkets. Revenue growth had been fuelled by increased contributions from finance companies, fast food restaurants, consumer electrical goods, jewellery/watch retailers and movie promoters. We also reaped the fruits of business development in the categories of Olympics-related sports promotions, and event promotions, such as the airtime sale related to beauty pageants staged in Macau in the latter half of the year.

The most adversely affected advertising categories in the last quarter of 2008 were retail banks, local properties, skin care, hotels and credit cards.

TERRESTRIAL CHANNELS PERFORMANCE

TVB operates five free-to-air TV programme channels in Hong Kong: Jade, in Cantonese, and Pearl, in English (both simulcast in analogue and in digital terrestrial television ("DTT")); and three new DTT channels – the 24-hour high definition TV ("HDTV") channel HD Jade (launched on 31 December 2007), the young and trendy J2 (launched on 30 June 2008), and the 24-hour news channel iNews (launched on 1 January 2009).

Jade continued to be the most watched TV channel in Hong Kong. Jade achieved an overall weekday prime time[1] average audience share[2] of 85% (2007: 84%) among terrestrial Chinese channels, and Pearl, a weekly prime time[3] average of 75% (2007: 79%) among terrestrial English channels, during the year.

The Beijing 2008 Olympic Games

In telecasting the Olympics during the summer, TVB invested in an unprecedented scale in resources, facilities and manpower in Hong Kong's sports broadcasting history to cover this first-ever Olympics held in mainland China and in Hong Kong, which was the host city for the equestrian events.

1 Jade's weekday prime time runs from 7 p.m. to 11 p.m.

2 Audience share (%) is the percentage of ratings of a particular channel over the total ratings of the base channels for a specific period of time. When calculating audience share for free-to-air terrestrial TV channels in Hong Kong, the base would be the combined TVRs[4] of terrestrial analogue Chinese channels or the combined TVRs of terrestrial analogue English channels. DTT channels have not been included in the current TV audience measurement/ratings system.

3 Pearl's weekly prime time runs from 7 p.m. to midnight.

4 TV Rating (TVR) represents the size of audience expressed as a percentage of the total TV population. For 2008, the TV population is 6,294,000, and therefore, 1 TVR represents 62,940 viewers (1% of the TV population). Ratings data source: CSM Media Research.

The opening ceremony of the Olympics was broadcast live in high definition on HD Jade using state-of-the-art MPEG-4 compression and Dolby surround sound. HD Jade was subsequently transformed into a 24-hour Olympics channel. It was the first ever longest continuous high definition coverage of a major sporting event spanning 16 days from 8 to 24 August 2008.

The telecast of the Olympics also reflected the synergy and the complementary capability of the TVB channels. Jade, J2, and HD Jade provided a comprehensive coverage to encompass simultaneous live events and highlights to cater for different audience preferences. On 8 August 2008, through the TVB channels, close to 3 million viewers in Hong Kong's population, were transfixed by the awe-inspiring *Beijing 2008 Olympic Games – Opening Ceremony*. This programme became the year's top rated TV programme in Hong Kong. Over the 16-day Olympic period, Jade captured an average audience share of 77% for the live telecast of the events; and Pearl, an average audience share of 81%.

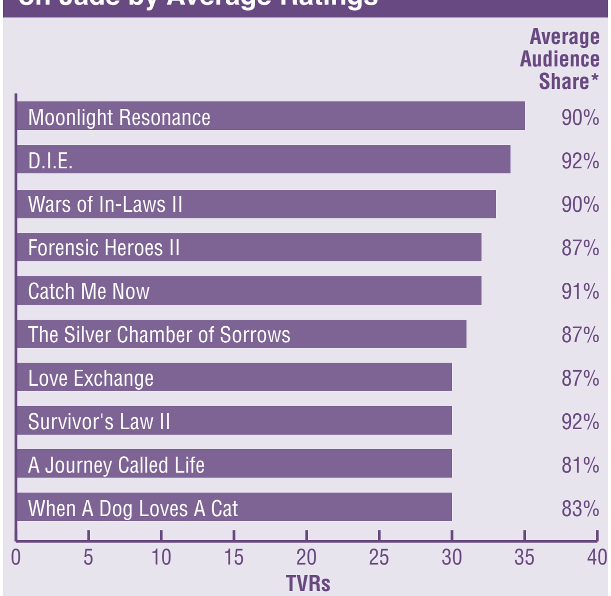
Drama Production

Jade's serial dramas, detective series, contemporary comedies and period epics continued to captivate, thrill and entertain millions of viewers. *Moonlight Resonance* broke the record of its 2007 "sister" drama production

REVIEW OF OPERATIONS

Heart of Greed. With almost the same cast and yet more intricately woven new storyline designed for episodic development, *Moonlight Resonance* became the top rated drama of 2008 and the highest rated drama series since 2005 in Hong Kong. The final episode, with a special lead-in programme *Moonlight Resonance Special*, concluded with an average of 35 TVRs[4] and attracted 3.1 million viewers (50 TVRs) at its climax. Two police dramas of different styles were also well-received.

Top 10 Dramas on Jade by Average Ratings



*average audience share among terrestrial Chinese channels

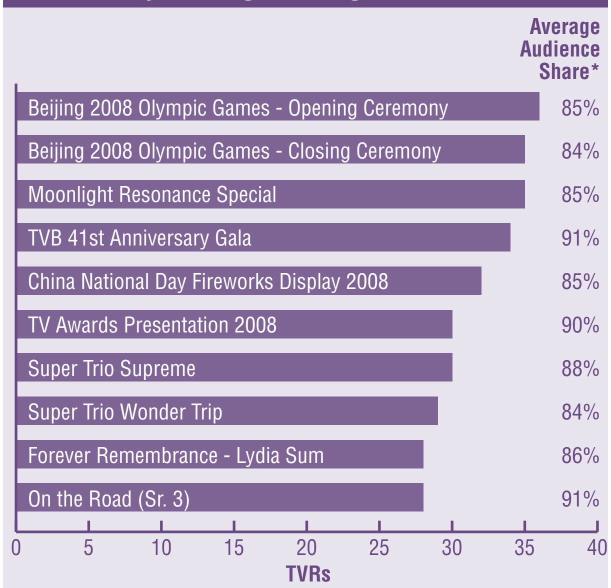
D.I.E. portrayed a police investigator cracking old unsolved cases with the aid of supernatural power and a group of off-beat colleagues. *Forensic Heroes II* followed a group of forensic professionals in cracking suspense cases by discovering and tracing inexplicit clues. Among the comedies that delighted our audience, *Wars of in-Laws II*, depicting the clash of an elitist mother-in-law and an uncouth daughter-in-law, became a winning hit.

High Definition Production

TVB's production teams found innovative ways of creative expression in dramas and non-drama programmes selected to showcase HDTV. The star studded 80-episode mega-drama *The Gem of Life* not only brought audience a rich storyline featuring some of our top drama talents, it also showcased the pristine quality of HDTV exemplified via glamorous jewellery, vivid costumes and elegant settings. In another HD drama *The Master of Tai Chi*, the breathtaking landscape in Yunan and the lively demonstration of traditional Chinese martial arts further enhanced the drama's appeal.

HD Jade has been the driver channel for HDTV and digital terrestrial TV uptake in Hong Kong. In addition to drama production, documentary travelogue series *Last Paradise* produced in HD format captured the unspoilt landscapes of Tasmania, Australia and the Swiss Alps, and documentary series *The Art of Cantonese Opera* revealed the elegance and richness of traditional Cantonese opera in its finest details, showing off the colourful make-up of the singers and their elaborate hairstyle with intricate accessories.

Top 10 Non-drama Programmes on Jade by Average Ratings



*average audience share among terrestrial Chinese channels

Non-drama Production

Non-drama programmes on Sunday nights continued to have special appeal to our audience. A new season of *Super Trio* game show, TVB's long-running mega-hit format created since 1995, returned in *Super Trio Supreme* which became the highest rated non-drama series of the year in Hong Kong. On weekday nights, travelogue series *On the Road (Sr. 3)* took our audience to exotic Cuba and Mexico in Central America, and to Guizhou of mainland China. This series not only attained even better ratings than the previous two seasons, it also surpassed them in critical acclaim.

Renowned gourmet and food-critic Chua Lam hosted another food programme *Chua's Choice* which sampled delicacies in traditional and modern restaurants, covering Oriental to Western cuisines. Radio personality and chef "extraordinaire" Ah-So hosted a new cooking series *So Good* which brought to our audience ingenious skills of family recipes in her unique humorous and yet pertinent style.

In a new documentary/travelogue series dedicated to the station's 41st anniversary celebration, *Vanishing Glacier* investigated the global warming phenomenon through the eyes of our Arctic expedition team travelling through Greenland, Iceland and Norway. The series aroused audience's attention to the increasingly critical issue of environmental protection.

These popular non-drama programmes were released not only in DVD format in Hong Kong, but were also telecast via multiple satellite and cable broadcast platforms globally.

News Services

TVB continues to provide news services in Hong Kong through terrestrial and pay TV channels, and produce news magazine programmes and documentaries for Jade and Pearl. Our audience is able to witness and keep up-to-date with local and international events through on-the-scene reports. The Southern China snow storm, the Sichuan earthquake, the Tibet riot, the Olympics, and the presidential elections in Taiwan and the USA were among such memorable events during the year. In particular, TVB co-operated with China Central Television ("CCTV") during the Olympics to produce news programmes for CCTV4 and CCTV9 channels, enhancing our relationship with the national broadcaster subsequent to the co-production of the drama series *The Drive of Life* in 2007. TVB also cooperated with CCTV to co-anchor news reporting during the Shenzhou-7 mission, along with our sister channel TVBS-News from Taiwan. These comprehensive news services from Hong Kong, together with TVBS-News, were extended to the subscribers of our pay TV platforms overseas, strengthening our position as the leading platform of TV service for overseas Chinese.

REVIEW OF OPERATIONS

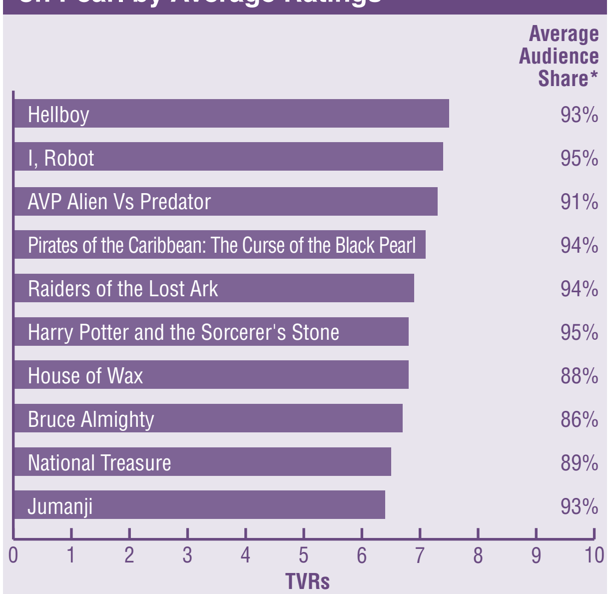
Acquired Programmes

Movies were among the audience's favourite acquired programmes on Jade. They included some all time movie favourites such as *Justice, My Foot!, CJ 7* and *Kung Fu Hustle* starring Stephen Chow; *New Police Story* starring Jacky Chan; and *Fearless* starring Jet Li. Dubbed Hollywood movies such as *The Chronicles of Narnia: The Lion, The Witch and The Wardrobe* and *The Day After Tomorrow* were well-received.

Japanese detective drama *Galileo* achieved an average of 18 TVRs on Sunday nights on Jade. The special *Galileo Episode Zero* attracted young viewers and achieved an average of 22 TVRs. Korean drama *Couple or Trouble* which captured the interest of female viewers in particular, was the most successful acquired comedy on Jade.

TVB localised, by repackaging and dubbing into Cantonese, CCTV travelogue series *Rediscovering The Yangtze River* and BBC's *Planet Earth* which brought breathtaking natural beauty to our screens, and aroused awareness on environmental protection and ecological conservation. Furthermore, these acquired HD documentaries have enriched HD Jade's repertoire.

Top 10 Programmes on Pearl by Average Ratings



*average audience share among terrestrial English channels

Hellboy

For the fourth consecutive year, Pearl achieved high ratings, capturing all of the top-rated 100 programmes on the English terrestrial channels in Hong Kong. Movies were among the viewers' favourites with weekend blockbusters capturing the top spots. Sci-fi movies – *Hellboy, I, Robot* and *AVP Alien Vs Predator*, were particularly well-received by viewers.

Drama series continued to be the major attractions on weekday nights. These included new seasons of *Heroes, Prison Break*, and new attractions such as *Bones* and *Pushing Daisies*.

Quality documentary programmes were among the viewers' favourites on Pearl. BBC's landmark HD production in collaboration with CTV, *Wild China* explored the rarely seen landscapes and natural life in mainland China. Sir David Attenborough's *Life in Cold Blood* gave a vivid account of the life and the ecology of reptiles, whilst *Earth The Power of the Planet* revealed the mighty natural forces that shaped our continents and oceans.

In early summer, the broadcast of *2008 Wimbledon Championships* brought excitement to Pearl watchers, as Chinese athlete Zheng Jie entered the quarter-final round for the first time.

DIGITISATION

Coverage of DTT in Hong Kong has been extended to over 75% of its population. Besides Temple Hill station, six additional transmitting stations have come on stream during the year.

Adoption of DTT in Hong Kong grew at a rapid pace in the lead up to the Olympics. Between July and September 2008, the percentage of households with digital TV set-top boxes grew from 9% to 17%.

"TV Bar", our first interactive TV service, was launched in August 2008 to provide access to weather information, real-time Hang Seng Index, headline news and Olympics medal tally, with a single press of a button on remote control consoles. "TV Bar" was subsequently enriched to further provide stock market and property market information.

24-hour news channel, iNews, was officially launched on 1 January 2009. At the same time, we also launched the "News Bar", which provides complementary weather and stock market information without overlaying the vital sections of the iNews screen. With all these services, DTT penetration stood at 32% of all households at the end of December 2008. Further developments in the DTT space include expanding our interactive TV services, technical improvements in digital picture quality and the inclusion of DTT in the audience measurement services.

COMMENDATIONS AND AWARDS

Our programmes and artistes continued to attain significant regional and international recognition during the year.

TVB programmes were honoured at the highly acclaimed New York Festivals 2009. *Last Paradise*, one of the station's first HD documentaries, won the Silver World Medal in Environment & Ecology category, and situation comedy *Best Selling Secrets* was awarded the Bronze World Medal in Situation Comedy category. Game show *Foodie 2 Shoes* and *Mr. Hong Kong Contest 2008* were finalists in Variety and Variety Special categories respectively. News and current affairs programme *The Pearl Report: Our Parents Are Prisoners* was a finalist in the Community Service Programs category; and *Taiwan Presidential Election* was a finalist in News Promotion category.

Documentary *News: Macau 5.1 Rally* was awarded the 2008 Regional Award for News Continuing Coverage in the 2008 RTNDA Edward R. Murrow Award. *Tuesday Report: Home Alone* was a highly recommended finalist in the ABU CASBAA UNICEF Child Rights Award 2008.

REVIEW OF OPERATIONS

TVB artistes were honoured at various overseas award ceremonies during the year which included ASTRO's 2008 Wah Lai Toi Drama Awards, 2008 中國風尚大典, 7th Chin Chin Star Festival of CMB Media Corporation, Ltd. ("CMB") of Korea, and 2008 星光大典 of internet portal qq.com. Artiste Raymond Lam was honoured with the Best Drama Performance by an Actor in the Asian Television Awards 2008 for his role in *The Master of Tai Chi*. At the New York Festivals 2009, Lam was shortlisted as a finalist in the Best Drama Performance by an Actor for the same role, and artiste Gigi Lai became a finalist for the Best Drama Performance by an Actress for her role in *The Ultimate Crime Fighter*.

The creativity of our graphics and settings teams also received international acclaim. In the 2008 BDA World Gold Awards, the graphic design for *Mr. Hong Kong Contest 2007* won the Gold Award in the category of 2-D Press Kit. The setting design for *Journey to The Unknown* received the Bronze Award in the category of Set Design; while the setting design of *Miss Hong Kong Pageant 2007* took the Bronze Award in the category of One Time Set Only.

COMMUNITY AND PUBLIC SERVICE

During the year, TVB continued to serve the community and the public through annual charity appeals and community services. Through our programmes and our artistes' participation in community activities, special efforts were dedicated to motivating our audience to help the needy, to maintain a positive outlook, and to strive against adversity.

Within a week after the severe Sichuan earthquake in May 2008, TVB organised two fund-raising charity shows on Jade – a telethon *Operation Relief For Sichuan Earthquake 2008* and *Operation Relief For Sichuan Earthquake Special 2008* which were supported by artistes and prominent representatives of our community. These charity shows were telecast to audience in Hong Kong and overseas, and raised a total of approximately HK$240 million.

Funds Raised in Aid of Charity

Programme / Activities	HK$'mil
Operation Relief for Sichuan Earthquake 2008	240.0
Tung Wah Charity Show 2008	85.2
Operation Relief 2008	26.7
Yan Chai Charity Show 2008	26.1
Yan Oi Tong Charity Show 2008	18.7
Community Chest Charity Show 2008	18.0
Gala Spectacular 2008	17.1
Community Chest Special: Charity Event 2008	9.0
Po Leung Kuk Charity Show 2008	7.5
Others	15.3
Total	**463.6**

TVB continued to support local and international charities through events such as the Community Chest's Walk for Millions, and in producing various fund raising programmes on our channel, such as the *Gala Spectacular 2008; Tung Wah Charity Show 2008; Po Leung Kuk Charity Show 2008; Community Chest Charity Show 2008; Yan Chai Charity Show 2008*; and charity appeal specials for Oxfam and World Vision.

A total of more than HK$460 million was raised during the year for various local and international charities through our programmes (2007: HK$168 million).

Besides cooperating with various civic and government departments/organisations to produce specials and informational programmes of public interest, TVB also initiated on and off-air social awareness programmes to draw public attention to social problems and issues, and to provide support and encouragement. TVB produced a special series *Poverty Campaign* and held a public forum in a local community to foster a better understanding and to heighten the awareness on problems faced by a segment of our community hard-hit by inflation and poverty.

To counter the adverse impact of the economic downturn, TVB initiated special projects to boost the community's morale. A station campaign titled "Power Up Hong Kong" was implemented in January 2009 to foster a positive outlook during this period.

REVIEW OF OPERATIONS

INTERNATIONAL OPERATIONS

TVB's international operations achieved steady growth during the year, with revenue increasing in key markets like Taiwan, Malaysia, Singapore, Australia, the USA and Canada. The bottom line, however, was inevitably lowered by abnormal fluctuations in currency exchange rates in the second half of the year. Nevertheless, the licensing and subscription based businesses were less affected by the sharp business downturn caused by the financial tsunami.

PROGRAMME LICENSING AND DISTRIBUTION

Revenue from programme licensing and distribution rose 4% to HK$773 million during the year. We saw growth in revenue in most of our traditional telecast markets, including Singapore, Malaysia, the USA and Canada.

TVB remained committed to our strategy to diversify our distribution channels in order to sustain growth in the key markets. For example, we collaborated with StarHub Cable Vision ("StarHub") in Singapore to launch TVBS-News and TVB Entertainment News channels in addition to TVB's existing channels under its platform. This captured about 10,000 new subscribers. Such efforts helped overcome the precipitous decline in revenue from free TV operators as the competitors MediaCorp and Channel U merged into a single entity.

In addition, TVB continued to grow the new media licensing business through provision of contents to video-on-demand operators. Our cooperation with ASTRO All Asia Networks plc ("ASTRO") in Malaysia, StarHub in Singapore and Beijing Netmovie Co., Ltd. in mainland China in the provision of video-on-demand service generated steady and reliable income to the Group, as this fledgling business began to attract significant following. The wider coverage and variety in programme content helped enhance TVB's brand and artistes recognition, especially in markets less familiar with TVB products. As a result, previously less popular programmes such as situation comedy *Best Selling Secrets* and variety series *Beautiful Cooking* became well-received with good ratings. Revenue growth from increased distribution channels helped compensate for the declining homevideo licensing business.

The Group endeavoured to widen its reach in new markets. In South Korea, we partnered with cable operator CMB to launch TVB Korean Drama channel. Its home penetration reached 9 million by end of the year. In addition, the launch of a new TVB drama channel on the cable networks in Vietnam with a video operator is being contemplated.

We continued our strategy to strengthen TVB's brand positioning and enhance the popularity of our artistes in key markets. We organised marketing activities to promote dramas like *Heart of Greed* in Malaysia and co-produced the game show series *Super Trio Supreme* with ASTRO. These programmes and activities received good ratings and were critically acclaimed. In addition, the simulcast of a 24-hour Olympic channel with Cantonese commentary on ASTRO's channels demonstrated the synergy across local and overseas platforms.

In mainland China, a number of co-production programmes were completed with success. Leveraging on the popularity of the celebrity contest series *Strictly Come Dancing*, we co-produced the second series with Hunan Satellite TV again last year. The series was broadcast nationally on Hunan Satellite Channel and received good audience feedback. In December 2008, we collaborated with the Shanghai Government and the Shanghai Media Group in the production of Countdown to World Expo 2010 Project which was broadcast nationally and to nearly all overseas Chinese communities around the globe.

OVERSEAS SATELLITE PAY TV OPERATIONS

TVB's satellite pay TV business in North America (the USA), Australia and Europe maintained steady growth. The total number of subscribers sustained single-digit percentage growth in the year. We also benefited by the

strong growth from the new TVB Vietnam channel in the USA, which extended our reach and client base to the non-ethnic Chinese community. The single channel service of The Chinese Channel ("TCC") started to migrate to a more attractive five-channel platform. Both TCC and our subscribers are beginning to realise the benefits of the enhanced service, in spite of the increase in cost. TVB's Australian platform turned profitable in 2007 and continued to grow during 2008. Leveraging on the distinct advantage of our global presence, we reconfirmed our leadership position in the overseas Chinese community by telecasting live festive programmes, events specials, and real time news reports. For example, the fund raising charity shows held in Hong Kong such as *Operation Relief For Sichuan Earthquake Special 2008* and the live broadcast of the historic mission of Shenzhou-7 spacecraft, were made available to our overseas platforms via satellite.

In spite of the growth in revenue, profit derived from our satellite pay TV operations in 2008 was compromised by an exchange loss resulting from fluctuations in the currency exchange rates. Nevertheless, with our global presence and more current programme releases, our pay TV services will continue to appeal to overseas subscribers.

CHANNEL OPERATIONS

TVBS – Taiwan

As in the past few years, TVBS-News, the 24-hour news channel, continues to be the lead performer and ratings champion of the TVBS family. Events leading up to the Presidential election in March 2008 and the subsequent investigation into former President Chen Shui-Bian's alleged corruption generated consistently high audience ratings to both TVBS-News and TVBS (news and information related) channels. The Presidential election also generated significant advertising revenue from the political parties.

Our plan to move into the new headquarters and studio in Neihu district of Taipei is progressing well, which will help improve our production efficiency and capabilities in future years. Nevertheless, whilst we continue to make improvements in our programmes and remain confident in retaining audience interests and subscription revenue to our channels, the global economic crisis will inevitably slow down Taiwan's economy in general and advertising spending in particular. This will have a negative impact on TVBS' performance.

In light of the expected revenue decline, we have made appropriate cost reductions. At the same time, new revenue streams such as special projects with government are being explored.

TVB8 and Xing He

Satellite television channels TVB8 and Xing He accounted for a less significant part of our overseas operations. Revenue contribution from the key markets including Malaysia and Singapore was steady during the year. Coverage of TVB8 and Xing He was further expanded following the launch of TVB8 on our platform in the USA and the release of Xing He channel on Singapore's StarHub platform.

We will continue our strategy to reinforce the positioning of TVB8 and Xing He. We believe co-production opportunities with our partners in key markets will help improve our future revenue streams.

REVIEW OF OPERATIONS

HONG KONG PAY TV BUSINESS

SUPPLY OF CHANNELS TO TVB PAY VISION LIMITED ("TVBPV")

TVB continues to supply eight Cantonese channels to TVBPV, the Group's pay TV platform in Hong Kong, complementing the bundle of channels on offer in its pay TV packages. These channels include six general entertainment channels – TVB Lifestyle, TVB Drama, TVB Kids, TVB Classic, TVB Entertainment News and TVBM, and two news channels – TVBN and TVBN2.

In its third successful year of broadcast, TVB Lifestyle's signature programme *Be My Guest* continued to interview many notable celebrity guests, including international acclaimed film director John Woo, and SARS fighter, Dr. Sydney Chung, and received favourable responses. TVB Lifestyle also launched a new talk show on modern women *A Ladies' Man* which was hosted by the humorous lyricist Andrew Lam.

TVB Classics' *Stardust Memories* featured packages starring Carina Lau and Tony Leung to coincide with their wedding in 2008. TVB Drama continued to garner hit Asian drama series, such as the record high rating Korean title *New Heart*, Taiwanese idol dramas *You're My Destiny, They Kiss Again* and *Hot Shot* for the drama fans.

TVB Kids produced a series of four specials – *TVB Children Festival 2008* to report on the events of *TVB Children Festival*. In addition to the daily entertainment news, TVB Entertainment News covered the full version of *45th Golden Horse Award Ceremony* in Taiwan.

Apart from regular mini concerts showcasing new local talents, TVBM live broadcast *Metro Radio Mandarin Music Awards 2008* in July 2008 and *Hit Awards 2008* in December 2008, and scheduled four episodes of *Michael Jackson Special 2008* from August 2008 onwards to celebrate the star's 50th birthday.

INVESTMENT IN TVBPVH

TVB's equity interest in its associate, TVBPVH, the holding company of TVBPV, remained at 29% throughout the year, whilst its voting interest was reduced to 15% through a share restructuring in 2008. At 15% voting interest, TVB no longer exercises control of TVBPVH (within the meaning under the Broadcasting Ordinance (Cap. 562)). As reported in our 2008 interim report, the Broadcasting Authority issued a direction in May 2008 to TVB that certain firewall conditions under the domestic free TV programme service licence shall cease to have effect. This uplifting of the firewall would provide more flexibility to meet changing market needs.

The number of subscribers for this pay TV platform continued to improve, generating higher subscription revenue and advertising revenue from its channels. During the year, TVB's share of the net loss of TVBPVH at 29% was lowered to HK$63 million (2007: HK$125 million).

OTHER BUSINESSES

INTERNET OPERATIONS

Our internet portal, www.tvb.com, was re-launched in April 2008, with a new look and design to better serve our users. Contents of the internet portal have been expanded and re-organised along four major interest categories – Drama, Artistes, Electronic Programme Guide and My TV.

Drama takes advantage of the popularity of Jade's drama series by orchestrating related topics to increase community participation and stickiness. It contributed almost half of the total site traffic.

In addition, we have instigated a total of 128 artiste blogs to take advantage of viewers' eagerness to communicate with our artistes, for example, one artiste's blog alone has accumulated over 15 million visits in the last nine months.

To capitalise on the buzz of the Olympics, we launched a website within our internet portal, beijing2008.tvb.com, in August 2008 to provide programme schedules, scoreboard, athletes' information, forum, and Beijing travel information. This website attracted over three million visits and more than 20 advertising sponsors, and was ranked the top site among all of the internet portals in Hong Kong by an internet research company[5] in August 2008.

Our internet portal worked very closely with Pearl and J2. We re-launched portal, pearl.tvb.com, with a new design and experience to highlight its international and upscale image. By partnering with Disney, ABC International Television, we brought to our audience catch-up TV providing episodes of *Dirty Sexy Money, Brothers & Sisters, Desperate Housewives* and *Lost*. This site attracted a number of branded advertisers. A newly created site for J2, www.J2.hk, was also launched catering to the younger audience.

Worthy of special mention is the "My TV" offering which is a new service enabling users in Hong Kong to view TVB's recently broadcast non-drama programmes in their entirety. This service also provides enhanced information relating to the programmes via a sophisticated interactive video player. We are also partnering with all four mobile telephone network operators in Hong Kong to extend our services to users in the mobile world.

As a result, traffic at our internet portal has more than doubled in 2008, and further increases are projected for 2009. This traffic will be monetised by offering compelling integrated advertising solutions to advertisers combining the capabilities of our internet portal with that of our terrestrial and pay TV channels and our magazine TVB Weekly.

5 Source: hitwise.com – Real-Time Competitive Intelligence

REVIEW OF OPERATIONS

MAGAZINE PUBLISHING

In 2008, our magazine publication business continued to face keen competition in a fragmented market in Hong Kong. We continue to publish a weekly magazine TVB Weekly, now in a twin book format, covering news and events of our station and artistes, as well as featuring lifestyle topics. The magazine publication business encountered a single digit decline in advertising revenue during 2008. To meet this challenging competitive environment, we created more special events, such as TVB Weekly Brand Awards, and editorial supplements including TVB Beauty Queen, and exercised measures to better control printing costs.

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2008, total equity stood at HK$5,634 million (2007: HK$5,369 million), an increase of approximately 5% over 2007. The share capital of the Company comprised 438,000,000 ordinary shares of HK$0.05 each. There had been no change to the capital structure during the year.

At the year end, the Group had bank and cash balances of HK$2,094 million (2007: HK$2,141 million), a decrease of approximately 2%. About 10% of the bank and cash balances were maintained in overseas subsidiaries for their daily operation. Cash and cash equivalent balances as at 31 December 2008 amounted to HK$1,963 million, of which 43% were in Hong Kong dollars, 49% in US dollars and 8% in other currencies.

The Group's net current assets amounted to HK$2,944 million (2007: HK$3,277 million), representing a decrease of approximately 10%. The current ratio, expressed as a percentage of current assets to current liabilities, was 5.34 at 31 December 2008 (2007: 5.42).

Capital expenditure during the year amounted to HK$929 million (2007: HK$239 million). The sharp increase was mainly attributable to the acquisition of a property as headquarters of TVBS in Taiwan during the year at a cost of approximately HK$662 million, and the capital expenditure in Hong Kong relating to digitisation of approximately HK$212 million. The acquisition of the property in Taiwan was funded by both internal resources and bank borrowings.

During the year, the Group obtained a bank loan to finance the payment relating to the acquisition of the headquarters in Taiwan. The bank loan is secured, denominated in New Taiwan dollars and is floating interest bearing. The Group's borrowings as at 31 December 2008 was HK$319 million and the maturity profile of the borrowings was as follows: within one year, HK$22 million (7%); in the second year, HK$23 million (7%); in the third to fifth years, HK$67 million (21%); over five years, HK$207 million (65%). At 31 December 2008, the gearing ratio, expressed as a ratio of gross debts to total equity, was 6% (2007: zero).

At the year end, certain assets of a subsidiary of the Group with net asset value of HK$711 million were pledged to secure loans and banking facilities granted to that subsidiary. In addition, bank deposits of HK$5 million were pledged to secure banking and credit facilities granted to certain subsidiaries of the Group.

The capital commitments of the Group at 31 December 2008 were HK$422 million (2007: HK$1,676 million).

CONTINGENT LIABILITIES

At the year end, guarantees given to banks amounted to HK$10 million (2007: HK$10 million) to secure banking facilities granted to an investee company and a performance bond given to the Telecommunications Authority.

The Group has received protective profits tax assessment notices from the Inland Revenue Department of Hong Kong (IRD) for the four consecutive years of assessment from 1998/99 to 2001/02 on the profits generated by the Group's programme licensing and distribution business carried out overseas, to which the Group has objected. Out of the total amounts assessed, the Group has been granted conditional holdovers by the purchase of Tax Reserve Certificates in the amounts of HK$24 million, HK$24 million, HK$20 million and HK$35 million for the four consecutive years of assessment from 1998/99 to 2001/02 respectively, whereas unconditional holdovers have been granted for the remaining assessed amounts of HK$74 million, HK$75 million, HK$66 million and HK$110 million for the four consecutive years of assessment from 1998/99 to 2001/02 respectively. Further, additional profits tax assessment notices for the year of assessment 2002/03 are expected to be issued by the end of March 2009.

The Group has filed objections to these assessments. The Group believes that these objections are well-founded, and is determined to defend the Group's position vigorously. On this basis, the Group is of the view that no additional tax provision is necessary and that the Tax Reserve Certificates are fully recoverable.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

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

HUMAN RESOURCES

The Group employed, excluding Directors and freelance workers but including contract artistes and staff in overseas subsidiary companies, a total of 4,525 (2007: 4,532) full-time employees as at 31 December 2008.

For employment in Hong Kong, different pay schemes apply to contract artistes, sales and non-sales personnel. Contract artistes are paid either on a per-show basis or by a package of shows. Sales personnel are remunerated on commission based schemes. Non-sales personnel are remunerated on monthly salaries. About 26% of the Group's manpower was employed in overseas subsidiaries, and was paid on a scale and system relevant to the respective localities and legislations.

For Hong Kong employees, discretionary bonuses may be awarded as an incentive for better performance. A majority of the qualified personnel received discretionary bonuses equivalent to one half of their monthly basic salaries for the year 2008.

The Group does not operate any employee share option scheme.

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

Corporate Governance

DIRECTORS

Sir Run Run SHAW G.B.M.

Executive Chairman
Executive Committee Chairman

aged 101, is one of the founding directors of the Company and was appointed Executive Chairman in 1980. He is Executive Chairman of Shaw Brothers (Hong Kong) Limited which was a company listed on the Hong Kong Stock Exchange until its withdrawal of listing on 19 March 2009, and President of the Shaw group of companies. Through the Shaw group, he holds a major interest in the share capital of the Company. Sir Run Run Shaw established The Shaw Foundation Hong Kong Limited in 1973 and is the Appointor of The Sir Run Run Shaw Charitable Trust. He is a Permanent Honorary Chairman of the Board of Trustees of United College of The Chinese University of Hong Kong and a Life Member of the Council of The Chinese University of Hong Kong. He is the husband of Ms. Mona Fong, the Deputy Chairperson and Managing Director of the Company.

Dr. Norman LEUNG Nai Pang G.B.S., LL.D., J.P.

Executive Deputy Chairman
Executive Committee Member

aged 68, was appointed Director of the Company in September 2003 when he also took up the position as Executive Deputy Chairman. He is the Deputy Chairman of Transport International Holdings Ltd., which is listed on the Hong Kong Stock Exchange. He is also a director of Wing Lung Bank Ltd, a company listed on the Hong Kong Stock Exchange until its withdrawal of listing on 16 January 2009. Dr. Leung has been active in public service for over 30 years and he served as Commissioner of the Civil Aid Service from 1993 to 2007, Chairman of the Broadcasting Authority from 1997 to 2002 and Council Chairman of City University of Hong Kong from 1997 to 2003. He is now the Pro-Chancellor of City University of Hong Kong and a member of the Advisory Committee on Post-office Employment for former Chief Executives and Politically Appointed Officials.

Mona FONG

Deputy Chairperson and Managing Director
(appointed as the Managing Director on 1 January 2009)
Executive Committee Member

aged 74, also known as Lee Mong Lan, has been a Director of the Company since October 1988. She was appointed as Deputy Chairperson on 25 October 2000, and Acting Managing Director and Managing Director on 31 May 2006 and 1 January 2009 respectively. Ms. Fong is the Deputy Chairperson and Managing Director of Shaw Brothers (Hong Kong) Limited which was a company listed on the Hong Kong Stock Exchange until its withdrawal of listing on 19 March 2009, and Chairperson and Managing Director of the Shaw group of companies. She is also the Chairperson of The Shaw Foundation Hong Kong Limited, The Shaw Prize Foundation Limited and The Sir Run Run Shaw Charitable Trust and a member of the Board of Trustees of Shaw College of The Chinese University of Hong Kong. Ms. Fong is the wife of Sir Run Run Shaw, the Executive Chairman of the Company.

Christina LEE LOOK Ngan Kwan

Non-executive Director
Executive Committee Member

aged 85, is the widow of the Founder of the Company, Mr. Lee Hsiao-Wo. Mrs. Lee became Director of the Company in 1981. She is a non-executive director of Sa Sa International Holdings Limited, a company listed on the Hong Kong Stock Exchange. Mrs. Lee is actively involved in Caritas, Hong Kong, a local charitable organisation. Mrs. Lee is the aunt of Mr. Chien Lee, an Independent Non-executive Director of the Company, and mother of Mr. Anthony Lee Hsien Pin, an Alternate Director to her.

Dr. CHOW Yei Ching G.B.S.

Non-executive Director

aged 73, was appointed Director of the Company in 2000. He is the founder and chairman of Chevalier group, which consists of two listed companies on the Hong Kong Stock Exchange – Chevalier International Holdings Limited and Chevalier Pacific Holdings Limited. He is also an independent non-executive director of two listed companies on the Hong Kong Stock Exchange, Van Shung Chong Holdings Limited and Towngas China Company Limited. Dr. Chow is an independent non-executive director of Shaw Brothers (Hong Kong) Limited which was a company listed on the Hong Kong Stock Exchange until its withdrawal of listing on 19 March 2009. He was appointed The Honorary Consul of The Kingdom of Bahrain in Hong Kong.

DIRECTORS

Kevin LO Chung Ping

Non-executive Director
Executive Committee Member
Audit Committee Member (appointed as member on 18 April 2008)

aged 72, joined the Company in 1966 as Project Engineer and as General Manager from 1978 to 1980. He was appointed Director of the Company in November 1977. He is also a director of Gold Peak Industries (Holdings) Limited, a company listed on the Hong Kong Stock Exchange.

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

Independent Non-executive Director
Remuneration Committee Member

aged 53, was appointed Independent Non-executive Director of the Company in June 2006. He is the deputy chairman and chief executive of USI Holdings Limited, a non-executive director of Winsor Properties Holdings Limited, and an independent non-executive director of Orient Overseas (International) Limited, all of which are listed on the Hong Kong Stock Exchange.

Chien LEE

Independent Non-executive Director
Remuneration Committee Chairman
Audit Committee Member

aged 55, was appointed Independent Non-executive Director of the Company in March 2005. He is also non-executive director of Hysan Development Company Limited and Swire Pacific Limited, both listed on the Hong Kong Stock Exchange. Mr. Lee is also a Council Member of The Chinese University of Hong Kong and The Hong Kong Institute of Education. Mr. Lee is the nephew of Mrs. Christina Lee Look Ngan Kwan, a Non-executive Director of the Company and he is a cousin of Mr. Anthony Lee Hsien Pin, an Alternate Director of the Company.

Dr. LI Dak Sum DSSc. (Hon.), J.P.

Independent Non-executive Director

aged 88, is the Chairman of Sharp-Roxy (Hong Kong) Limited which markets "Sharp" products in Hong Kong and mainland China. Dr. Li is also the Chairman of Carlton Hotel in Singapore. He was appointed Director of the Company in 1995.

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

Independent Non-executive Director
Audit Committee Chairman (appointed as chairman on 22 January 2008)
Remuneration Committee Member (appointed as member on 22 January 2008)

aged 63, was appointed Independent Non-executive Director of the Company in July 2007. He is also an independent non-executive director of Transport International Holdings Limited and China Resources Enterprise, Limited since October 2004 and November 2006 respectively which are listed on the Hong Kong Stock Exchange. Mr. Siu joined the Civil Service in 1966, rose to the rank of Secretary, Government Secretariat in 1993 and retired from the Service in 2002 with a service of over 36 years.

Anthony LEE Hsien Pin

Alternate Director to Mrs. Christina LEE LOOK Ngan Kwan

aged 51, is a director of Hysan Development Company Limited, a company listed on the Hong Kong Stock Exchange, and a director of Lee Hysan Estate Company Limited, and also a director and substantial shareholder of Australian-listed Beyond International Limited. He was appointed as Alternate Director to Mrs. Christina Lee Look Ngan Kwan in September 2002. He is the son of Mrs. Christina Lee Look Ngan Kwan, a Non-executive Director of the Company and he is a cousin of Mr. Chien Lee, an Independent Non-executive Director of the Company.

SENIOR MANAGEMENT

George CHAN Ching Cheong

Assistant Managing Director

aged 56, first joined TVB's Marketing & Sales Department in 1975. He held the position of Controller (Marketing & Sales) from 1982 to 1989. He has had a successful career as an entrepreneur and as director of several prominent companies engaged in media, telecommunication and technology in Hong Kong and overseas. Amongst other successful start-ups, he co-founded STAR-TV, Pacific Century Group and PCCW Limited in 1990, 1994 and 1999 respectively. He rejoined TVB in November 2004 as Assistant Managing Director.

Stephen CHAN Chi Wan

General Manager - Broadcasting

aged 50, first joined TVB as Controller (Programme) and took on the added responsibilities of Controller (External Affairs) in 1996. He was promoted to Assistant General Manager – Television Broadcasting in April 2002 and to General Manager – Broadcasting in April 2004. Mr. Chan has extensive experience in administration, broadcasting and corporate communication field. Before joining TVB, Mr. Chan had worked in various departments of the Hong Kong Government for ten years and Hong Kong Commercial Broadcasting Limited.

CHEONG Shin Keong

General Manager - Broadcasting

aged 52, joined TVB as Controller, Marketing & Sales in 1989. He has extensive experience in the advertising/marketing industry and contributes actively to the professional development of marketing in Hong Kong through leading marketing industry bodies. He assumed the duties of General Manager – Broadcasting in April 2004. He is responsible for marketing, business development and corporate development matters including digital and mobile television. He is a Fellow and Council Member of The Hong Kong Management Association and a Fellow of The Chartered Institute of Marketing.

Mark LEE Po On

General Manager - Finance and Administration

aged 53, joined TVB in February 2007 as General Manager – Finance and Administration. Mr. Lee is a member of The Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He has had over 30 years of financial and commercial experience, including working with KPMG and Asia Television Limited.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are terrestrial television broadcasting, together with programme production and other TV-related activities. The principal activities of the principal subsidiaries are detailed in Note 36 to the consolidated financial statements.

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

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the year are set out in the consolidated income statement on page 49. Movements in the reserves of the Group and the Company during the year are set out in Note 18 to the consolidated financial statements on page 86.

Distributable reserves of the Company at 31 December 2008, calculated under Section 79B of the Companies Ordinance of Hong Kong, amounted to HK$3,825,904,000 (2007: HK$3,696,014,000).

DIVIDENDS

The Directors recommended the payment of a final dividend of HK$1.40 per share for the 438,000,000 ordinary shares in issue of HK$0.05 each in respect of the year ended 31 December 2008. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Wednesday, 20 May 2009 ("AGM"), the final dividend will be paid to shareholders whose names are recorded on the Register of Members of the Company on 20 May 2009. The dividend warrants will be despatched to shareholders on or around 27 May 2009.

Together with an interim dividend of HK$0.30 per share paid on 26 September 2008, the total dividend for the year will amount to HK$1.70 per share (2007: HK$1.80 per share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 29 April 2009 to Wednesday, 20 May 2009, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and be entitled to attend the AGM, 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, 28 April 2009.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$68,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 17 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 44.

DIRECTORS

The Directors and the Alternate Director during the year were:

Executive Directors

Run Run SHAW
Norman LEUNG Nai Pang
Mona FONG

Non-executive Directors

Christina LEE LOOK Ngan Kwan
CHOW Yei Ching
Kevin LO Chung Ping

Independent Non-executive Directors

Edward CHENG Wai Sun
Chien LEE
LI Dak Sum
Gordon SIU Kwing Chue
Robert SZE Tsai To *(resigned on 22 January 2008)*

Alternate Director

Anthony LEE Hsien Pin
(alternate to Mrs. Christina LEE LOOK Ngan Kwan)

In accordance with Article 114(A) of the Company's Articles of Association ("Articles"), Ms. Mona Fong, Mrs. Christina Lee Look Ngan Kwan and Dr. Li Dak Sum shall retire by rotation at the AGM. Ms. Fong and Mrs. Lee, the retiring Directors, are eligible, offer themselves for re-election at the AGM. Dr. Li Dak Sum has indicated that he will not stand for re-election at the AGM and will retire as a Director with effect from the conclusion of the AGM.

Details of the proposed candidates standing for re-election are set out in the notice of AGM sent together with this Annual Report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and Senior Management are set out on pages 22 to 27 of this Annual Report.

DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

At 31 December 2008, interests and short positions of the Directors and chief executive of the Company in the shares of the Company as recorded in the register required to be kept pursuant to Section 352 of Part XV of the Securities and Futures Ordinance, Chapter 571 ("SFO") are set out below:

Long positions in the shares of the Company

	Number of ordinary shares of HK$0.05 each held					Percentage of issued share capital
Name of director	Personal interests	Family interests	Corporate interests	Other interests	Total	(%)
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
Li Dak Sum	-	–	300,000 (c)	–	300,000	0.07
Chow Yei Ching	100,000	–	–	–	100,000	0.02

Duplication of shareholdings occurred between parties# shown above and between parties* shown above and below under the sub-heading of "INTERESTS AND SHORT POSITIONS OF OTHER PERSONS IN THE SHARES OF THE COMPANY".

Notes:

(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, in which companies Shaw Holdings Inc. holds 74.58% and 100% equity interests respectively. 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.

(c) The shares were held by Roxy Property Investment Co. Ltd. in which Dr. Li Dak Sum and his immediate family hold a 100% equity interest.

REPORT OF THE DIRECTORS

The Company and any of its subsidiaries did not operate any employee share option scheme and therefore none of the Directors or chief executive of the Company had, during the year, any interest in, or been granted any right to subscribe for the securities of the Company and its associated corporations (within the meaning of the SFO).

Save for the disclosed above, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Hong Kong 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 Securities on the Hong Kong Stock Exchange ("Listing Rules").

INTERESTS AND SHORT POSITIONS OF OTHER PERSONS IN THE SHARES OF THE COMPANY

At 31 December 2008, interests or short positions of any persons (other than a Director or chief executive of the Company) in the shares of the Company as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO are set out below:

Long positions in the shares of the Company

Name	Number of ordinary shares of HK$0.05 each held	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
Marathon Asset Management	24,007,504(a)	5.48

Duplication of shareholdings occurred between parties* shown here and above under the sub-heading of "DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY".

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

Save for the disclosed above, none of the other person had any interest or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO.

DIRECTORS'/SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

Connected Transactions

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

   (a) On 30 September 2004, TVBI Company Limited ("TVBI"), a wholly-owned subsidiary of the Company and MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS"), an associate of the substantial shareholder of three of the Company's non wholly-owned subsidiaries, entered into an agreement, pursuant to which TVBI would supply television programmes to MBNS for broadcast in Malaysia and Brunei on a channel owned and operated by MBNS for a period of 5 years from 1 October 2004 to 30 September 2009 on an exclusive basis. On 14 October 2004 and 14 February 2005, separate addendum to the agreement was entered into between the parties for the clarification of the base month upon which the subscribers guarantee would be calculated and for the increase of revenue sharing receivable by TVBI for revenue generated from hotel and commercial establishments respectively. The income accrued by TVBI during 2008 was HK$84,520,000 (MYR36,148,000).

   (b) On 30 September 2004, TVBI acting as an agent of Liann Yee Production Co., Ltd. ("LYP"), a wholly-owned subsidiary of the Company and MBNS entered into an agreement, pursuant to which TVBI would supply a Mandarin language channel to MBNS for broadcast in Malaysia and Brunei on the pay television services operated by MBNS and its affiliated company for a period of 5 years from 1 October 2004 to 30 September 2009 on an exclusive basis. On 14 October 2004 and 14 February 2005, separate addendum to the agreement was entered into between the parties for the clarification of the base month upon which the subscribers guarantee would be calculated and for the increase of revenue sharing receivable by LYP for revenue generated from hotel and commercial establishments respectively. The income accrued by LYP during 2008 was HK$30,473,000 (MYR13,033,000).

   (c) On 30 September 2004, TVB Satellite TV Entertainment Limited ("TVBSE"), a wholly-owned subsidiary of the Company and MBNS entered into an agreement, pursuant to which TVBSE would supply two Mandarin language channels to MBNS for broadcast in Malaysia and Brunei on the pay television services operated by MBNS and its affiliated company for a period of 5 years from 1 October 2004 to 30 September 2009 on an exclusive basis. On 14 February 2005, an addendum to the agreement was entered into between the parties for the increase of revenue sharing receivable by TVBSE for revenue generated from hotel and commercial establishments. The income accrued by TVBSE during 2008 was HK$44,284,000 (MYR18,940,000).

   (d) On 30 September 2004, MBNS and TVBSE entered into an agreement, pursuant to which MBNS appointed TVBSE as its advertising agent responsible for the recruitment of advertisements and sponsorship for certain channels broadcast by MBNS in Malaysia and Brunei for a period of 5 years from 1 October 2004 to 30 September 2009. The income accrued by TVBSE during 2008 was HK$50,632,000 (MYR21,654,000).

   (e) On 30 September 2004, TVBO Facilities Limited ("TVBOF") and TVB Satellite Broadcasting Limited ("TVBSB"), both are wholly-owned subsidiaries of the Company, entered into separate agreement with MBNS, pursuant to which MBNS appointed TVBOF and TVBSB to provide management services to MBNS for the period from 1 October 2004 to 30 September 2009 at a fixed amount for every period of 12 months. The aggregate management fee accrued by TVBOF and TVBSB during 2008 was HK$34,512,000 (MYR14,760,000).

(f) On 4 April 2007, TVBI and MBNS entered into a binding deal memorandum pursuant to which TVBI agreed to (i) supply to MBNS a maximum of 600 hours of television programmes per year produced or co-produced by TVB for transmission and exhibition by MBNS in Cantonese language by means of Video-on-Demand and Near Video-on-Demand on an exclusive basis in Malaysia and Brunei; (ii) provide marketing and consultancy services to MBNS; and (iii) procure TVBOF to provide facilities services to MBNS, during a period of 5 years from 1 January 2007 to 31 December 2011. The income accrued by TVBI and TVBOF during 2008 was HK$50,661,000 (MYR21,667,000).

All the Independent Non-executive Directors have reviewed the above transactions described in paragraphs 1(a) to (f) above, and confirmed that these transactions have been entered into (i) in the ordinary and usual course of business of the Company; (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreement 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 auditors have also reviewed the above transactions described in paragraphs 1(a) to (f) and confirmed in their letter to the Directors that those transactions:

(i) have received the approval of the Board of Directors of the Company;

(ii) are in accordance with the pricing policies stated in the relevant agreements governing them or set by the Board of Directors of the Company from time to time;

(iii) have been entered into in accordance with the relevant agreements governing the transactions; and

(iv) have not exceeded the relevant caps as disclosed in the previous announcements.

2. Sharp-Roxy (Hong Kong) Limited ("Sharp Roxy"), an associate of a Director of the Company, has through its advertising agents purchased advertising airtime and sponsorship packages from the Company on the Company's television channels and the internet website in Hong Kong during the period from 1 August 2007 to 31 July 2008 (the "Period"). The aggregate value of the advertising airtime and sponsorship packages sold to Sharp Roxy and received by the Company amounted to approximately HK$8,742,000 during the Period net after deduction of agency commission, volume rebate and discount.

Save for the above, no 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 of the Company had a material interest, whether directly or indirectly, subsisted at the year-end or at any time during the year.

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. No share options of the Company have been granted to the Directors during the year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of Directors for the year are set out in Note 24 to the consolidated financial statements on pages 94 to 95 of this Annual Report.

CORPORATE GOVERNANCE

The Company's corporate governance practices during the year are set out in the Corporate Governance Report on pages 34 to 35 of this Annual Report.

BOARD COMMITTEES

The responsibilities of the Executive Committee, the Audit Committee and the Remuneration Committee of the Board of the Company and their work done during the year are set out in the Corporate Governance Report on pages 37 to 41 of this Annual Report.

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

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

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 25 March 2009, there were 282 shareholders on the Company's register of shareholders.

MAJOR SUPPLIERS AND CUSTOMERS

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

AUDITORS

The consolidated financial statements for the year ended 31 December 2008 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the AGM.

On behalf of the Board

Norman Leung Nai Pang
Executive Deputy Chairman

Hong Kong, 25 March 2009

CORPORATE GOVERNANCE REPORT

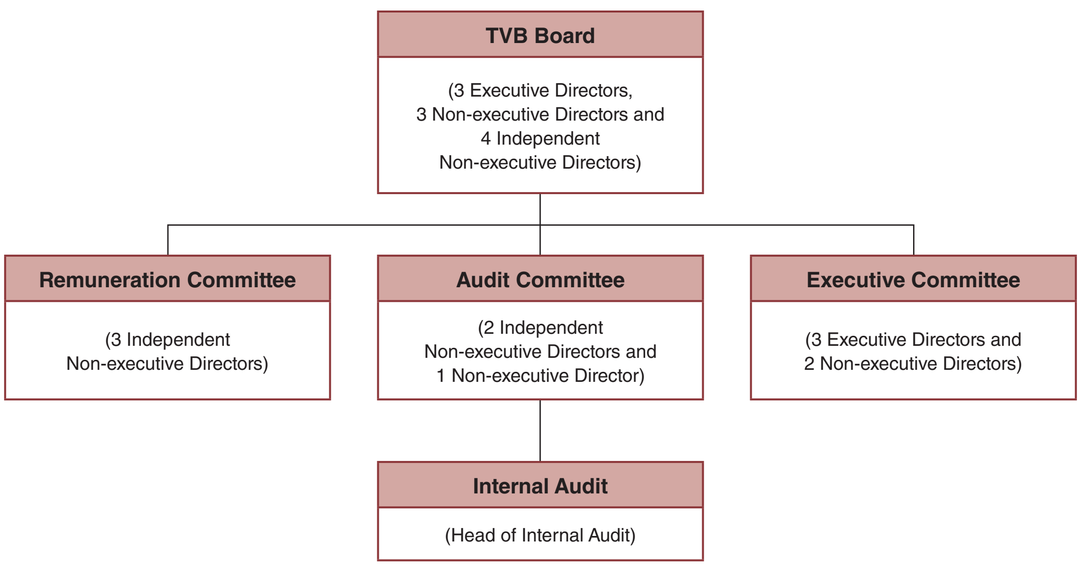
ACCOUNTABILITY, TRANSPARENCY AND INTEGRITY

Maintaining high standards of business ethics and corporate governance practices has always been one of the Company's core objectives. The Company believes that conducting business in an open and responsible manner serves its long-term interests and those of the shareholders.

The Company adopted its own code on corporate governance which, save for one of the code provisions (as disclosed under the sub-paragraph of "Code on Corporate Governance" in this report), complies with the code provisions of the Code on Corporate Governance Practices ("CG Code") set out in Appendix 14 of the Listing Rules.

The Board reviews the corporate governance practices adopted by the Company from time to time to comply with the increasingly stringent regulatory requirements and to meet the rising expectations of stakeholders.

GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE PRACTICES

The Board monitored the Company's progress on corporate governance practices throughout the year under review.

Code on Corporate Governance

The Company adopted its own code on corporate governance ("TVB Code on Corporate Governance") in 2005 which complied with all the code provisions of the CG Code, save that the Chairman is not subject to retirement by rotation (as required under code provision A.4.2). Pursuant to Article 114(D), the Chairman is exempted from retirement by rotation. The Board considers that this deviation is well-founded as the Chairman, being a founder of the Company, has a wealth of experience which is essential to the Board and contributes to the continued stability of the Company's business.

Throughout 2008, the Company fully complied with all code provisions set out in the CG Code, except the Executive Chairman is not subject to re-election for the reason as above mentioned.

Model Code for Securities Transactions

The Board has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code for Directors and Senior Management in their dealings in the Company's securities.

Mr. Robert Sze Tsai To, who resigned as Director of the Company on 22 January 2008, confirmed that he had complied with the Model Code throughout the period between 1 January 2008 and 21 January 2008.

All other Directors and members of Senior Management confirmed, following specific enquiries by the Company, that they had complied with the Model Code throughout the year ended 31 December 2008.

BOARD OF DIRECTORS

The Board is charged with the duty of promoting the success of the Company by directing and supervising its affairs in a responsible manner. The Board is the highest governing body of the Company.

Composition

The Board comprises ten Directors and an Alternate Director. Directors as at the date of this report are as follows:

Executive Directors
Run Run SHAW *(Executive Chairman)*
Norman LEUNG Nai Pang
(Executive Deputy Chairman)
Mona FONG
(Deputy Chairperson and Managing Director)

Non-executive Directors
Christina LEE LOOK Ngan Kwan
CHOW Yei Ching
Kevin LO Chung Ping

Independent Non-executive Directors
Edward CHENG Wai Sun
Chien LEE
LI Dak Sum
Gordon SIU Kwing Chue

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

Biographical details of Directors are set out on pages 22 to 25 of this Annual Report.

Ms. Mona Fong, the Deputy Chairperson of the Company, was appointed the Managing Director of the Company with effect from 1 January 2009. She has been the Acting Managing Director of the Company between 31 May 2006 and 31 December 2008, upon the resignation of the former Managing Director.

Mr. Robert Sze Tsai To resigned as an Independent Non-executive Director of the Company on 22 January 2008, following an unsuccessful application to the Chief Executive in Council for Mr. Sze as a disqualified person under the Broadcasting Ordinance to exercise control of both the Company, which holds a domestic free television programme service licence, and Asia Satellite Telecommunications Holdings Limited, which controlled two non-domestic television programme service licensees and of which Mr. Sze was also an independent non-executive director.

Board Meetings

The Board normally holds five regular meetings annually, and meets at such other times as are necessary.

Five Board meetings were held during the year ended 31 December 2008. The attendance records of Directors at the Board meetings in 2008 are set out below:

Director	Attendance of meetings
Executive Directors	
Run Run SHAW	3/5
Norman LEUNG Nai Pang	5/5
Mona FONG	5/5
Non-executive Directors	
Christina LEE LOOK Ngan Kwan [1]	5/5
CHOW Yei Ching	3/5
Kevin LO Chung Ping	4/5
Independent Non-executive Directors	
Edward CHENG Wai Sun	5/5
Chien LEE	5/5
LI Dak Sum	5/5
Gordon SIU Kwing Chue	5/5
Robert SZE Tsai To [2]	–

Notes:

1. In relation to Mrs. Christina Lee Look Ngan Kwan, two Board meetings were attended by Mr. Anthony Lee Hsien Pin, the Alternate Director to Mrs. Lee.

2. Mr. Robert Sze Tsai To resigned as an independent Non-executive Director on 22 January 2008. No Board meeting was held during the period of 1 January 2008 to 21 January 2008.

CORPORATE GOVERNANCE REPORT

Directors' Responsibilities

Each Director has a duty to act in good faith and in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company are managed, controlled and operated.

Each Director is kept abreast of his/her responsibilities as Director of the Company and of the conduct, business activities and development of the Company. Management provides appropriate and sufficient information to Directors in a timely manner to keep them apprised of the latest development of the Group. Directors also have independent access to Management in respect of operational issues.

The Board sets the strategic direction of the Company and monitors the performance of the Group's business and management; and ensures that a risk management framework is in place. The Board exercises a number of reserved approval powers over matters which include:

- significant changes in accounting policies or capital structure;
- financial statements and announcements;
- major acquisitions, disposals and capital projects;
- material borrowings and any issuing, or buying back, of equity securities;
- remuneration policy;
- budget;
- dividend policy; and
- treasury policy.

Delegation to Management

The Board has formalised the functions delegated to Senior Management and reviews such arrangements on a periodic basis. The Senior Management is charged with the following responsibilities:

- implementing and reporting to the Board on the Company's strategies;
- overseeing the realisation by the Company of the objectives set by the Board;
- providing all such information to the Board as is necessary to enable the Board to monitor the performance of Senior Management; and
- discharging duties and authority as may be delegated by the Board.

Directors' Independence

The Company currently has four Independent Non-executive Directors who are experienced in reviewing and analysing financial information.

Each of the Independent Non-executive Director has given the Company an annual confirmation of his independence. One of our Independent Non-executive Director, Dr. Li Dak Sum, advised the Board that he has a continuous business relationship with the Company through Sharp Roxy, a company which he controls. Sharp Roxy is accordingly a connected person of the Company. Details of the relevant transactions were included in an announcement made by the Company dated 18 August 2008 and are set out in page 32 of this Annual Report. The Board considers that the transactions made between Sharp Roxy and the Company were not material, and that such a business relationship should not affect Dr. Li's independence to continue to take the office as an Independent Non-executive Director. The Company, therefore, considers that all of the Independent Non-executive Directors of the Company to be independent, under the guidelines set out in Rule 3.13 of the Listing Rules.

Relationship among Directors

The Directors have no relationship (including financial, business, family or other relationship) among themselves, save for the following:

- husband-wife relationship between Sir Run Run Shaw and Ms. Mona Fong;
- directorship of Dr. Chow Yei Ching in Shaw Brothers (Hong Kong) Limited, a substantial shareholder of the Company, and 74.58% of its shares are held by Shaw Holdings Inc. which in turn is controlled 100% by Sir Run Run Shaw through The Sir Run Run Shaw Charitable Trust;
- mother-son relationship between Mrs. Christina Lee Look Ngan Kwan and Mr. Anthony Lee Hsien Pin;

- aunt-nephew relationship between Mrs. Christina Lee Look Ngan Kwan and Mr. Chien Lee; and
- cousin relationship between Mr. Chien Lee and Mr. Anthony Lee Hsien Pin.

SEGREGATION OF DUTIES OF THE CHAIRMAN AND THE MANAGING DIRECTOR

The roles of the Chairman and the Managing Director are segregated and clearly defined, as set out in the TVB Code on Corporate Governance.

DIRECTORS' TERM OF OFFICE AND RE-ELECTION

Non-executive Directors are appointed for a specific term of three years. All Directors shall retire from office by rotation and are subject to re-election at an annual general meeting at least once every three years. Pursuant to Article 114(D) of the Articles, the Chairman is exempted from retirement by rotation.

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 Articles provide that Directors appointed to fill a casual vacancy shall hold office only until the next following general meeting after their appointment, and shall be subject to re-election by shareholders.

BOARD COMMITTEES

The Board is supported by three Board Committees, namely the Executive Committee, the Audit Committee and the Remuneration Committee. Each of them has defined terms of reference covering its duties, powers and functions. The terms of reference of each Committee are available on the Company's website.

Major roles and functions, composition and operating mode of the Board Committees are set out below.

Executive Committee

Major roles and functions

- nominate suitably qualified candidates to become Directors;
- establish and consider changes to company-wide policies;
- consider corporate plans and budgets; and
- consider actual or potential, major exception or occurrence which has, or may have, major impact on the business and operation of the Company.

Composition

The Committee comprises five members. Committee members as at the date of this report are as follows:

Run Run SHAW *(Chairman)*
Norman LEUNG Nai Pang
Mona FONG
Christina LEE LOOK Ngan Kwan
Kevin LO Chung Ping

Committee meetings

The Committee meets normally six times annually, and at such other times as are necessary.

Six Executive Committee meetings were held during the year ended 31 December 2008 and dealt with the following matters:

- reviewed the deposits position;
- made recommendation to the Board for dividend payments; and
- nominated the appointment of the Managing Director.

CORPORATE GOVERNANCE REPORT

The attendance records of Directors at the Executive Committee meetings in 2008 are set out below:

Director	Attendance of meetings
Executive Directors	
Run Run SHAW	4/6
Norman LEUNG Nai Pang	6/6
Mona FONG	6/6
Non-executive Directors	
Christina LEE LOOK Ngan Kwan [1]	6/6
Kevin LO Chung Ping	4/6

Note 1: Two Executive Committee meetings were attended by Mr. Anthony Lee Hsien Pin, the Alternate Director to Mrs. Christina Lee Look Ngan Kwan.

Remuneration Committee

Major roles and functions

- formulate Senior Management's remuneration policy and make recommendations on annual remuneration review
- determine remuneration of Executive Directors and members of Senior Management

Composition

The Committee comprises three members who are Independent Non-executive Directors of the Company. Committee members as at the date of this report are as follows:

Chien LEE *(Chairman)*
Edward CHENG Wai Sun
Gordon SIU Kwing Chue

During the year ended 31 December 2008, Mr. Gordon Siu Kwing Chue, an Independent Non-executive Director of the Company, was appointed as a member of the Remuneration Committee with effect from 22 January 2008 in place of Mr. Robert Sze Tsai To who resigned on the same day.

Committee meetings

The Remuneration Committee meets at least once a year, and at such other times as are necessary.

The Remuneration Committee held two meetings during the year ended 31 December 2008 and dealt with the following matters:

- reviewed and approved the discretionary bonuses to Senior Management and senior executives;
- reviewed and recommended increase in remuneration of Directors; and approved increase in remuneration of Senior Management; and
- approved the renewal of employment contract of an executive director.

The attendance records of Directors at the Remuneration Committee meetings in 2008 are set out below:

Director	Attendance of meetings
Independent Non-executive Directors	
Chien LEE	2/2
Edward CHENG Wai Sun	2/2
Gordon SIU Kwing Chue [1]	1/1
Robert SZE Tsai To [2]	1/1

Notes:

1. Mr. Gordon Siu Kwing Chue was appointed as a member of the Remuneration Committee on 22 January 2008. One Remuneration Committee meeting was held during the period of 22 January 2008 to 31 December 2008.
2. Mr. Robert Sze Tsai To resigned as a member of the Remuneration Committee on 22 January 2008. One Remuneration Committee meeting was held during the period of 1 January 2008 to 21 January 2008.

Group's remuneration policies

The key elements of the Group's remuneration policies are:

- remuneration should be set which is commensurate with pay levels in the market;
- remuneration should be able to attract and retain individuals with appropriate background, skills, knowledge and experience, relevant to the industry and the business; and
- no individual should determine his or her own remuneration.

Remuneration of directors

All Executive Directors are remunerated in salaries and/or Directors' fees which are inclusive of all services provided to the Board and the Board Committees.

The Executive Chairman is remunerated by way of a fixed fee. Other Executive Directors are remunerated by way of salaries and other incentives, such as discretionary or performance bonus and provident fund. Executive Directors are not entitled to an additional fee for serving on the Board Committees.

Non-executive Directors are remunerated by a fixed Directors' fee and Board Committee fees, if they also serve those Committees. Any increases in Directors' fee shall be recommended by the Board and approved by shareholders at annual general meetings.

The current level of annual fees payable to the Directors for serving on the Board and the additional annual fees payable to Non-executive Directors for serving on the Board Committees are set out below:

	Fees HK$
Board of Directors	
Executive Chairman	900,000
Executive Deputy Chairman	100,000
Deputy Chairperson	250,000
Non-executive Directors and Independent Non-executive Directors	100,000
Executive Committee	
Chairman	–
Members	75,000
Audit Committee	
Chairman	140,000
Members	80,000
Remuneration Committee	
Chairman	40,000
Members	30,000

Notes:

1. During the year ended 31 December 2008, the Directors' fee per annum payable to all Directors of the Board (except the Executive Chairman) was increased by HK$25,000 to the current level from 1 July 2008.
2. During the year ended 31 December 2008, the audit committee member fee per annum payable to all members of the Audit Committee (except the Committee chairman) was increased from HK$50,000 to the current level from 1 July 2008.

The Company did not operate any employee share option scheme and therefore, no share options of the Company have been granted to Directors or Senior Management in 2008.

Details of the Directors' and Senior Management's emoluments are set out on pages 94 to 96 of the Notes to the Consolidated Financial Statements.

NOMINATION OF DIRECTORS

The appointment of a new Director is a matter for consideration and decision by the Board. As delegated by the Board, the Executive Committee is responsible for nominating suitably qualified candidates to be Directors of the Company.

On the recommendation of the Executive Committee, the Board resolved at its meeting held on 10 December 2008, to appoint Ms. Mona Fong, the Deputy Chairperson and a member of the Executive Committee, as the Managing Director of the Company with effect from 1 January 2009. Ms. Fong has been a Director of the Company since October 1988. She was appointed as Deputy Chairperson on 25 October 2000 and Acting Managing Director on 31 May 2006. The Executive Committee made reference to criteria including, inter alia, reputation for integrity, background, accomplishment and experience in the commercial industry, and time commitment and relevant interest, and considered that Ms. Fong would be the suitable candidate to fill this position.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

Management performs a review of the remuneration to the Group's auditors on an annual basis. The fees for audit services have been approved by the Audit Committee, whilst the fees for non-audit services are estimates made by Management. Please refer to the tables set out below in respect of the fees for audit and non-audit services:

Fees for audit services

	2008 HK$'000	2007 HK$'000
Company	**1,260**	1,139
Subsidiaries	**2,880**	2,865
Total	**4,140**	4,004
Fees payable to PricewaterhouseCoopers, the principal auditors	**3,657**	3,525

Fees for non-audit services

	2008 HK$'000	2007 HK$'000
Company	**279**	90
Subsidiaries	**1,517**	1,740
Total	**1,796**	1,830
Fees payable to PricewaterhouseCoopers, the principal auditors	**1,477**	1,414

Non-audit services rendered to the Group included principally professional fees in relation to tax services.

Audit Committee

Major roles and functions

- review appointment of external auditors and ensure continuing auditor's independence;
- assist the Board in fulfilling its responsibilities by providing independent review and supervision on financial reporting and effectiveness of the Group's internal control system; and
- review objectivity and effectiveness of audit process in accordance with applicable standards.

Composition

The Committee comprises three members, the majority of whom are Independent Non-executive Directors of the Company. Committee members as at the date of this report are as follows:

Gordon SIU Kwing Chue *(Chairman)*
Chien LEE
Kevin LO Chung Ping

During the year ended 31 December 2008, Mr. Gordon Siu Kwing Chue, an Independent Non-executive Director of the Company, was appointed as the chairman of the Audit Committee with effect from 22 January 2008 in place of Mr. Robert Sze Tsai To who resigned on the same day.

The membership of the Audit Committee fell short of the required number of members as set out in Rule 3.21 of the Listing Rules on 22 January 2008 as a result of the resignation of Mr. Robert Sze Tsai To. To ensure the compliance with the Listing Rules, the Board appointed Mr. Kevin Lo Chung Ping, a Non-executive Director of the Company and a member of the Executive Committee, as a member of the Audit Committee effective on 18 April 2008 to fill the vacancy left by Mr. Sze. The Company, therefore, fulfils the requirements under Rule 3.21 of the Listing Rules.

All Committee members are experienced in reviewing and analysing financial information.

Committee meetings

The Audit Committee meets at least twice a year, and at such other times as are necessary.

The Audit Committee held four meetings during the year ended 31 December 2008 and dealt with the following matters:

- reviewed the selected accounting principles and practices;
- reviewed developments in the accounting standards and assessed their potential impacts;
- reviewed draft financial statements and results announcements;

- reviewed draft interim report and annual report;
- considered the proposed scope and approach of the audit;
- reviewed and discussed the audit findings and significant issues;
- reviewed the adequacy and effectiveness of the Group's system of internal controls; and
- made recommendation to the Board regarding the appointment and remuneration of the external auditors.

The attendance records of Directors at the Audit Committee meetings in 2008 are set out below:

Directors	Attendance of meetings
Independent Non-executive Directors	
Gordon SIU Kwing Chue	4/4
Chien LEE	4/4
Robert SZE Tsai To [1]	–
Non-executive Director	
Kevin LO Chung Ping [2]	2/2

Notes:

1. Mr. Robert Sze Tsai To resigned as the Chairman of the Audit Committee on 22 January 2008. No Audit Committee meeting was held during the period of 1 January 2008 to 21 January 2008.
2. Mr. Kevin Lo Chung Ping was appointed as a member of the Audit Committee on 18 April 2008. Two Audit Committee meetings were held during the period of 18 April 2008 to 31 December 2008.

The reporting responsibilities of PricewaterhouseCoopers, the external auditors, are set out in the Auditors' Report on page 45 of this Annual Report.

Proceedings of the Board Meetings and Board Committee Meetings

The Board meets in person regularly. Notice of Board meetings were given to all Directors and the agenda of the Board meetings was approved by the Executive Deputy Chairman, and all Directors were given opportunity to include matters for discussion in the agenda. The Board is provided with adequate, timely and reliable information about the Group's business and developments before each meeting at which the Directors actively participate and hold informed discussions. All Directors are asked to comment on meeting minutes within a reasonable time after the meetings to ensure that the minutes reflect accurately the discussions which took place.

Proceedings of the Board Committee meetings shall be governed by the provisions in the Articles for regulating the proceedings of the meetings of Directors.

FINANCIAL REPORTING AND AUDIT

The Board is responsible for presenting financial information of the Group in a clear, balanced and timely manner in the form of financial statements that give a true and fair view of the Group's state of affairs. The Board also carries out the responsibility to select the most appropriate accounting policies for the Group. In this regard, the Board has adopted the Hong Kong Financial Reporting Standards as promulgated by the Hong Kong Institute of Certified Public Accountants.

The Board is also vested with the responsibility to disseminate to shareholders and the public any price-sensitive information in the form of announcements and circulars, in accordance with the Listing Rules.

INTERNAL CONTROLS

Responsibility

The Board is responsible for the Group's system of internal controls and is committed to maintaining a sound and effective internal control system to safeguard the Group's assets and shareholders' interests, while the responsibility of day-to-day management of operational risks and implementation of remedial control measures rests with management and individual divisions, departments and offices.

Key Control Processes

A system of internal controls has been designed by Management in safeguarding assets from unauthorised use or disposition, ensuring reliability of financial reporting, and ensuring effectiveness and efficiency of operation and compliance with applicable laws and regulations. This system of internal controls is, however, designed to provide reasonable, but not absolute, assurance of no material mis-statement or loss, to manage, rather than eliminate, risk of failure in operational systems, and to help achieve the Group's objectives.

CORPORATE GOVERNANCE REPORT

The key internal control procedures that the Board established to provide effective internal controls include:

- establishment of a clear organisation structure with well defined lines of responsibilities from the Board to Board Committees, Management, and the heads of operating subsidiaries/divisions.
- documentation of a comprehensive set of internal control procedures covering all business operations of the Group.
- establishment of a comprehensive monthly management reporting system to provide financial and operational performance data to Management. Variances from targets are analysed, explained, and improvement actions are taken, if necessary, to rectify deficiencies.
- regular monitoring and assessment of effectiveness of the system of internal controls by considering the reviews performed by the Audit Committee, Management, internal auditors and external auditors, as appropriate.
- adoption of TVB Code of Ethics governing the conduct of staff members and setting the standards of integrity and professionalism.

Monitoring Controls and Group Internal Audit

The Group has set up an internal audit department ("Internal Audit") during the second half of the year to assist the Board in its monitoring control function by providing an independent appraisal and assurance of its internal governance process, adequacy and effectiveness of the risk management framework, methodology, together with its control activities.

To preserve the independence of the internal audit function, the Head of Internal Audit reports directly to the Audit Committee on audit matters and administratively to the Executive Chairman and Executive Deputy Chairman. Other key principles, including the principles of accountability and objectivity, under which Internal Audit is refrained from involving in daily operations being audited, have been firmly established in the Group's Internal Audit Charter approved by the Audit Committee.

Using a risk-based assessment approach, Internal Audit derives its annual audit plan according to the Group's risk profile and analysis regularly updated in response to its business changes, external environment and best practices. The plan is prepared in consultation with, but independent of, Management. It will be reassessed during the year as needed to ensure adequate resources are deployed and the objectives of the audit plan are met.

Internal Audit performs its independent reviews of different financial, business and functional operations and activities using a pro-active risk-based approach to focus on areas of major risks as identified by a comprehensive risk analysis. Division or department heads and the management concerned will be notified of all control deficiencies for rectification within a set time frame. Major control deficiencies are brought to the attention of Senior Management and the Audit Committee on a regular basis and, if necessary, to the Board for remedial actions.

2008 Review of Internal Control Systems

The Board, through the Audit Committee, has conducted a review of the adequacy and the effectiveness of the Group's internal control systems for the year ended 31 December 2008, covering financial, operational and compliance controls, together with risk management functions ("Control Review").

This Control Review was conducted by way of a risk and control self-assessment, whereby key business and operational risks identified in a comprehensive risk assessment survey were mapped to relevant control activities and procedures. Evaluations were then performed to assess whether the design and functioning of these control activities are sufficient to mitigate the risks identified.

Based on the outcome of the review, the Board is satisfied that the internal controls within the Group are functioning in a sound and effective manner to safeguard the Group's assets and shareholders' investment.

CORPORATE GOVERNANCE REPORT

CORPORATE COMMUNICATION

Disclosure of Information

The Company adopts a policy of disclosing relevant information to shareholders and the public in a timely manner:

- the Company makes announcements pursuant to the requirements of the Listing Rules on the designated issuer website of the Hong Kong Stock Exchange and the website of the Company;
- the Company maintains a library of corporate information, including announcements, circulars and financial reports at its website for reference purpose;
- the Company provides a forum at the annual general meetings for shareholders to meet and communicate with Management; and
- reports and circulars are distributed to all registered shareholders.

General Meetings

Annual general meeting proceedings are reviewed periodically to ensure that the Company follows the best corporate governance practices. Pursuant to the revised Listing Rules took effect on 1 January 2009, a notice of annual general meeting is sent to all shareholders at least 20 clear business days for annual general meeting, setting out details of each proposed resolution, poll procedures and other relevant information. Voting by poll is mandatory at all general meeting. The poll procedures are explained during the meeting. Poll results are released on the designated issuer website of the Hong Kong Stock Exchange and the website of the Company in accordance with the requirements under the Listing Rules.

Separate resolutions are proposed for each substantially separate issue and are voted by poll at the annual general meeting.

Investor Relations

The Company devotes substantial resources in ensuring that its dissemination of details of major activities, price sensitive information and transactions is in full compliance with the Listing Rules. The Company has designated key officers to communicate with institutional shareholders and analysts ensuring consistency of information. Through one-on-one meetings and presentations, the Company keeps the investment community informed of its latest developments.

On behalf of the Board

Norman Leung Nai Pang
Executive Deputy Chairman

Hong Kong, 25 March 2009

Financial Information

FIVE-YEAR FINANCIAL REVIEW

	2008 HK$'mil	2007 HK$'mil	2006 HK$'mil	2005 HK$'mil	2004 HK$'mil
Turnover	**4,407**	4,326	4,201	4,177	3,817
Profit before income tax	**1,286**	1,550	1,436	1,420	902
Income tax expense	**230**	284	247	232	152
Profit attributable to equity holders of the Company	**1,055**	1,264	1,189	1,180	719
Earnings per share	**HK$2.41**	HK$2.89	HK$2.71	HK$2.69	HK$1.64
Property, plant and equipment	**2,323**	1,722	1,731	1,896	2,050
Leasehold land	**209**	186	184	188	193
Goodwill	**161**	163	162	161	55
Interests in associates	**376**	85	150	246	280
Other non-current assets	**52**	76	32	31	56
Current assets	**3,621**	4,019	3,428	2,800	2,200
Current liabilities	**(678)**	(741)	(676)	(749)	(855)
	6,064	5,510	5,011	4,573	3,979
Share capital	**22**	22	22	22	22
Reserves	**5,586**	5,322	4,823	4,360	3,649
Shareholders' funds	**5,608**	5,344	4,845	4,382	3,671
Minority interest	**26**	25	23	23	117
Non-current liabilities	**430**	141	143	168	191
	6,064	5,510	5,011	4,573	3,979

Figures for 2004 and 2005 have been restated following the adoption of revised HKAS17 and also to align with current year presentation.

INDEPENDENT AUDITORS' REPORT

PRICEWATERHOUSECOOPERS

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TO THE SHAREHOLDERS OF TELEVISION BROADCASTS LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Television Broadcasts Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 46 to 108, which comprise the consolidated and Company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2009

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,322,872**	1,721,921
Leasehold land	7	**208,922**	185,775
Goodwill	8	**161,145**	163,034
Interests in associates	10	**375,674**	84,951
Available-for-sale financial assets	11	**3**	3
Loan to investee company	12	**–**	3,190
Deferred income tax assets	21	**16,925**	10,725
Prepayment	14	**35,182**	62,482
		3,120,723	2,232,081
Current assets			
Programmes and film rights		**412,219**	460,720
Stocks	13	**12,952**	9,482
Trade and other receivables, prepayments and deposits	14	**1,095,718**	1,405,703
Tax recoverable		**1,716**	443
Pledged bank deposits	15	**5,158**	1,692
Bank deposits maturing after three months		**130,422**	131,683
Cash and cash equivalents	16	**1,963,094**	2,008,895
		3,621,279	4,018,618
Total assets		**6,742,002**	6,250,699
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	17	**21,900**	21,900
Other reserves	18	**696,886**	685,832
Retained earnings			
– Proposed final dividend	29	**613,200**	657,000
– Others		**4,276,314**	3,979,253
		5,608,300	5,343,985
Minority interest		**25,613**	24,765
Total equity		**5,633,913**	5,368,750

	Note	2008 HK$'000	2007 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	20	**296,357**	–
Deferred income tax liabilities	21	**124,394**	126,112
Retirement benefit obligations	22	**9,563**	14,637
		430,314	140,749
Current liabilities			
Trade and other payables and accruals	19	**593,810**	668,365
Current income tax liabilities		**61,598**	72,835
Borrowings	20	**22,367**	–
		677,775	741,200
Total liabilities		**1,108,089**	881,949
Total equity and liabilities		**6,742,002**	6,250,699
Net current assets		**2,943,504**	3,277,418
Total assets less current liabilities		**6,064,227**	5,509,499

Norman Leung Nai Pang
Director

Mona Fong
Director

The notes on pages 52 to 108 are an integral part of these consolidated financial statements.

BALANCE SHEET
As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,512,766**	1,496,258
Leasehold land	7	**202,592**	179,280
Interests in subsidiaries	9	**336,788**	359,699
Interests in associates	10	**569,212**	164,533
		2,621,358	2,199,770
Current assets			
Programmes and film rights		**365,582**	401,785
Stocks	13	**2,209**	1,781
Trade and other receivables, prepayments and deposits	14	**645,432**	943,197
Bank deposits maturing after three months		**90,713**	96,113
Cash and cash equivalents	16	**1,318,753**	1,328,704
		2,422,689	2,771,580
Total assets		**5,044,047**	4,971,350
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	17	**21,900**	21,900
Other reserves	18	**712,144**	712,144
Retained earnings			
– Proposed final dividend	29	**613,200**	657,000
– Others		**3,142,704**	2,969,014
Total equity		**4,489,948**	4,360,058
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	21	**100,536**	107,973
		100,536	107,973
Current liabilities			
Trade and other payables and accruals	19	**418,439**	462,344
Current income tax liabilities		**35,124**	40,975
		453,563	503,319
Total liabilities		**554,099**	611,292
Total equity and liabilities		**5,044,047**	4,971,350
Net current assets		**1,969,126**	2,268,261
Total assets less current liabilities		**4,590,484**	4,468,031

Norman Leung Nai Pang
Director

Mona Fong
Director

The notes on pages 52 to 108 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Turnover	5	**4,407,304**	4,325,809
Cost of sales		**(2,025,045)**	(1,763,971)
Gross profit		**2,382,259**	2,561,838
Other revenues	5	**70,415**	103,960
Selling, distribution and transmission costs		**(507,396)**	(453,001)
General and administrative expenses		**(569,764)**	(569,801)
Other (losses)/gains, net		**(18,928)**	26,529
Gain on disposal of equity interests in an associate		**–**	140,000
Impairment loss on trade receivables from an associate		**–**	(135,000)
Finance costs	25	**(7,581)**	–
Share of losses of associates		**(63,174)**	(124,982)
Profit before income tax	23	**1,285,831**	1,549,543
Income tax expense	26	**(229,544)**	(284,322)
Profit for the year		**1,056,287**	1,265,221
Attributable to:			
Equity holders of the Company	27	**1,055,348**	1,263,684
Minority interest		**939**	1,537
		1,056,287	1,265,221
Earnings per share (basic and diluted) for profit attributable to equity holders of the Company during the year	28	**HK$2.41**	HK$2.89
Dividends	29	**744,600**	788,400

The notes on pages 52 to 108 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Minority interest HK$'000	Total equity HK$'000
Balance at 1 January 2007	21,900	669,823	4,153,425	4,845,148	23,199	4,868,347
Currency translation differences	–	1,653	–	1,653	29	1,682
Net income recognised directly in equity	–	1,653	–	1,653	29	1,682
Profit for the year	–	–	1,263,684	1,263,684	1,537	1,265,221
Total recognised income and expense for 2007	–	1,653	1,263,684	1,265,337	1,566	1,266,903
Transfer	–	14,356	(14,356)	–	–	–
2006 final dividend paid	–	–	(635,100)	(635,100)	–	(635,100)
2007 interim dividend paid	–	–	(131,400)	(131,400)	–	(131,400)
Balance at 31 December 2007	21,900	685,832	4,636,253	5,343,985	24,765	5,368,750
Balance at 1 January 2008	21,900	685,832	4,636,253	5,343,985	24,765	5,368,750
Currency translation differences	–	(2,633)	–	(2,633)	(91)	(2,724)
Net expense recognised directly in equity	–	(2,633)	–	(2,633)	(91)	(2,724)
Profit for the year	–	–	1,055,348	1,055,348	939	1,056,287
Total recognised income and expense for 2008	–	(2,633)	1,055,348	1,052,715	848	1,053,563
Transfer	–	13,687	(13,687)	–	–	–
2007 final dividend paid	–	–	(657,000)	(657,000)	–	(657,000)
2008 interim dividend paid	–	–	(131,400)	(131,400)	–	(131,400)
Balance at 31 December 2008	**21,900**	**696,886**	**4,889,514**	**5,608,300**	**25,613**	**5,633,913**

The notes on pages 52 to 108 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Cash generated from operations	30	**1,587,862**	1,681,545
Interest paid		**(7,278)**	–
Hong Kong tax paid		**(182,801)**	(212,930)
Overseas taxation paid		**(67,376)**	(65,252)
Net cash generated from operating activities		**1,330,407**	1,403,363
Cash flows from investing activities			
Purchase of property, plant and equipment		**(943,168)**	(196,961)
Prepayment for acquiring a property		**–**	(62,482)
Decrease/(increase) in bank deposits maturing after three months		**1,261**	(93,657)
Loan repayments received from an investee company		**3,190**	4,209
Loan granted to an associate	10	**–**	(50,000)
Prepaid operating lease payments for leasehold land		**(28,301)**	(6,495)
Proceeds from disposal of equity interests in an associate	5(b)	**–**	140,000
Proceeds from sale of property, plant and equipment		**1,695**	353
Interest received		**52,487**	77,700
Net cash used in investing activities		**(912,836)**	(187,333)
Cash flows from financing activities			
Proceeds from long-term bank loans		**359,426**	–
Repayment of long-term bank loans		**(17,563)**	–
Increase in pledged bank deposits		**(3,466)**	(1,453)
Dividends paid		**(788,400)**	(766,500)
Net cash used in financing activities		**(450,003)**	(767,953)
Net (decrease)/increase in cash and cash equivalents		**(32,432)**	448,077
Cash and cash equivalents at 1 January		**2,008,895**	1,559,079
Effect of foreign exchange rate changes		**(13,369)**	1,739
Cash and cash equivalents at 31 December		**1,963,094**	2,008,895

The notes on pages 52 to 108 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Television Broadcasts Limited (the "Company") and its subsidiaries are collectively referred to as the Group in the consolidated financial statements. The principal activities of the Company are terrestrial television broadcasting, together with programme production and other television-related activities. The principal activities of the principal subsidiaries are detailed in Note 36.

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

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 25 March 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). They have been prepared under the historical cost convention, except that the financial assets are stated at their fair values as explained in Note 2.8.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Interpretation effective in 2008

The Group adopted the following interpretation, which is mandatory for financial year ended 31 December 2008 and is relevant to its operations.

HK(IFRIC) – Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The interpretation above does not have material financial impact to the Group on the consolidated financial statements for the year ended 31 December 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Relevant standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following relevant standards, amendments and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 19 (Amendment)	Employee Benefits
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 28 (Amendment)	Investments in Associates
HKAS 36 (Amendment)	Impairment of Assets
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments

There are a number of minor amendments to HKFRS 7, "Financial Instruments: Disclosures", HKAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", HKAS 10, "Events After the Balance Sheet Date", HKAS 18, "Revenue" and HKAS 34, "Interim Financial Reporting" which are not addressed above.

The Group is in the process of making an assessment of the impact of these relevant standards, amendments and interpretations to the Group's results and financial position in the period of initial application.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (Note 2.6). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

All significant inter-company transactions and balances within the Group are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investment in subsidiaries are stated at cost less provision for impairment losses (Note 2.7). The results of subsidiaries are accounted by the Company on the basis of dividends received and receivable.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Interests in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any other unsecured receivables or loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the interests in associates is stated at cost less provision for impairment losses (Note 2.7). The results of the associates are accounted for by the Company on the basis of dividend received and receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Group companies (continued)

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholder's equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 January 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate. Goodwill and fair value adjustments arising on acquisitions prior to 1 January 2005 are expressed in the acquiring company's functional currency and reported using the exchange rate at the date of these acquisitions.

2.5 Property, plant and equipment

Property, plant and equipment, comprising freehold land and buildings, leasehold improvements, studio, broadcasting and transmitting equipment, furniture and fixtures and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Freehold land is not depreciated. Other property, plant and equipment are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	2.5% – 5%
Leasehold improvements	Over the unexpired term of the lease
Studio, broadcasting and transmitting equipment	10% – 20%
Furniture, fixtures and equipment	5% – 25%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary and associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to business segment.

2.7 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet (Note 2.11 and 2.12).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated income statement as gains or losses from investment securities.

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are carried at cost less accumulated impairment.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing of trade and other receivables is described in Note 2.11.

2.9 Programmes and film rights

Programmes and film rights are stated at cost less amounts expensed and any provision considered necessary by the management. Their costs are amortised over the shorter of their economic lives and the underlying licence period, with reference to projected revenue.

(a) Programmes cost

Programme cost comprises direct expenditure and an appropriate proportion of production overheads. The cost of programmes is apportioned between domestic terrestrial market and overseas licensing and distribution market. In the case of the former, the cost is expensed on first transmission, and in the latter, the cost is expensed on first distribution to licensees. The cost of programmes for satellite channels is expensed in accordance with a formula computed to write off the cost over a maximum of three transmissions.

(b) Film rights

Film rights are expensed in accordance with a formula computed to write off the cost over the contracted number of transmissions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Stocks

Stocks, comprising decoders, tapes, video compact discs, digital video discs and consumable supplies, are stated at the lower of cost and net realisable value. The cost of video compact discs and digital video discs is calculated on a weighted average basis whereas the cost of other stocks is calculated on a first in first out basis. Net realisable value is determined on the basis of anticipated sale proceeds less estimated selling expenses.

2.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited against the provision in the consolidated income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash investments with a maturity of three months or less from the date of investment, and bank overdrafts and short-term loans repayable within three months.

2.13 Share capital

Ordinary shares are classified as equity.

2.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on interests in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

(b) Pension obligations

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee – administered funds.

All permanent staff, temporary staff and full time artistes signed in individual names (excluding singers and serial artistes), whose employment period reaches 60 days or more (collectively referred to as "eligible members") and located in Hong Kong are entitled to participate in the Mandatory Provident Fund Scheme ("MPF Scheme"). The contributions to the MPF Scheme made by the Group for permanent staff joined prior to 1 June 2003 comprise mandatory contributions and voluntary contributions. The mandatory contribution is calculated at 5% of individual's "relevant income" with a maximum amount of HK$1,000 per month and the voluntary contribution is calculated at 10% of individual's basic salary less the mandatory contribution. The Group's contribution for permanent staff joined after 1 June 2003, full time artistes and temporary staff is 5% of individual's "relevant income" with a maximum amount of HK$1,000 per month. "Relevant income" includes salaries, wages, paid leave, fees, commissions, bonuses, gratuities, and allowances (excluding housing allowance/benefits, any redeemed payment and long service payment). Employer's voluntary contributions shall be refunded to the Group according to the vesting scale when the eligible members leave employment prior to vesting fully in the MPF Scheme.

The contributions are recognised as employee benefit expense when they are due.

The retirement schemes which cover employees located in overseas locations, except for Taiwan, are defined contribution schemes at various funding rates that are in accordance with the local practice and regulations. The employees located in Taiwan are members of a defined benefit retirement scheme prior to 1 July 2005. Following the promulgation of a new pension ordinance on 1 July 2005, the employees located in Taiwan are entitled to elect to remain as the sole members of the defined benefit retirement scheme or to become members of both the defined benefit retirement scheme and a defined contribution retirement scheme. By electing for the latter, the service lives of employees under the defined benefit retirement scheme are being frozen at 30 June 2005. All employees joining on or after 1 July 2005 have to join as members of the defined contribution retirement scheme.

The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the present value of the defined benefit obligation are recognised in the consolidated income statement over the employees' expected average remaining working lives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

(b) Pension obligations (continued)

Past-service costs are recognised immediately as expenses, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

2.18 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.20 Revenue recognition

Advertising income net of agency deductions is recognised (i) when the advertisements are telecast on television or published on magazine; or (ii) ratably over the displayed period of the contract when the advertisements are placed on the Company's website.

Income from licensing of programme rights is recognised evenly over the contract period or upon delivery of the programmes concerned in accordance with the terms of the contracts. Income from licensing of content to mobile device and website portal are recognised when the services are rendered and when the right to receive payment is established. Distribution income from video sell through is recognised upon delivery of the video.

Subscription income from operation of satellite pay television networks is recognised on a straight-line basis over the contract period which generally coincides with the timing when the services are rendered. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under trade and other payables and accruals in the balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition (continued)

Income from sales of decoders and sale of magazines are recognised on delivery of products. Income from other services, which includes programmes/commercial production income, management fee income, facility rental income and other service fee income, is recognised when the services are rendered.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

2.21 Leases

(a) Operating leases (as lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(b) Operating leases (as lessor)

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

2.22 Related parties

A party is considered to be related to the Group if

(a) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group;

(d) the party is a close member of the family of any individual referred to in (a) to (c) above;

(e) the party is an entity that is controlled, jointly controlled or significant influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) and (d) above.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations, are in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations, the net assets of which are exposed to foreign currency risk.

The Group manages this risk by initially seeking contracts effectively denominated in HK dollars and/or US dollars where possible and economically favorable to do so. The Group will continue to monitor its foreign currency risk exposure and market conditions to determine if any hedging is required. The Group does not conduct any foreign currency speculative activities.

The following table summarise the change in the Group's profit after taxation in response to reasonably possible changes in foreign exchange rates on currencies to which the Group have exposure at the balance sheet date and that all other variables remain constant. Such exposure relates to the portion of trade receivables, bank deposits, cash and bank balances and trade payables.

		2008 Increase/ (decrease) in profit after taxation HK$'000	2007 Increase/ (decrease) in profit after taxation HK$'000
Renminbi against Hong Kong dollars	10%	**10,809**	11,110
	(10%)	**(10,809)**	(11,110)
Malaysian Ringgit against Hong Kong dollars	10%	**5,924**	6,794
	(10%)	**(5,924)**	(6,794)

3 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group's principal interest bearing assets are loans to associates and cash balances and bank deposits. The tenor of the bank deposits is usually less than one year. The Group actively manages cash balances and deposits by comparing quotations from banks, with a view selecting terms which are most favourable to the Group.

The Group's interest rate risk also arises from bank borrowings which are issued at floating interest rates.

The sensitivity analysis has been conducted on the loans to associates, bank deposits and bank borrowings. If interest rates had been 100 basis-points higher/lower with all other variables held constant, indicates that the Group's profit after taxation for the year would have been increased/(decreased) by HK$4,753,000 (2007: HK$1,850,000), HK$18,589,000 (2007: HK$18,696,000) and HK$2,390,000 (2007: nil) respectively.

(iii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet as available-for-sale financial assets. The Group is not exposed to commodity price risk.

(b) Credit risk

The Group's credit risk is primarily attributable to loans to associates, credit sales and bank balances and bank deposits. The Group has followed the policies to assess the credit worthiness of customers, credit reviews and monitoring procedures that include a formal collection process. In addition, the Group reviews the recoverable amount of each individual trade debtor at each balance sheet date to ensure that impairment has adequately been provided for doubtful debts. The credit risk on bank balances is limited as all deposits are placed with banks with acceptable credit ratings.

(c) Liquidity risk

The Group's financial liabilities include trade payables, other payables and accruals. The trade payables and other payables are generally on credit terms of one to three months after the invoice date. For accruals, there are generally no specified contractual maturities and are paid upon counterparty's formal notification, of which should be within 12 months from the balance sheet date. For bank borrowings, the repayment schedule is listed in Note 20.

Capital risk factors

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (continued)

Capital risk factors (continued)

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet). Total capital is calculated as total equity, as shown in the consolidated balance sheet.

The gearing ratio at 31 December 2008 and 2007 were as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Total borrowings	**318,724**	–
Total equity	**5,633,913**	5,368,750
Gearing ratio	**6%**	–

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Estimated impairment of goodwill

The Group performs annual tests on whether there has been impairment of goodwill (Note 8) in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, pre-tax discount rates, and other assumptions underlying the value-in-use calculations.

(b) Trade receivables from associates and third parties

The aged debt profile of trade receivables is reviewed on a regular basis to ensure that the trade receivables are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of trade receivables called into doubt, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivables and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectibility of trade receivables for which provisions are not made could affect the results of operations.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Loans to associates

The Group reviews its loans to an associate to assess impairment at least half yearly. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans before the decrease can be identified. This evidence may include observable data indicating that there has been an adverse change in the payment status of the associate or economic conditions that correlate with defaults on the loans. If the financial conditions of the associates of the Group were to deteriorate, resulting in impairment as to their ability to make payments, additional impairment losses may be required.

(d) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

(e) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded or anticipated, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

(f) Deferred income tax assets

Deferred income tax assets are recognised for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the temporary differences, the carry forward of unused tax credits and unused tax losses could be utilised. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Where the actual or expected tax positions in future are different from the original estimate, such difference will impact the recognition of deferred income tax assets and income tax charge in the period in which such estimate has been changed.

5 TURNOVER, REVENUE AND SEGMENT INFORMATION

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

Turnover comprises advertising income net of agency deductions, licensing income, subscription income, as well as income from sales of decoders, sale of magazines, programmes/commercial production income, management fee income, facility rental income and other service fee income.

Other revenues comprise mainly interest income and other rental income.

The amount of each significant category of revenue recognised during the year is as follows:

	2008 HK$'000	2007 HK$'000
Turnover		
Advertising income, net of agency deductions	**2,755,575**	2,691,325
Licensing income	**821,382**	824,692
Subscription income	**475,717**	454,497
Others	**402,012**	405,785
	4,454,686	4,376,299
Less: Withholding tax	**(47,382)**	(50,490)
	4,407,304	4,325,809
Other revenues		
Interest income	**56,868**	89,165
Others	**13,547**	14,795
	70,415	103,960
	4,477,719	4,429,769

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Primary reporting format – business segments

The Group is organised on a worldwide basis in five main business segments:

Terrestrial television broadcasting	–	free-to-air broadcasting of television programmes and commercials and production of programmes
Programme licensing and distribution	–	distribution of television programmes and channels to video and telecast operators
Overseas satellite pay TV operations	–	provision of satellite pay television services to subscribers in USA, Europe and Australia
Channel operations	–	compilation and distribution of television channels in mainland China, Taiwan, Malaysia, Hong Kong and other countries
Other activities	–	provision of content to mobile devices, website portal, magazine publication and other related services

The Group's inter-segment transactions mainly consist of licensing of programmes and film rights and provision of services.

An analysis of the Group's turnover and results for the year by business segments is as follows:

	2008						
	Terrestrial television broadcasting HK$'000	Programme licensing and distribution HK$'000	Overseas satellite pay TV operations HK$'000	Channel operations HK$'000	Other activities HK$'000	Elimination HK$'000	Total HK$'000
Turnover							
External sales	2,339,179	641,586	288,730	1,045,112	92,697	–	4,407,304
Inter-segment sales	6,939	131,188	431	19,918	14,029	(172,505)	–
	2,346,118	772,774	289,161	1,065,030	106,726	(172,505)	4,407,304
Segment results (operating profit)	639,630	387,638	47,817	261,437	20,064	–	1,356,586
Finance costs							(7,581)
Share of losses of associates	–	–	–	(63,174)	–	–	(63,174)
Profit before income tax							1,285,831
Income tax expense							(229,544)
Profit for the year							1,056,287
Other segment items included in the income statement are as follows:							
Depreciation	231,135	6,687	4,642	33,898	2,115		278,477
Amortisation of leasehold land	4,989	–	–	–	165		5,154

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

	2007						
	Terrestrial television broadcasting HK$'000	Programme licensing and distribution HK$'000	Overseas satellite pay TV operations HK$'000	Channel operations HK$'000	Other activities HK$'000	Elimination HK$'000	Total HK$'000
Turnover							
External sales	2,365,857	635,499	280,752	947,777	95,924	–	4,325,809
Inter-segment sales	7,405	107,269	470	16,888	5,233	(137,265)	–
	2,373,262	742,768	281,222	964,665	101,157	(137,265)	4,325,809
Segment results excluding impairment loss	951,729	440,325	59,186	191,902	26,407	(24)	1,669,525
Impairment loss on trade receivables from an associate (note (a))	–	–	–	(135,000)	–	–	(135,000)
Segment results including impairment loss	951,729	440,325	59,186	56,902	26,407	(24)	1,534,525
Gain on disposal of equity interests in an associate (note (b))	–	–	–	140,000	–	–	140,000
Share of losses of associates	–	–	–	(124,982)	–	–	(124,982)
Profit before income tax							1,549,543
Income tax expense							(284,322)
Profit for the year							1,265,221
Other segment items included in the income statement are as follows:							
Depreciation	201,318	6,627	6,447	32,941	1,281		248,614
Amortisation of leasehold land	4,568	–	–	–	–		4,568

Notes:

(a) In 2007, after reviewing the payment status and performance of an associate, management concluded that there was an impairment loss of HK$135,000,000 against the trade receivable from the associate in accordance with HKAS 39.

(b) In 2007, TVB Satellite TV Holdings Limited, a wholly-owned subsidiary of the Company disposed 217,173,552 shares, representing 20% equity interests in TVB Pay Vision Holdings Limited to Gemstone Pacific Limited at a consideration of HK$140,000,000 in cash. The Group recorded a gain amounting to HK$140,000,000 upon completion of the transaction.

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

The segment assets and liabilities at 31 December 2008 and capital expenditure for the year ended 31 December 2008 are as follows:

	Terrestrial television broadcasting HK$'000	Programme licensing and distribution HK$'000	Overseas satellite pay TV operations HK$'000	Channel operations HK$'000	Other activities HK$'000	Total HK$'000
Segment assets	4,050,146	244,477	125,631	1,348,803	169,124	5,938,181
Interests in associates	–	–	–	375,674	–	375,674
Available-for-sale financial assets	–	3	–	–	–	3
Unallocated assets						428,144
Total assets						6,742,002
Segment liabilities	306,445	78,541	53,673	146,183	18,531	603,373
Unallocated liabilities						504,716
Total liabilities						1,108,089
Capital expenditure	248,686	3,448	2,752	665,799	8,064	928,749

The segment assets and liabilities at 31 December 2007 and capital expenditure for the year ended 31 December 2007 are as follows:

	Terrestrial television broadcasting HK$'000	Programme licensing and distribution HK$'000	Overseas satellite pay TV operations HK$'000	Channel operations HK$'000	Other activities HK$'000	Total HK$'000
Segment assets	4,201,460	319,896	151,616	891,658	151,139	5,715,769
Interests in associates	164,533	–	–	(79,582)	–	84,951
Available-for-sale financial assets	–	3	–	–	–	3
Loan to investee company	–	3,190	–	–	–	3,190
Unallocated assets						446,786
Total assets						6,250,699
Segment liabilities	388,601	67,681	70,549	137,703	18,468	683,002
Unallocated liabilities						198,947
Total liabilities						881,949
Capital expenditure	214,415	3,913	5,170	12,172	3,010	238,680

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Primary reporting format – business segments (continued)

Segment assets consist primarily of property, plant and equipment, leasehold land, goodwill, programmes and film rights, stocks, receivables and operating cash, and mainly exclude tax recoverable, deferred income tax and investments.

Segment liabilities comprise operating liabilities and exclude items such as income tax.

Capital expenditure comprises additions to property, plant and equipment (Note 6).

Secondary reporting format – geographical segments

Although the Group's five business segments are managed on a worldwide basis, sales are generated in eight main geographical areas:

Hong Kong	–	terrestrial television broadcasting with programme/ commercial production, distribution of television channels, provision of contents to mobile devices, website portal, magazine publication and sale of video compact discs and digital video discs
Taiwan	–	cable television channel services, licensing and distribution of television programmes
USA and Canada	–	licensing and distribution of television programmes and channels and satellite pay TV operations
Australia	–	licensing and distribution of television programmes and satellite pay TV operations
Europe	–	licensing and distribution of television programmes and satellite pay TV operations
Mainland China	–	licensing and distribution of television programmes and channels and satellite TV channel services
Malaysia and Singapore	–	licensing and distribution of television programmes and channels
Other countries	–	principally licensing and distribution of television programmes and channels

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Secondary reporting format – geographical segments (continued)

An analysis of the Group's turnover and segment results for the year by geographical segments is as follows:

	Turnover		Segment results	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Hong Kong	**2,660,971**	2,689,295	**718,349**	1,026,951
Taiwan	**734,588**	654,339	**188,737**	133,723
USA and Canada	**216,094**	212,721	**109,713**	120,702
Australia	**95,722**	88,442	**10,773**	9,545
Europe	**91,519**	100,694	**3,049**	26,003
Mainland China	**177,490**	183,786	**108,015**	121,741
Malaysia and Singapore	**399,686**	365,772	**205,176**	216,706
Other countries	**31,234**	30,760	**12,774**	14,154
	4,407,304	4,325,809	**1,356,586**	1,669,525
Impairment loss on trade receivables from an associate			**–**	(135,000)
			1,356,586	1,534,525
Gain on disposal of equity interests in an associate			**–**	140,000
Finance costs			**(7,581)**	–
Share of losses of associates			**(63,174)**	(124,982)
Profit before income tax			**1,285,831**	1,549,543

Sales are based on the location in which the customers are located. There are no sales between the geographical segments.

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Secondary reporting format – geographical segments (continued)

	Total assets		Capital expenditure	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Hong Kong	**4,375,490**	4,667,136	**258,140**	220,836
Taiwan	**1,200,929**	588,381	**665,487**	12,060
USA and Canada	**91,810**	144,344	**3,610**	713
Australia	**16,094**	20,980	**1,238**	4,398
Europe	**84,264**	106,409	**90**	393
Mainland China	**31,075**	40,102	**120**	98
Malaysia and Singapore	**123,850**	135,685	**–**	–
Other countries	**14,669**	12,732	**64**	182
	5,938,181	5,715,769	**928,749**	238,680
Interests in associates	**375,674**	84,951		
Available-for-sale financial assets	**3**	3		
Loan to investee company	**–**	3,190		
Unallocated assets	**428,144**	446,786		
	6,742,002	6,250,699		

Total assets and capital expenditure are allocated based on where the assets are located.

6 PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Freehold land and buildings HK$'000	Leasehold improvements HK$'000	Studio, broadcasting and transmitting equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 January 2007	1,065,624	72,623	1,691,219	605,488	44,135	3,479,089
Exchange differences	1,024	828	4,158	1,096	165	7,271
Additions	2,709	3,814	210,746	19,233	2,178	238,680
Disposals	–	(77)	(41,251)	(7,027)	(1,127)	(49,482)
At 31 December 2007	1,069,357	77,188	1,864,872	618,790	45,351	3,675,558
At 1 January 2008	1,069,357	77,188	1,864,872	618,790	45,351	3,675,558
Exchange differences	(46,323)	(1,656)	(16,188)	(5,567)	(505)	(70,239)
Additions	662,087	603	223,989	41,200	870	928,749
Disposals	–	(2,774)	(22,042)	(9,058)	(1,735)	(35,609)
Transfer	–	(495)	7,589	(7,094)	–	–
At 31 December 2008	**1,685,121**	**72,866**	**2,058,220**	**638,271**	**43,981**	**4,498,459**
Accumulated depreciation and impairment						
At 1 January 2007	166,761	67,563	1,216,851	258,927	37,780	1,747,882
Exchange differences	218	664	3,625	908	117	5,532
Charge for the year	38,970	1,841	155,311	49,130	3,362	248,614
Written back on disposals	–	(77)	(40,389)	(6,798)	(1,127)	(48,391)
At 31 December 2007	205,949	69,991	1,335,398	302,167	40,132	1,953,637
At 1 January 2008	205,949	69,991	1,335,398	302,167	40,132	1,953,637
Exchange differences	(793)	(1,161)	(15,854)	(5,009)	(346)	(23,163)
Charge for the year	44,292	1,716	185,817	44,300	2,352	278,477
Written back on disposals	–	(1,924)	(20,748)	(8,958)	(1,734)	(33,364)
Transfer	–	(31)	6,407	(6,376)	–	–
At 31 December 2008	**249,448**	**68,591**	**1,491,020**	**326,124**	**40,404**	**2,175,587**
Net book value						
At 31 December 2008	**1,435,673**	**4,275**	**567,200**	**312,147**	**3,577**	**2,322,872**
At 31 December 2007	863,408	7,197	529,474	316,623	5,219	1,721,921

Notes:

(i) Property, plant and equipment comprises freehold land outside Hong Kong at cost of HK$341,051,000 (2007: HK$76,307,000).

(ii) No depreciation is provided for studio, broadcasting and transmitting equipment with cost of HK$73,052,000 (2007: HK$92,069,000) as they were not in effective use at the year end.

(iii) At 31 December 2008, land and buildings with net book value of HK$711,448,000 (2007: HK$102,135,000) were pledged to secure loans and banking facilities granted to a subsidiary of the Group.

6 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Company

	Buildings HK$'000	Leasehold improvements HK$'000	Studio, broadcasting and transmitting equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 January 2007	920,285	3,747	1,175,846	512,236	32,458	2,644,572
Additions	–	–	201,482	12,842	91	214,415
Transferred from/(to) subsidiaries	–	–	(5,266)	5	–	(5,261)
Disposals	–	–	(35,071)	(5,923)	(292)	(41,286)
At 31 December 2007	920,285	3,747	1,336,991	519,160	32,257	2,812,440
At 1 January 2008	920,285	3,747	1,336,991	519,160	32,257	2,812,440
Additions	353	–	216,384	31,513	436	248,686
Transferred from subsidiaries	–	–	–	11	–	11
Disposals	–	–	(13,812)	(2,387)	–	(16,199)
At 31 December 2008	**920,638**	**3,747**	**1,539,563**	**548,297**	**32,693**	**3,044,938**
Accumulated depreciation						
At 1 January 2007	138,043	3,747	803,721	186,967	28,256	1,160,734
Charge for the year	36,811	–	121,939	39,871	2,696	201,317
Transferred from/(to) subsidiaries	–	–	(5,272)	1	–	(5,271)
Written back on disposals	–	–	(34,517)	(5,789)	(292)	(40,598)
At 31 December 2007	174,854	3,747	885,871	221,050	30,660	1,316,182
At 1 January 2008	174,854	3,747	885,871	221,050	30,660	1,316,182
Charge for the year	36,893	–	156,177	36,673	1,392	231,135
Transferred from subsidiaries	–	–	–	4	–	4
Written back on disposals	–	–	(12,829)	(2,320)	–	(15,149)
At 31 December 2008	**211,747**	**3,747**	**1,029,219**	**255,407**	**32,052**	**1,532,172**
Net book value						
At 31 December 2008	**708,891**	**–**	**510,344**	**292,890**	**641**	**1,512,766**
At 31 December 2007	745,431	–	451,120	298,110	1,597	1,496,258

Note:

No depreciation is provided for studio, broadcasting and transmitting equipment with cost of HK$73,052,000 (2007: HK$92,069,000) as they were not in effective use at the year end.

7 LEASEHOLD LAND

The Group's interests in leasehold land represent prepaid operating lease payments and their net book value is analysed as follows:

	Group		Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
In Hong Kong held on:				
Leases of between 10 to 50 years	**202,592**	179,280	**202,592**	179,280
Leases of over 50 years	**6,330**	6,495	**–**	–
	208,922	185,775	**202,592**	179,280
Opening net book value	**185,775**	183,848	**179,280**	183,848
Additions	**28,301**	6,495	**28,301**	–
Amortisation (Note 23)	**(5,154)**	(4,568)	**(4,989)**	(4,568)
Closing net book value	**208,922**	185,775	**202,592**	179,280
Cost	**235,773**	207,472	**229,278**	200,977
Accumulated amortisation	**(26,851)**	(21,697)	**(26,686)**	(21,697)
Closing net book value	**208,922**	185,775	**202,592**	179,280

8 GOODWILL

	Group HK$'000
At 1 January 2007	
Cost	168,078
Accumulated impairment	(5,894)
Net book amount	162,184
Year ended 31 December 2007	
Opening net book amount	162,184
Exchange differences	850
Closing net book amount	163,034
At 31 December 2007	
Cost	168,928
Accumulated impairment	(5,894)
Net book amount	163,034
Year ended 31 December 2008	
Opening net book amount	163,034
Exchange differences	(1,889)
Closing net book amount	**161,145**
At 31 December 2008	
Cost	167,039
Accumulated impairment	(5,894)
Net book amount	**161,145**

8 GOODWILL (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation and business segment.

A business segment-level summary of the goodwill allocation is presented below:

	2008			2007		
	Overseas satellite pay TV operations HK$'000	**Channel operations HK$'000**	**Total HK$'000**	Overseas satellite pay TV operations HK$'000	Channel operations HK$'000	Total HK$'000
Europe	**49,448**	**–**	**49,448**	49,448	–	49,448
Taiwan	**–**	**111,697**	**111,697**	–	113,586	113,586
	49,448	**111,697**	**161,145**	49,448	113,586	163,034

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The growth rate does not exceed the long-term average growth rate in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	Overseas satellite pay TV operations	**Channel Operations**
	Europe	**Taiwan**
Gross margin	**45%**	**41%**
Growth rate	**0%**	**4%**
Discount rate	**10%**	**10%**

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

9 INTERESTS IN SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	HK$'000
Unlisted shares, at cost	**11,135**	11,135
Amounts due from subsidiaries (note)	**325,653**	348,564
	336,788	359,699

Note:

The amounts due from subsidiaries are unsecured and interest free, and have no fixed terms of repayment.

Details of the principal subsidiaries at 31 December 2008 are listed in Note 36.

10 INTERESTS IN ASSOCIATES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Investment costs	**316,127**	316,127	**–**	–
Less: Accumulated share of losses	**(509,665)**	(446,491)	**–**	–
	(193,538)	(130,364)	**–**	–
Loans to associates (note (a))	**569,212**	207,224	**569,212**	157,224
Interest receivables from associates (note (a))	**–**	8,091	**–**	7,309
	375,674	84,951	**569,212**	164,533
Unlisted shares, at cost	**316,127**	316,127	**–**	–

Notes:

(a) On 31 December 2008, the Company and TVB Pay Vision Limited ("TVBPV") agreed to consolidate the outstanding debts due from TVBPV which comprised (i) a shareholder's loan to TVBPV in the principal sum of HK$50,000,000 and interest accrued up to 31 December 2008 of HK$833,000; (ii) a loan to TVBPV relating to its teleport business in the principal sum of HK$157,224,000 and interest accrued up to 31 December 2008 of HK$12,822,000; and (iii) licence fees payable under the Channel Supply Agreement made between the Company and TVBPV in the sum of HK$348,333,000 (Note 30(a)) for the period from 1 April 2006 to 31 December 2007. The loan carries interest at the rate of 1-month HIBOR plus 0.25%. The Group has recognised losses in excess of the investment costs in the shares in TVBPVH of HK$193,538,000 (2007: HK$130,364,000) and applied this amount to the aforementioned loan which formed the net investment in TVBPVH.

At 31 December 2008, the carrying amount of the loan to associate approximated its fair values.

(b) In addition to the loans described in (a), the Group has trade receivables from associates, net of impairment loss, of HK$51,557,000 as disclosed in Note 34(c).

10 INTERESTS IN ASSOCIATES (continued)

(c) The Group periodically reviews loans and receivables from associates to assess whether there is objective evidence that loans and receivables are impaired. In 2008, after reviewing the payment status and performance of TVBPV, management has concluded that provision for impairment loss of HK$135,000,000 was adequate.

Details of the associates are listed below:

Name	Place of incorporation and operation	Principal activities	Particulars of issued shares held	Percentage of interest in ownership
TVB3 Network Company Limited	Thailand	Television production and programming service	Ordinary shares of Baht10 each	40%
TVB Pay Vision Holdings Limited	Hong Kong	Investment holding	Ordinary shares of HK$1 each	29%
# TVB Pay Vision Limited	Hong Kong	Domestic pay television programme service	Ordinary shares of HK$1 each	29%

an associate held indirectly by the Group

Summary of the Group's share of financial information on associates is as follows:

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenues HK$'000	Loss for the year HK$'000
2008	**88,263**	**233,846**	**(145,583)**	**80,581**	**(63,174)**
2007	95,044	177,454	(82,410)	99,508	(124,982)

The fair values of loans to associates equal their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on 1-month HIBOR plus 0.25%.

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2008 HK$'000	2007 HK$'000
Beginning and end of the year	**3**	3
Available-for-sale financial assets include the following: Unlisted equity securities – Canada	**3**	3

12 LOAN TO INVESTEE COMPANY

	Group	
	2008 **HK$'000**	2007 HK$'000
Loan to investee company	**–**	3,190

The loan to the investee company denominated in Canadian dollars, was unsecured, carried interest at 2% per annum above the Canadian Prime Rate, and had been fully repaid during the year.

13 STOCKS

At 31 December 2008 and 2007, all stocks are stated at lower of cost and net realisable value.

14 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2008 **HK$'000**	2007 HK$'000	**2008** **HK$'000**	2007 HK$'000
Non-current portion				
Prepayment related to capital expenditure	**35,182**	62,482	**–**	–
Current portion				
Receivables from:				
Associates (Note 34(c))	**188,353**	349,499	**183,908**	346,998
Related parties (Note 34(c))	**66,464**	76,926	**1,275**	–
Trade receivables (note)	**836,804**	984,066	**530,912**	661,690
	1,091,621	1,410,491	**716,095**	1,008,688
Less: Provision for impairment loss of receivables from:				
Associates (Note 4(c))	**(136,796)**	(136,808)	**(135,000)**	(135,000)
Third parties	**(96,467)**	(75,308)	**(31,436)**	(28,334)
Other receivables, prepayments and deposits	**134,576**	139,572	**95,773**	97,843
Tax reserve certificates (Note 31(b))	**102,784**	67,756	**–**	–
	1,095,718	1,405,703	**645,432**	943,197
Total	**1,130,900**	1,468,185	**645,432**	943,197

Note:

The Group operates a controlled credit policy and allows an average credit period of forty to sixty days to the majority of the Group's customers who satisfy the credit evaluation of the Group. Cash on delivery, advance payments or bank guarantees are required from other customers of the Group.

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

At 31 December 2008 and 2007, the aging analysis of the trade receivables including trading balances due from associates and related parties is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current	**386,940**	480,843	**195,764**	254,454
1-2 months	**230,587**	274,129	**180,642**	222,077
2-3 months	**138,495**	165,614	**110,485**	139,746
3-4 months	**94,358**	88,481	**68,824**	63,475
4-5 months	**56,119**	49,148	**49,358**	38,747
Over 5 months	**184,952**	351,875	**111,022**	290,189
	1,091,451	1,410,090	**716,095**	1,008,688
Trade receivables due from:				
Third parties	**836,804**	984,066	**530,912**	661,690
Associates and related parties	**254,647**	426,024	**185,183**	346,998
	1,091,451	1,410,090	**716,095**	1,008,688
Non-trading amounts due from related parties	**170**	401	**–**	–
	1,091,621	1,410,491	**716,095**	1,008,688

As at 31 December 2008, the aging analysis of the trade receivables not determined to be impaired is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Up to 5 months	**838,127**	1,035,558	**542,724**	699,085
Over 5 months to 1 year	**18,604**	147,010	**6,934**	132,525
Over 1 year	**1,457**	15,406	**1**	13,744
	858,188	1,197,974	**549,659**	845,354
Less: Amounts not yet due	**(473,630)**	(577,763)	**(306,390)**	(389,797)
Amounts past due	**384,558**	620,211	**243,269**	455,557

Receivables that were past due but not impaired were related to customers that have a good trade record with the Group. Management believes that no impairment allowance is necessary for these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The percentage of amounts (before impairment loss) of the Group's trade receivables are denominated in the following currencies:

	Group	
	2008	2007
	%	%
Hong Kong dollars	**69**	74
US dollars	**9**	7
New Taiwan dollars	**12**	10
Malaysian Ringgit	**6**	5
Other currencies	**4**	4
	100	100

Movements on the provision for impairment of trade and other receivables are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
At 1 January	**212,116**	74,001
Provision for impairment loss		
– Associates	**–**	135,000
– Third parties	**32,171**	17,137
Reversal of provision for impairment	**(9,531)**	(7,825)
Receivables written off as uncollectible	**(146)**	(6,427)
Exchange differences	**(1,347)**	230
	233,263	212,116

The carrying amounts of trade and other receivables, prepayments and deposits approximate their fair values.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

15 PLEDGED BANK DEPOSITS

At 31 December 2008, the Group had pledged bank deposits of HK$5,158,000 (2007: HK$1,692,000) to secure banking and credit facilities granted to subsidiaries of the Group. The carrying amounts of bank deposits approximate their fair values.

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand (note)	**214,736**	261,127	**37,429**	51,639
Short-term bank deposits (note)	**1,748,358**	1,747,768	**1,281,324**	1,277,065
	1,963,094	2,008,895	**1,318,753**	1,328,704

Note:

The maximum exposure to credit risk on bank balances is represented by the carrying amount in the balance sheet.

17 SHARE CAPITAL

	Number of ordinary shares of HK$0.05 each	**Nominal value HK$'000**
Authorised:		
At 1 January 2007 and 2008 and 31 December 2008	**1,300,000,000**	**65,000**
Issued and fully paid:		
At 1 January 2007 and 2008 and 31 December 2008	**438,000,000**	**21,900**

18 OTHER RESERVES

(a) Group

	Share premium HK$'000	General reserve HK$'000	Capital reserve HK$'000	Legal reserve HK$'000	Capital redemption reserve HK$'000	Translation reserve HK$'000	Total HK$'000
Balance at 1 January 2007	602,026	70,000	864	35,394	40,118	(78,579)	669,823
Currency translation differences:							
– Group	–	–	–	–	–	1,653	1,653
Transfer from retained earnings	–	–	–	14,356	–	–	14,356
Balance at 31 December 2007	602,026	70,000	864	49,750	40,118	(76,926)	685,832
Balance at 1 January 2008	602,026	70,000	864	49,750	40,118	(76,926)	685,832
Currency translation differences:							
– Group	–	–	–	–	–	(2,633)	(2,633)
Transfer from retained earnings	–	–	–	13,687	–	–	13,687
Balance at 31 December 2008	**602,026**	**70,000**	**864**	**63,437**	**40,118**	**(79,559)**	**696,886**

(b) Company

	Share premium HK$'000	General reserve HK$'000	Capital redemption reserve HK$'000	Total HK$'000
Balance at 1 January 2007 and 2008 and 31 December 2008	**602,026**	**70,000**	**40,118**	**712,144**

In accordance with the local laws and regulations of a subsidiary, the subsidiary is required to transfer the gain on deemed disposal of its associate to the capital reserve. The capital reserve in connection with the gain on deemed disposal of its associate can only be used to cover operating losses.

In accordance with the local laws of subsidiaries in Taiwan, these subsidiaries are required to set aside 10% of annual net income less any accumulated deficit as legal reserve to the extent that the legal reserve amounts to total contributed share capital. The application of the legal reserve is restricted to covering operating losses and conversion into share capital.

The capital redemption reserve and share premium account of the Group were set up in accordance with the requirements of the Hong Kong Companies Ordinance.

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2.4.

Distributable reserves, which include retained earnings and general reserve, of the Company at 31 December 2008, calculated under Section 79B of the Hong Kong Companies Ordinance, amounted to HK$3,825,904,000 (2007: HK$3,696,014,000).

19 TRADE AND OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables to:				
Associates (Note 34(c))	**1,633**	4,627	**–**	–
Related parties (Note 34(c))	**339**	2,881	**105**	–
Third parties	**84,364**	140,466	**47,488**	109,781
	86,336	147,974	**47,593**	109,781
Amount due to subsidiaries	**–**	–	**112,030**	73,778
Other payables and accruals	**507,474**	520,391	**258,816**	278,785
	593,810	668,365	**418,439**	462,344

At 31 December 2008 and 2007, the aging analysis of the trade payables including trading balances due to associates and related parties is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current	**51,951**	105,136	**33,700**	85,184
1-2 months	**25,606**	28,595	**10,363**	17,571
2-3 months	**6,005**	9,723	**2,704**	5,695
3-4 months	**758**	2,330	**404**	869
4-5 months	**237**	653	**116**	437
Over 5 months	**1,779**	1,537	**306**	25
	86,336	147,974	**47,593**	109,781

The carrying amounts of trade and other payables and accruals approximate their fair values.

20 BORROWINGS

	Group	
	2008	2007
	HK$'000	HK$'000
Bank borrowings:		
Non-current	**296,357**	–
Current	**22,367**	–
Total bank borrowings	**318,724**	–

20 BORROWINGS (continued)

Movement in bank borrowings is analysed as follows:

	Group 2008 HK$'000
Opening amount as at 1 January 2008	–
Additions	359,426
Repayments	(17,563)
Exchange differences	(23,139)
Closing amount as at 31 December 2008	318,724

At 31 December 2008, the Group's bank borrowings were repayable as follows:

	2008 HK$'000	2007 HK$'000
Within 1 year	22,367	–
Between 1 and 2 years	22,366	–
Between 2 and 5 years	67,100	–
Wholly repayable within 5 years	111,833	–
Over 5 years	206,891	–
	318,724	–

Bank borrowings are secured by land and buildings with net book value of HK$612,510,000. The effective interest rate at the balance sheet date was 1.95%.

The carrying amounts of the Group's borrowings are denominated in New Taiwan dollars. The fair values of current borrowings equal their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowings rate of 1.93%.

21 DEFERRED INCOME TAX

The movement in the deferred income tax liabilities/(assets) account is as follows:

	Group		Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
At 1 January	115,387	101,322	107,973	105,756
Exchange differences	205	(75)	–	–
Recognised in the income statement (Note 26)	(8,123)	14,140	(7,437)	2,217
At 31 December	107,469	115,387	100,536	107,973

21 DEFERRED INCOME TAX (continued)

Deferred income tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. At 31 December 2008, the Group has unrecognised tax losses of HK$378,546,000 (2007: HK$455,389,000) to carry forward against future taxable income. These tax losses do not have expiry date.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

(a) Group

Deferred income tax liabilities

	Accelerated tax depreciation		Others		Total	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
At 1 January	**113,229**	112,894	**18,148**	21,050	**131,377**	133,944
Recognised in the income statement	**(7,142)**	334	**5,926**	(2,928)	**(1,216)**	(2,594)
Exchange differences	**166**	1	**(23)**	26	**143**	27
At 31 December	**106,253**	113,229	**24,051**	18,148	**130,304**	131,377

Deferred income tax assets

	Tax losses		Others		Total	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
At 1 January	**894**	17,350	**15,096**	15,272	**15,990**	32,622
Recognised in the income statement	**(836)**	(16,503)	**7,743**	(231)	**6,907**	(16,734)
Exchange differences	**(2)**	47	**(60)**	55	**(62)**	102
At 31 December	**56**	894	**22,779**	15,096	**22,835**	15,990

21 DEFERRED INCOME TAX (continued)

(b) Company

Deferred income tax liabilities

	Accelerated tax depreciation		Others		Total	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
At 1 January	**111,821**	109,757	**1,402**	374	**113,223**	110,131
Recognised in the income statement	**(6,735)**	2,064	**(177)**	1,028	**(6,912)**	3,092
At 31 December	**105,086**	111,821	**1,225**	1,402	**106,311**	113,223

Deferred income tax assets

	Others		Total	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
At 1 January	**5,250**	4,375	**5,250**	4,375
Recognised in the income statement	**525**	875	**525**	875
At 31 December	**5,775**	5,250	**5,775**	5,250

	Group		Company	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Net deferred income tax assets recognised on the balance sheet	**(16,925)**	(10,725)	**–**	–
Net deferred income tax liabilities recognised on the balance sheet	**124,394**	126,112	**100,536**	107,973
	107,469	115,387	**100,536**	107,973

22 RETIREMENT BENEFIT OBLIGATIONS

	Group	
	2008	2007
	HK$'000	HK$'000
Obligations on:		
Pensions – defined contribution plans (note (a))	**7,314**	7,629
Pensions – defined benefits plans (note (b))	**9,563**	14,637
	16,877	22,266

Notes:

(a) Pensions – defined contribution plans

Forfeited contributions totaling HK$955,000 (2007: HK$2,301,000) were utilised during the year.

Contributions totaling HK$7,314,000 (2007: HK$7,629,000) were payable to the fund at the year end and are included in other payables and accruals.

(b) Pensions – defined benefits plans

The Group operates a defined benefit retirement scheme providing benefits to eligible employees located in Taiwan under the local regulations.

The pension plan is a final salary defined benefit plan. The assets of the funded plan are held independently of those of the Group, being invested through a central trust fund. The plan is valued by a qualified actuary annually using the projected unit credit method. The latest valuation was carried out as of 31 December 2008 by Client View Management Consulting Co., Ltd..

The amounts recognised in the consolidated balance sheet are determined as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Present value of funded obligations	**75,475**	63,334
Fair value of plan assets	**(38,418)**	(33,435)
	37,057	29,899
Unrecognised actuarial losses	**(27,494)**	(15,262)
Liability in the balance sheet	**9,563**	14,637

Expected contributions to defined benefit plans for the year ending 31 December 2009 are HK$4,254,000.

22 RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) Pensions – defined benefits plans (continued)

Plan assets are comprised as follows:

	Group			
	2008		2007	
	HK$'000	**%**	HK$'000	%
Bank deposits	**15,125**	**39**	13,234	40
Equity	**4,414**	**12**	3,735	11
Debt	**9,685**	**25**	8,666	26
Others	**9,194**	**24**	7,800	23
	38,418	**100**	33,435	100

The movement in the present value of the liability recognised in the consolidated balance sheet is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
At 1 January	**63,334**	52,534
Current service cost	**862**	1,107
Interest cost	**1,826**	1,835
Actuarial losses	**16,292**	7,367
Curtailments/settlements	**(5,166)**	–
Exchange differences	**(1,673)**	491
At 31 December	**75,475**	63,334

The movement in the fair value of plan assets of the year is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
At 1 January	**33,435**	27,528
Expected return on plan assets	**921**	754
Actuarial gains	**352**	56
Employer contributions	**4,526**	4,838
Exchange differences	**(816)**	259
At 31 December	**38,418**	33,435

22 RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) Pensions – defined benefits plans (continued)

The amounts recognised in the consolidated income statement are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Current service cost	**862**	1,107
Interest cost	**1,826**	1,836
Expected return on plan assets	**(921)**	(754)
Net actuarial losses recognised	**964**	665
Gains on curtailments/settlements	**(3,263)**	–
Total, included in employee benefit expense (Note 24(b))	**(532)**	2,854

The actual return on plan assets was HK$1,273,000 (2007: HK$810,000).

The principal actuarial assumptions used were as follows:

	Group	
	2008	2007
	%	%
Discount rate	**2.50**	3.00
Expected rate of return on plan assets	**2.50**	2.50
Expected rate of future salary increases	**3.00**	2.00-3.00

Historical information:

	2008	2007	2006
	HK$'000	HK$'000	HK$'000
Present value of defined benefit obligation	**75,475**	63,334	52,534
Fair value of plan assets	**(38,418)**	(33,435)	(27,528)
Deficit	**37,057**	29,899	25,006
Experience adjustments on plan liabilities	**4,533**	1,355	1,627
Experience adjustments on plan assets	**(336)**	(56)	30

23 PROFIT BEFORE INCOME TAX

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

	2008 HK$'000	2007 HK$'000
Net exchange loss/(gain)	**18,928**	(26,529)
Loss on disposal of property, plant and equipment	**550**	738
Auditors' remuneration	**4,562**	4,221
Non-audit service fees (mainly tax services)	**1,796**	1,830
Cost of programmes, film rights and stocks	**1,416,471**	1,168,902
Depreciation	**278,477**	248,614
Amortisation of leasehold land (Note 7)	**5,154**	4,568
Operating leases		
– equipment and transponders	**38,049**	41,962
– land and buildings	**32,271**	29,719
Employee benefit expense (excluding directors' emoluments) (Note 24(b))	**1,275,338**	1,272,836

24 DIRECTORS' EMOLUMENTS AND EMPLOYEE BENEFIT EXPENSE

(a) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2008 is set out below:

Name of Director	Fees HK$'000	Salary and allowance HK$'000	Pension contributions HK$'000	Total HK$'000
Executive Directors				
Sir Run Run Shaw, G.B.M.	900	–	–	900
Dr. Norman Leung Nai Pang, G.B.S., LL.D., J.P.	87	4,450	12	4,549
Mona Fong (note (i))	238	1,200	–	1,438
Non-executive Directors				
Edward Cheng Wai Sun, S.B.S., J.P.	118	–	–	118
Dr. Chow Yei Ching, G.B.S.	87	–	–	87
Chien Lee	193	–	–	193
Christina Lee Look Ngan Kwan	163	–	–	163
Dr. Li Dak Sum, DSSc. (Hon.), J.P.	87	–	–	87
Kevin Lo Chung Ping	213	–	–	213
Gordon Siu Kwing Chue, G.B.S., J.P.	251	–	–	251
Robert Sze Tsai To (note (ii))	14	–	–	14
	2,351	5,650	12	8,013

24 DIRECTORS' EMOLUMENTS AND EMPLOYEE BENEFIT EXPENSE (continued)

(a) Directors' emoluments (continued)

The remuneration of every Director for the year ended 31 December 2007 is set out below:

Name of Director	Fees HK$'000	Salary and allowance HK$'000	Pension contributions HK$'000	Total HK$'000
Executive Directors				
Sir Run Run Shaw, G.B.M.	900	–	–	900
Dr. Norman Leung Nai Pang, G.B.S., LL.D., J.P.	75	4,380	12	4,467
Mona Fong	225	1,200	–	1,425
Non-executive Directors				
Edward Cheng Wai Sun, S.B.S., J.P.	105	–	–	105
Dr. Chow Yei Ching, G.B.S.	75	–	–	75
Ho Ting Kwan	35	–	–	35
Chien Lee	165	–	–	165
Christina Lee Look Ngan Kwan	150	–	–	150
Dr. Li Dak Sum, DSSc. (Hon.), J.P.	75	–	–	75
Kevin Lo Chung Ping	150	–	–	150
Gordon Siu Kwing Chue, G.B.S., J.P.	60	–	–	60
Robert Sze Tsai To	245	–	–	245
	2,260	5,580	12	7,852

Notes:

(i) The Director was appointed as Managing Director on 1 January 2009.

(ii) The Director resigned on 22 January 2008.

(b) Employee benefit expense

	2008 HK$'000	2007 HK$'000
Wages and salaries	**1,196,289**	1,195,406
Pension costs – defined contribution plans	**79,581**	74,576
Pension costs – defined benefits plans	**(532)**	2,854
	1,275,338	1,272,836

24 DIRECTORS' EMOLUMENTS AND EMPLOYEE BENEFIT EXPENSE (continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2007: one) Director whose emoluments are reflected in the analysis presented in note (a) above. The emoluments payable to the remaining four (2007: four) individuals during the year are as follows:

	2008 HK$'000	2007 HK$'000
Salaries and allowances	**15,469**	13,106
Bonuses	**1,240**	5,517
Pension contributions	**673**	658
	17,382	19,281

The aggregate emoluments paid to the individuals are further analysed into the following bands:

Emolument bands	**Number of individuals in each band**	
	2008	2007
HK$3,000,001 – HK$3,500,000	**–**	1
HK$3,500,001 – HK$4,000,000	**1**	1
HK$4,000,001 – HK$4,500,000	**2**	1
HK$5,000,001 – HK$5,500,000	**1**	–
HK$7,500,001 – HK$8,000,000	**–**	1
	4	4

25 FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on bank loans		
– wholly repayable within five years	**13**	–
– over five years	**7,568**	–
	7,581	–

26 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2008 HK$'000	2007 HK$'000
Current income tax		
– Hong Kong	160,114	211,266
– Overseas	79,065	58,716
– (Over)/under provisions in prior years	(1,512)	200
Deferred income tax		
– Origination and reversal of temporary differences (Note 21)	(1,851)	14,140
– Effect of decrease in tax rate (Note 21)	(6,272)	–
	229,544	284,322

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of the place where the company operates as follows:

	2008 HK$'000	2007 HK$'000
Profit before income tax	1,285,831	1,549,543
Calculated at a taxation rate of 16.5% (2007: 17.5%)	212,162	271,170
Effect of different taxation rates in other countries	(13,766)	(12,491)
Tax effect of share of results of associates	10,424	21,872
Income not subject to taxation	(7,092)	(38,410)
Expenses not deductible for taxation purposes	18,680	35,005
Tax losses not recognised	1,525	558
Utilisation of previously unrecognised tax losses	(1,347)	(6,185)
Tax credit allowance	(2,299)	(638)
Tax on undistributed profits	21,525	14,046
Allowance for previous non-deductible expenses	(1,635)	(332)
Remeasurement of deferred tax change in Hong Kong tax rate	(6,272)	–
Others	(849)	(473)
(Over)/under provisions in prior years	(1,512)	200
	229,544	284,322

During the year, as a result of the change in the Hong Kong corporation tax rate from 17.5% to 16.5% which is effective from 1 April 2008, deferred tax balances have been remeasured.

27 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$918,291,000 (2007: HK$956,010,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 EARNINGS PER SHARE

The earnings per share is calculated based on the Group's profit attributable to equity holders of HK$1,055,348,000 (2007: HK$1,263,684,000) and 438,000,000 shares in issue throughout the years ended 31 December 2008 and 2007. No fully diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

29 DIVIDENDS

	2008 HK$'000	2007 HK$'000
Interim dividend paid of HK$0.30 (2007: HK$0.30) per ordinary share	**131,400**	131,400
Proposed final dividend of HK$1.40 (2007: HK$1.50) per ordinary share	**613,200**	657,000
	744,600	788,400

At a meeting held on 25 March 2009, the Directors recommended a final dividend of HK$1.40 per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2009.

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2008 HK$'000	2007 HK$'000
Profit before income tax	**1,285,831**	1,549,543
Depreciation and amortisation of leasehold land	**283,631**	253,182
Loss on disposal of property, plant and equipment	**550**	738
Impairment loss of trade receivables from an associate	**–**	135,000
Share of losses of associates	**63,174**	124,982
Gain on disposal of equity interests in an associate	**–**	(140,000)
Interest income	**(56,868)**	(89,165)
Finance cost	**7,581**	–
Exchange differences	**36,676**	(3,454)
	1,620,575	1,830,826
Decrease/(increase) in programmes, film rights and stocks	**45,031**	(13,444)
Increase in trade and other receivables, prepayments and deposits	**(39,531)**	(166,611)
(Decrease)/increase in trade and other payables and accruals	**(33,139)**	32,652
Decrease in retirement benefit obligations – defined benefits plans	**(5,074)**	(1,878)
Cash generated from operations	**1,587,862**	1,681,545

Note:

(a) The principal non-cash transaction is the restructure of loans to associate as discussed in Note 10.

31 CONTINGENT LIABILITIES

(a) The amounts of contingent liabilities are as follows:

	Group		Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Guarantees for banking facilities granted to an investee company	**8,304**	10,393	**–**	–
Guarantees for a performance bond	**2,000**	–	**–**	–
	10,304	10,393	**–**	–

It is anticipated that no material liabilities will arise from the above bank and other guarantees, which arose in the ordinary course of business.

(b) The Group has received protective profits tax assessment notices from the IRD for the four consecutive years of assessment from 1998/99 to 2001/02 on the profits generated by the Group's programme licensing and distribution business carried out overseas, to which the Group has objected. Out of the total amounts assessed, the Group has been granted conditional holdovers by the purchase of Tax Reserve Certificates in the amounts of HK$23,990,000, HK$23,561,000, HK$20,205,000 and HK$35,028,000 for the four consecutive years of assessment from 1998/99 to 2001/02 respectively (see Note 14), whereas unconditional holdovers have been granted for the remaining assessed amounts of HK$74,287,000, HK$75,015,000, HK$65,819,000 and HK$109,538,000 for the four consecutive years of assessment from 1998/99 to 2001/02 respectively. Further additional profits tax assessment notices for the year of assessment 2002/03 are expected to be issued by the end of March 2009.

The Group has filed objections to these assessments. The Group believes that these objections are well-founded, and is determined to defend the Group's position vigorously. On this basis, the Group is of the view that no additional tax provision is necessary and that the Tax Reserve Certificates are fully recoverble.

32 COMMITMENTS

(a) Capital commitments

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

	Group		Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Authorised but not contracted for	**358,605**	1,046,897	**245,651**	874,573
Contracted but not provided for	**62,961**	629,111	**27,578**	62,854
	421,566	1,676,008	**273,229**	937,427

32 COMMITMENTS (continued)

(b) Operating lease commitments as lessee

At 31 December 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2008 **HK$'000**	2007 HK$'000	**2008** **HK$'000**	2007 HK$'000
Land and buildings				
– not later than one year	**14,292**	29,097	**5,208**	4,345
– later than one year and not later than five years	**9,008**	52,009	**1,448**	5,740
– later than five years	**–**	5,218	**–**	–
	23,300	86,324	**6,656**	10,085
Equipment and transponders				
– not later than one year	**29,704**	38,845	**–**	141
– later than one year and not later than five years	**7,529**	42,371	**–**	–
– later than five years	**–**	–	**–**	–
	37,233	81,216	**–**	141
	60,533	167,540	**6,656**	10,226

The Group leases various premises and buildings for the use as offices and studios under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group also leases various plant and machinery under non-cancellable operating lease agreements.

The lease expenditure expensed in the income statement during the year is disclosed in Note 23.

(c) Operating lease commitments as lessor

At 31 December 2008, the Group had contracted with tenants for future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2008 **HK$'000**	2007 HK$'000	**2008** **HK$'000**	2007 HK$'000
Land and buildings				
– not later than one year	**–**	4,402	**–**	4,402

Operating lease payments represent rental receivable by the Group from its associate. The lease agreement with the associate was expired on 15 September 2008 and both parties agreed to turn the tenancy to a month to month agreement until a new lease agreement comes into effect.

33 TELEVISION BROADCASTING LICENCE

The Company operates under the terms of a licence granted by the Government of the HKSAR which runs for a period of twelve years to 30 November 2015. The licence will be subject to a mid-term review in 2009.

34 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

	Note	**2008 HK$'000**	2007 HK$'000
Sales of services:			
Associates			
Programmes/channel licensing fee	(i)	**204,841**	203,417
Channel package service fee	(i)	**1,800**	1,800
Rental income and related charges	(i)	**6,353**	6,376
Others	(i)	**3,069**	3,039
Other related parties			
Programmes/channel licensing fee	(ii)	**199,494**	192,740
Advertising agency fee	(ii)	**50,632**	46,849
Management fee	(ii)	**34,512**	33,735
Marketing and consultancy services fee	(ii)	**8,885**	8,685
Facilities services fee	(ii)	**2,806**	2,743
Channel licensing fee	(iii)	**935**	1,170
Advertising income	(iv)	**7,052**	3,488
Advertising income	(v)	**–**	1,692
Advertising income	(vi)	**–**	1,200
		520,379	506,934
Purchases of services:			
Associates			
Playback and uplink service fee	(i)	**(31,160)**	(33,256)
Purchase of decoders, remote control and smartcards	(i)	**(4,133)**	–
Others	(i)	**(6,595)**	(6,268)
Other related parties			
Programmes/channel licensing fee	(vii)	**(1,674)**	(1,538)
Supply and installation of generator	(viii)	**–**	(2,463)
Digital restoration of video tapes	(ix)	**(1,225)**	(617)
Programme licensing fee	(x)	**(1,870)**	(405)
		(46,657)	(44,547)

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

Notes:

(i) The fees were received from/(paid to) TVBPV, an associate of the Company.

(ii) The fees were received from MEASAT Broadcast Network Systems Sdn. Bhd., an associate of the minority shareholder of non wholly-owned subsidiaries of the Company.

(iii) The fees were received from All Asia Multimedia Networks FZ-LLC, an associate of the minority shareholder of non wholly-owned subsidiaries of the Company.

(iv) The fees were received from Sharp-Roxy (Hong Kong) Limited, an associate of a Director of the Company.

(v) The fees were received from Chevalier International Holdings Limited whose controlling shareholder is also a Director of the Company.

(vi) The fees were received from East Asia Entertainment Ltd., an associate of the minority shareholder of non wholly-owned subsidiaries of the Company.

(vii) The fees were paid to Celestial Television Networks Ltd., an associate of the minority shareholder of non wholly-owned subsidiaries of the Company.

(viii) The fees were paid to Chevalier (HK) Limited ("CHKL"). The controlling shareholders of the holding company of CHKL, is also a Director of the Company.

(ix) The fees were paid to Shaw Brothers (Hong Kong) Limited, a substantial shareholder of the Company.

(x) The fees were paid to Celestial Filmed Entertainment Limited, an associate of the minority shareholder of non wholly-owned subsidiaries of the Company.

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Key management compensation

	2008 HK$'000	2007 HK$'000
Salaries and other short-term employee benefits	**23,044**	24,873

(c) Balances with related parties

	2008 HK$'000	2007 HK$'000
Receivables from associates (note)	**188,353**	349,499
Receivables from other related parties (note)	**66,464**	76,926
	254,817	426,425
Payables to associates	**1,633**	4,627
Payables to other related parties	**339**	2,881
	1,972	7,508

Note:

At 31 December 2008, a provision for impairment loss of receivable from associates of HK$136,796,000 (2007: HK$136,808,000) had been provided (Note 4(c)).

No impairment loss was provided for receivables from other related parties at 31 December 2008 and 2007.

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(d) Loans to related parties

	2008 HK$'000	2007 HK$'000
Investee company		
Beginning of the year	**3,190**	6,666
Loan repayments received	**(3,190)**	(4,209)
Interest charged	**31**	324
Interest received	**(31)**	(324)
Exchange differences	**–**	733
End of the year	**–**	3,190
Associates		
Beginning of the year	**215,315**	155,595
Loan advanced	**–**	50,000
Additional loan (Note 10(a))	**348,333**	–
Interest charged	**8,968**	12,584
Interest received	**(3,404)**	(2,864)
End of the year	**569,212**	215,315

The loan to the investee company was unsecured, carried interest at 2% per annum above the Canadian Prime Rate and had been fully repaid during the year.

As at 31 December 2008, the Company and TVBPV entered into a debt restructuring agreement in the amount of HK$569,212,000 (Note 10(a)). The loan carries interest at the rate of 1-month HIBOR plus 0.25%.

35 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 25 March 2009.

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name	Place of incorporation and kind of legal entity	Issued and fully paid ordinary share capital	Issued and fully paid preference share capital	Percentage of equity capital held by the Group	Percentage of equity capital held by the Company	Principal activities
# iTVB Holdings Limited	British Virgin Islands, limited liability company	HK$10,000	–	100	100	Investment holding
Long Wisdom Limited	Hong Kong, limited liability company	HK$2	–	100	100	Investment holding
* Television Broadcasts Airtime Sales (Guangzhou) Limited	The People's Republic of China, limited liability company	HK$500,000	–	100	100	Provision of agency services on design, production and exhibition of advertisements
TVB Investment Limited	Bermuda, limited liability company	US$20,000	–	100	100	Investment holding
TVB Music Limited	Hong Kong, limited liability company	HK$1	–	100	100	Production, publishing and licensing of musical works
# TVB Satellite TV Holdings Limited	Bermuda, limited liability company	US$12,000	–	100	100	Investment holding
TVBI Company Limited	Hong Kong, limited liability company	HK$2,000,000	–	100	100	Investment holding and programme licensing
TVBO Production Limited	Bermuda, limited liability company	US$12,000	–	100	100	Owner of film rights and programme licensing
* 广东采星坊演艺谘询服务有限公司	The People's Republic of China, limited liability company	RMB10,000,000	–	100	100	Provision of consultancy, management and agency services to artistes
Art Limited	Hong Kong, limited liability company	HK$10,000	–	73.68	–	Film licensing and distribution
Capital Empire Limited	British Virgin Islands, limited liability company	US$1,000	–	100	–	Owner of film rights and programme licensing

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Issued and fully paid ordinary share capital	Issued and fully paid preference share capital	Percentage of equity capital held by the Group	Percentage of equity capital held by the Company	Principal activities
CC Decoders Ltd.	United Kingdom, limited liability company	GBP2	–	100	–	Provider of decoder units and relating technical services
# Condor Entertainment B.V.	The Netherlands, limited liability company	EUR18,400	–	100	–	Investment holding
Countless Entertainment (Taiwan) Company Ltd.	Taiwan, limited liability company	NT$10,000,000	–	100	–	Investment holding and programme licensing
# Extra Profit Holdings Limited	British Virgin Islands, limited liability company	HK$1	–	100	–	Investment holding
# Fairwork Group Limited	British Virgin Islands, limited liability company	US$1,000	–	100	–	Investment holding
Interface Communication Co., Ltd.	Taiwan, limited liability company	NT$199,800,000	–	92.51	–	Magazine publication
# iTVB Limited	British Virgin Islands, limited liability company	HK$10,000	–	100	–	Investment holding
Jade Multimedia International Limited	Bermuda, limited liability company	US$12,000	–	100	–	Animation investment, licensing and distribution
Liann Yee Production Co., Ltd.	Taiwan, limited liability company	NT$880,000,000	–	100	–	Production of television programmes, channel operation and advertising
* Oriental Home Entertainment Inc.	Canada, limited liability company	CAD100	–	100	–	Programme licensing and distribution
Peony Holding N.V.	Netherlands Antilles, limited liability company	US$100	US$6,000	100	–	Investment holding
The Chinese Channel Limited	United Kingdom, limited liability company	GBP1,111	–	100	–	Provision of services for programme productions and channel operations
The Chinese Channel (France) SAS	France, limited liability company	EUR600,000	–	100	–	Provision of satellite and subscription television programmes

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

	Name	Place of incorporation and kind of legal entity	Issued and fully paid ordinary share capital	Issued and fully paid preference share capital	Percentage of equity capital held by the Group	Percentage of equity capital held by the Company	Principal activities
#	The Chinese Channel (Holdings) Limited	Cayman Islands, limited liability company	GBP89,640	–	100	–	Investment holding
	TVB (Australia) Pty. Ltd.	Australia, limited liability company	A$5,500,000	–	100	–	Provision of satellite and subscription television programmes
	TVB Facilities Limited	Hong Kong, limited liability company	HK$10,000	–	100	–	Provision of services for programme productions
*	TVB Holdings (USA) Inc.	USA, limited liability company	US$6,010,000	–	100	–	Investment holding and programme licensing and distribution
	TVB Macau Company Limited	Macau, limited liability company	MOP25,000	–	100	–	Provision of services for programmes productions
	TVB Publications Limited	Hong Kong, limited liability company	HK$20,000,000	–	73.68	–	Magazine publications
§	TVB Publishing Holding Limited	Hong Kong, limited liability company	HK$8,550,000	–	73.68	–	Investment holding
	TVB Satellite Broadcasting Limited	Hong Kong, limited liability company	HK$2	–	100	–	Provision of programming and channel services
*	TVB Satellite Platform, Inc.	USA, limited liability company	US$3,000,000	–	100	–	Provision of satellite and subscription television programmes
	TVB Satellite TV Entertainment Limited	Bermuda, limited liability company	US$12,000	–	100	–	Provision of satellite and subscription television programmes
	TVB Satellite TV (HK) Limited	Hong Kong, limited liability company	HK$2	–	100	–	Provision of pay television programmes
	TVB (UK) Limited	United Kingdom, limited liability company	GBP2	–	100	–	Investment holding
*	TVB (USA) Inc.	USA, limited liability company	US$10,000	–	100	–	Provision of satellite and subscription television programmes

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation and kind of legal entity	Issued and fully paid ordinary share capital	Issued and fully paid preference share capital	Percentage of equity capital held by the Group	Percentage of equity capital held by the Company	Principal activities
TVB Video (UK) Limited	United Kingdom, limited liability company	GBP1,000	–	100	–	Programme licensing
TVB.COM Limited	Hong Kong, limited liability company	HK$2	–	100	–	Internet web portal
TVBO Facilities Limited	Bermuda, limited liability company	US$12,000	–	100	–	Provision of services for programme productions
# Zennora Group Limited	British Virgin Islands, limited liability company	US$1,000	–	100	–	Investment holding

None of the subsidiaries have issued any loan capital. Except for TVBO Facilities Limited and TVBO Production Limited which operate worldwide, all subsidiaries operate principally in their place of incorporation.

* The accounts of these subsidiaries have been audited by firms other than PricewaterhouseCoopers, which do not materially affect the results of the Group.

\# The accounts of these subsidiaries are not audited.

§ On 30 November 2001, TVB Publishing Holding Limited issued a total of 9,000,000 ordinary shares (with a par value of HK$0.10 per share) at HK$8.60 per share to its minority shareholders as unpaid shares. These shares will not be entitled to voting and dividends rights until they are fully paid. 4,500,000 ordinary shares were fully paid up in 2003 and the remaining 4,500,000 ordinary shares were still unpaid as at 31 December 2008.

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41

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電視廣播有限公司

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