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Television Broadcasts Limited

電視廣播有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 00511

PROFIT WARNING ANNOUNCEMENT

This announcement is made by Television Broadcasts Limited (the “Company”, together with its subsidiaries, collectively, the “Group”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company noted the announcements published by SMI Holdings Group Limited (“SMI”), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange, dated 7 March 2019, 8 March 2019 and 12 March 2019.

As at the date of this announcement, the Company holds US\$23 million 9.5% unsecured redeemable fixed coupon bonds due 2020 (extendable to 2021) and US\$83 million 7.5% secured redeemable convertible bonds due 2020 (extendable to 2021) both issued by SMI (collectively, the “SMI Bonds”). Trading in the shares of SMI has been suspended on the Stock Exchange since 3 September 2018.

Pursuant to SMI’s announcement dated 12 March 2019, the Company noted that certain progress has been made by SMI in its debt restructuring by way of prospective conversion of certain outstanding debts into equity of SMI, and the raising of capital by way of prospective subscription of new shares in SMI. The Company is currently not a party to the letters of intent or memorandum of understanding as referred to in the announcement. The Company also noted from the same announcement that these letters of intent and the memorandum of understanding signed in relation to the above-mentioned debt restructuring process are not legally binding and may or may not materialise. The Board of Directors of the Company (the “Board”) would like to emphasise that the Company has been monitoring developments in the proposed debt restructuring of SMI and will keep all options open without binding the Company to proceed or not to proceed with any option at this stage. In considering any option, the Board will act in the best interest of the Company and its shareholders as a whole at all times.

The Company is in the process of finalising the annual results of the Group for the year ended 31 December 2018. The Board wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2018 with reference to the latest information available to the Company on SMI, the Company estimates that an impairment charge/loss is likely to be made in relation to the SMI Bonds in the amount of approximately HK\$500 million which would result in a net loss of approximately HK\$200 million for the financial year ended 31 December 2018, as compared to a net profit of HK\$243 million for the financial year ended 31 December 2017.

The information contained in this announcement is based on information currently available to the Company and the preliminary assessment of the unaudited consolidated management accounts of the Group, which are subject to possible adjustment and further review by the Company's auditor and audit committee. Meanwhile, the Company is in the process of collecting evidence and information, including but not limited to the audited financial information of SMI for the year ended 31 December 2018, as requested by its auditor. Lack of sufficient supporting evidence and information required by the auditor may lead to a modified opinion in the independent auditor's report for the consolidated financial statements of the Group for the year ended 31 December 2018.

Further details of the Group's financial results and performance will be disclosed in the Company's announcement of its 2018 annual results to be published on 20 March 2019.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Adrian MAK Yau Kee
Company Secretary

Hong Kong, 15 March 2019

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

Chairman and Non-executive Director

Dr. Charles CHAN Kwok Keung

Vice Chairman and Non-executive Director

LI Ruigang

Executive Directors

Mark LEE Po On Group Chief Executive Officer

CHEONG Shin Keong General Manager

Thomas HUI To

Non-executive Directors

Anthony LEE Hsien Pin

CHEN Wen Chi

Independent Non-executive Directors

Dr. Raymond OR Ching Fai SBS, JP

Dr. William LO Wing Yan JP

Professor Caroline WANG Chia-Ling

Dr. Allan ZEMAN GBM, GBS, JP