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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

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that the Board currently expects profit attributable to equity holders of the Company for the year ending 31 December 2016 to decrease by approximately 55% to 65% when compared to the year ended 31 December 2015. The information contained in this announcement is based on a preliminary assessment of the information currently available to the Board, including the unaudited management accounts of the Group for the ten months ended 31 October 2016 and is not based on any financial figures or information which have been confirmed, reviewed or audited by the Company's auditor.

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

This announcement is made by Television Broadcasts Limited (the "Company", and together with its subsidiaries, 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 "Listing Rules") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

Reference is made to the Company's announcements dated 23 March 2016 and 24 August 2016 in which the Company advised, inter-alia, a number of adverse impacts to the consolidated income statement for the year ending 31 December 2016: namely that (i) the revenue outlook under Hong Kong TV channels in 2016 would remain weak; (ii) the broadcast of the Rio 2016 Olympic Games would give rise to an estimated under-recovery of costs in the region of HK\$150 million; and (iii) the start-up deficit of the myTV SUPER OTT service in Hong Kong would likely to be around HK\$100 million.

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that, based on a preliminary assessment of the information currently available to the Board, including the unaudited management accounts of the Group for the ten months ended 31 October 2016, the Board currently expects profit attributable to equity holders of the Company for the year ending 31 December 2016 to decrease by approximately 55% to 65% when compared to the year ended 31 December 2015 for the following major reasons:

1. Owing to a prolonged economic downturn in Hong Kong since the last quarter of 2014, the advertising market has remained weak throughout the year to date which adversely affected the Group’s revenue under the Hong Kong TV broadcasting segment. Due to the relatively fixed cost structure of this business segment, the expected drop of revenue on a year-on-year basis of close to HK\$400 million, representing a decrease of approximately 13%, will directly impact the segment profit for the year ending 31 December 2016;
2. The broadcast of the Rio 2016 Olympic Games on TVB’s channels contributed to an under-recovery of costs of approximately HK\$150 million (which is in line with the estimation made in the announcements dated 23 March 2016 and 24 August 2016).
3. As of 4 December 2016, the number of users of myTV SUPER service via set-top boxes and mobile apps has exceeded 2,000,000, which is substantially better than the previously estimated target of 1,400,000 users by November 2017. Due to the better than anticipated business progress, the start-up loss under myTV SUPER OTT service for the period from launch on 18 April 2016 to 31 December 2016 is estimated to decrease from approximately HK\$100 million to approximately HK\$50 million.
4. In 2015, exceptional items arising from the disposal of 53% equity interest in Liann Yee Production Co. Ltd. (“Liann Yee”), the Taiwan operations; the impairment on loans to and amounts due from an associate TVB Network Vision Limited, the operator of the Group’s Hong Kong pay TV business; and other items had resulted in a net exceptional gain of HK\$410 million. In 2016, exceptional items arising from the disposal of the remaining 47% equity interest in Liann Yee, and the disposal of the property interest in Neihu District of Taipei City, resulted in a net gain of HK\$292 million only.

The information contained in this announcement is based on a preliminary assessment of the information currently available to the Board, including the unaudited management accounts of the Group for the ten months ended 31 October 2016 and is not based on any financial figures or information which have been confirmed, reviewed or audited by the Company’s auditor. Further details of the Group’s financial results and performance for the year ending 31 December 2016 will be disclosed in the annual results announcement of the Group before the end of March 2017.

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

By Order of the Board
Adrian MAK Yau Kee
Company Secretary

Hong Kong, 7 December 2016

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

Non-executive Directors

Mona FONG

Anthony LEE Hsien Pin

CHEN Wen Chi

Thomas HUI To

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