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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

CONTINUING CONNECTED TRANSACTIONS LICENCE AGREEMENT

The Board announces that on 17 October 2017 the Company and Shaw have entered into the Licence Agreement.

As at the date hereof, Shaw is an associate of a Director, and therefore, is a connected person of the Company. Accordingly, the entering into the Licence Agreement constitutes a series of continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps for the Transactions, after aggregating with the Disclosed CCTs, are more than 0.1% but less than 5%, the Transactions are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 17 October 2017 the Company and Shaw have entered into the Licence Agreement, the principal terms of which are set out below.

LICENCE AGREEMENT

Date	17 October 2017
Parties	Licensee: Company Licensor: Shaw

Location and use of premises	The premises is located at Basement (A), Theatre & Imaging Centre, Shaw Moviecity, with a total lettable area of approximately 5,800 sq. ft. which will be used as a storage for tapes.
Term	<p>The licence has an initial term of one year commencing from 1 October 2017 to 30 September 2018 (both days inclusive).</p> <p>Upon expiration of the initial term, the licence may be renewed for a further year until 30 September 2019 (“New Licence”) at the sole discretion of Shaw.</p> <p>Upon expiration of the New Licence, the licence may be renewed for a further second year until 30 September 2020 (“Further New Licence”) at the sole discretion of Shaw.</p>
Monthly licence fee (Rent)	<p>HK\$108,750.00 per month (for the initial term and the New Licence); and HK\$114,187.50 per month (for the Further New Licence). Payable monthly in advance on the first day of each month.</p> <p>The above monthly licence fees include the management fee but exclude the Government Rent and Rates which are payable monthly in advance on the first day of each month.</p>
Government Rent	HK\$3,263.00 per month (estimated)
Rates	HK\$5,438.00 per month (estimated)
Security deposit	HK\$326,250.00 (equivalent to three months of the monthly licence fee for the first year) shall be paid by the Company to Shaw according to the Licence Agreement.

ANNUAL CAPS FOR THE TRANSACTIONS

Based on the terms of the Licence Agreement and assuming that the terms of the Licence Agreement will be renewed until 30 September 2020, the annual caps for the Transactions for the financial years ending 31 December 2017, 2018, 2019 and 2020 will be as follows:-

Annual Cap	Year ending 31 December			
	2017	2018	2019	2020
Licence Agreement	HK\$388,000	HK\$1,550,000	HK\$1,570,000	HK\$1,221,000

The Company deploys its internal resources to fund the above payments.

The aggregated annual caps for the Transactions (assuming that the terms of the Licence Agreement will be renewed until 30 September 2020) and the Disclosed CCTs for the financial years ending 31 December 2017, 2018, 2019 and 2020 will be as follows:-

Annual Cap	Year ending 31 December			
	2017	2018	2019	2020
Licence Agreement	HK\$388,000	HK\$1,550,000	HK\$1,570,000	HK\$1,221,000
Disclosed CCTs (Note)	HK\$27,125,000	HK\$27,779,000	HK\$4,424,000	-
Total	HK\$27,513,000	HK\$29,329,000	HK\$5,994,000	HK\$1,221,000

Note: Details of the Disclosed CCTs and the annual caps for the Disclosed CCTs were set out in the Company's announcements dated 24 February 2016 and 20 July 2016.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

To cater for business expansion, the Company has decided to rent the additional space at Shaw Moviecity for a period from 1 October 2017 to 30 September 2020, as Shaw Moviecity is located within close proximity to the Company's headquarters at TVB City in Tseung Kwan O Industrial Estate.

The terms of the Licence Agreement have been determined after arm's length negotiations between the parties thereto. The monthly licence fee payable to Shaw under the Licence Agreement has been arrived at by reference to (i) the market rate of similar properties in nearby location, and (ii) the rates and the conditions under the licence agreement dated 20 July 2016 entered into between MyTV Super and Shaw in respect of the warehouse on the Ground Floor of the Production Building at Shaw Moviecity. The Directors, including the independent non-executive Directors, consider that Licence Agreement is entered into in the ordinary and usual course of business of the Company and on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY AND SHAW

The Company is principally engaged in television broadcasting, programme productions, digital new media and other broadcasting related activities.

Shaw is a private company incorporated in Hong Kong, and is principally engaged in the operation of film studio and ancillary facilities in Hong Kong.

CONNECTED RELATIONSHIP BETWEEN THE PARTIES

As at the date hereof, the ultimate beneficial owner of Shaw is The Sir Run Run Shaw Charitable Trust which is controlled by Ms. Mona Fong, a Non-executive Director. Shaw is therefore an associate of Ms. Fong and a connected person of the Company. Accordingly, the entering into the Licence Agreement constitutes a series of continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

On 24 February 2016 and 20 July 2016, the Company, MyTV Super and TVB Publications entered into the Disclosed CCTs with Shaw, details of which were set out in the Company's announcements dated 24 February 2016 and 20 July 2016 respectively.

Pursuant to Rule 14A.81 of the Listing Rules, the annual caps for the Transactions and the Disclosed CCTs shall be aggregated for the purpose of calculating the percentage ratios.

As one or more of the applicable percentage ratios in respect of the annual caps for the Transactions, after aggregating with the Disclosed CCTs, are more than 0.1% but less than 5%, the Transactions are subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of her interest in Shaw, Ms. Mona Fong, a Non-executive Director, is considered as having a material interest in the Licence Agreement and has abstained from voting on the board resolutions passed in connection with the Licence Agreement and the transactions contemplated thereunder.

Saved as disclosed above, none of the Directors has any material interest in the Licence Agreement and no Director (other than Ms. Mona Fong) was required to abstain from voting on the board resolutions passed in connection with the Licence Agreement and the transactions contemplated thereunder.

TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors

“Company”	Television Broadcasts Limited, a company incorporated in Hong Kong, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00511)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disclosed CCTs”	the continuing connected transactions entered into between the Company, MyTV Super and TVB Publications and Shaw on 24 February 2016 and 20 July 2016, details of which were set out in the Company’s announcements dated 24 February 2016 and 20 July 2016 respectively
“Government”	the Government of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Licence Agreement”	the licence agreement dated 17 October 2017 (as supplemented by a side letter on the same day) entered into between the Company (as Licensee) and Shaw (as Licensor) in respect of the storage of tapes at Basement (A), Theatre & Imaging Centre, Shaw Moviecity
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MyTV Super”	MyTV Super Limited (formerly known as TVB.COM Limited), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	the ordinary shares of the Company

“Shareholder(s)”	the holder(s) of Share(s)
“Shaw”	Shaw Movie City Hong Kong Limited, a company incorporated in Hong Kong
“Shaw Moviecity”	Shaw Moviecity located at 201 Wan Po Road, Tseung Kwan O, Kowloon, Hong Kong
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the continuing connected transactions in relation to the Licence Agreement entered into between the Company and Shaw on 17 October 2017
“TVB Publications”	TVB Publications Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Adrian MAK Yau Kee
Company Secretary

Hong Kong, 17 October 2017

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