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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, TENANCY AGREEMENT AND
PARKING LICENCE

The Board announces that on 20 July 2016, TVB.COM (an indirect wholly owned subsidiary of the Company) or TVB Publications (an indirect non-wholly owned subsidiary of the Company) and Shaw have entered into the CCTs, namely, the Licence Agreement, the Tenancy Agreement and the Parking Licence.

As at the date hereof, Shaw is an associate of a Director and therefore a connected person of the Company. Accordingly, the entering into of each of the Licence Agreement, the Tenancy Agreement and the Parking Licence constitutes a continuing connected transaction for 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 CCTs, after aggregating with the Disclosed CCTs, are more than 0.1% but less than 5%, the CCTs 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 20 July 2016, TVB.COM or TVB Publications and Shaw have entered into the Licence Agreement, the Tenancy Agreement and the Parking Licence, the principal terms of which are set out below.

A. LICENCE AGREEMENT

Date	20 July 2016
Parties	Licensee: TVB.COM Licensor: Shaw
Location and use of premises	The premises are located at Unit A, Warehouse, Ground Floor, Production Building, Shaw Moviecity, with a total lettable area of approximately 8,000 sq. ft. for usage as storage facility by TVB.COM.
Term	The licence has an initial term of one year commencing from 1 May 2016 to 30 April 2017 (both days inclusive). Upon expiration of the initial term, the licence may be renewed on a yearly basis for two more years up to 30 April 2019 at the sole discretion of Shaw (the licensor).
Monthly licence fee (Rent)	HK\$150,000 per month (for the initial and the first renewed term). HK\$157,500 per month (for the second renewed term). Payable on the first day of each month. The above monthly licence fee includes management fees but excludes the Government Rent and Rates and the Government Waiver fee which shall be paid by TVB.COM monthly in advance on the first day of each month.
Government Rent	HK\$4,500 per month (estimated)
Rates	HK\$7,500 per month (estimated)
Security deposit	HK\$450,000 (or equivalent to three months of the monthly licence fee for the first year), being the security deposit, shall be paid by TVB.COM to Shaw according to the Licence Agreement.
Fitting out works	HK\$1,100,000 shall be paid by TVB.COM to Shaw for the fitting out works performed by Shaw.

Government Waiver and waiver fee The Licence Agreement is subject to the Government Waiver in respect of certain usage restrictions contained in the Government grant of the premises to Shaw. TVB.COM is responsible to pay the Government Waiver fee in such manners in accordance with the Licence Agreement.

B. TENANCY AGREEMENT

Date 20 July 2016

Parties Tenant: TVB Publications
Landlord: Shaw

Location and use of premises The premises are located at Level 1, Production Building, Shaw Moviecity, with a total gross floor area of approximately 16,060 sq. ft. for usage as office.

Term The tenancy has a term of three years commencing from 16 May 2016 to 15 May 2019 (both days inclusive).

Monthly rent HK\$208,780 per month (for the first two years).
HK\$219,219 per month (for the third year).
Payable on the first day of each month.

The above monthly rent excludes the management fees, the Government Rent and Rates, the Government Waiver fee and other outgoings which shall be paid by TVB Publications monthly in advance on the first day of each month.

Management fee HK\$93,148 per month.

Government Rent HK\$6,263 per month (estimated).

Rates HK\$10,439 per month (estimated).

Security deposit HK\$937,101 (or equivalent to three months of the monthly rent for the third year and the management fees), being a security deposit, shall be paid by TVB Publications to Shaw according to the Tenancy Agreement.

Government Waiver and waiver fee The Tenancy Agreement is subject to the Government Waiver in respect of certain usage restrictions contained in the Government grant of the premises to Shaw. TVB Publications is responsible to pay the Government Waiver fee in such manners in accordance with the Tenancy Agreement.

C. PARKING LICENCE

Date	20 July 2016
Parties	Licensee: TVB Publications Licensor: Shaw
Car parking space and location	Ten designated car parking spaces on Level 1 of the Production Building at Shaw Moviecity.
Term	The licence has a term of three years commencing from 16 May 2016 to 15 May 2019 (both days inclusive). If the Tenancy Agreement is terminated for whatever reason, the Parking Licence will be automatically terminated.
Licence fee	HK\$15,000 per month for the first and second years. HK\$15,750 per month for the third year. The above licence fee includes the management fees and the Government Rent and Rates.
Deposit	HK\$47,250 (or equivalent to three months of the licence fee for the third year) shall be paid by TVB Publications to Shaw as a licence fee deposit according to the Parking Licence.

ANNUAL CAPS FOR THE CCTS

Based on the terms of the CCTs and assuming that the term of the Licence Agreement will be renewed yearly up to 30 April 2019, the respective and the aggregated annual caps for the CCTs for the financial years ending 31 December 2016, 2017, 2018 and 2019 are as follows:-

Annual Cap	Year ending 31 December			
	2016 <i>(Note 1)</i>	2017 <i>(Note 2)</i>	2018 <i>(Note 2)</i>	2019 <i>(Note 2)</i>
Licence Agreement	HK\$2,737,000	HK\$2,466,000	HK\$2,543,000	HK\$860,000
Tenancy Agreement	HK\$2,362,000	HK\$4,856,000	HK\$4,958,000	HK\$1,880,000
Parking Licence	HK\$113,000	HK\$180,000	HK\$186,000	HK\$71,000
Total	HK\$5,212,000	HK\$7,502,000	HK\$7,687,000	HK\$2,811,000

Notes:

1. The annual cap for the year ending 31 December 2016 was determined with reference to:
 - (i) the fitting out cost, the monthly licence fee (including the management fees), the estimated Government Rent and Rates and the Government Waiver fee payable under the Licence Agreement;
 - (ii) the monthly rent, the monthly management fees, the estimated Government Rent and Rates and the Government Waiver fee payable under the Tenancy Agreement; and
 - (iii) the licence fee (including the management fees and the Government Rent and Rates) payable under the Parking Licence.
2. The annual caps for the years ending 31 December 2017, 2018 and 2019 were determined with reference to:
 - (i) the monthly licence fee (including the management fees), the estimated Government Rent and Rates and the Government Waiver fee payable under the Licence Agreement;
 - (ii) the monthly rent, the monthly management fees, the estimated Government Rent and Rates and the Government Waiver fee payable under the Tenancy Agreement; and
 - (iii) the licence fee (including the management fees and the Government Rent and Rates) payable under the Parking Licence.

The Group uses its internal resources to fund the above payments.

The aggregated annual caps for the CCTs (assuming that the term of the Licence Agreement will be renewed yearly up to 30 April 2019) and the Disclosed CCTs for the financial years ending 31 December 2016, 2017, 2018 and 2019 are as follows:-

Annual Cap	Year ending 31 December			
	2016	2017	2018	2019
CCTs	HK\$5,212,000	HK\$7,502,000	HK\$7,687,000	HK\$2,811,000
Disclosed CCTs (Note)	HK\$17,931,000	HK\$19,623,000	HK\$20,092,000	HK\$1,613,000
Total	HK\$23,143,000	HK\$27,125,000	HK\$27,779,000	HK\$4,424,000

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE CCTS

The Company's subsidiaries, namely TVB.COM and TVB Publications, have decided to rent the storage space, the office space and the parking spaces at Shaw Moviecity for a period of three years, as Shaw Moviecity is a convenient location, within close proximity to the Company's headquarters at TVB City in Tseung Kwan O Industrial Estate.

The terms of each of the CCTs have been determined after arm's length negotiations between the parties thereto. The monthly rent and fitting out cost for the premises and the car parking licence fee payable to Shaw under the respective CCTs have been arrived at by reference to the prevailing market rates and conditions relating to similar premises and car parking spaces in the nearby district and the market rate of the fitting out cost. The Directors, including the independent non-executive Directors, consider that each of the CCTs was 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, TVB.COM, TVB PUBLICATIONS AND SHAW

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

TVB.COM is an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong and is principally engaged in internet web portal business.

TVB Publications is an indirect non-wholly owned subsidiary of the Company incorporated in Hong Kong, which is owned as to 73.68% by the Company and is principally engaged in magazine publications.

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, Shaw is wholly owned by Shaw Holdings Inc. which is controlled by Ms. Mona Fong, a non-executive Director of the Company, through The Sir Run Run Shaw Charitable Trust. Shaw is therefore an associate of Ms. Fong and a connected person of the Company. Accordingly, the entering into of each of the CCTs constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

On 24 February 2016, the Company or TVB.COM entered into the Disclosed CCTs with Shaw, details of which were set out in the Company's announcement dated 24 February 2016.

Pursuant to Rule 14A.81 of the Listing Rules, the annual caps for the CCTs 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 CCTs, after aggregating with the Disclosed CCTs, are more than 0.1% but less than 5%, the CCTs 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 Ms. Mona Fong's interest in Shaw, Ms. Mona Fong, a non-executive Director, is considered as having a material interest in the CCTs and has abstained from voting on the board resolutions passed in connection with the CCTs and the transactions contemplated thereunder.

Saved as disclosed above, none of the Directors has any material interest in the CCTs and no Director (other than Ms. Mona Fong) was required to abstain from voting on the board resolutions passed in connection with the CCTs 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
“CCTs”	the Licence Agreement, the Tenancy Agreement and the Parking Licence
“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 or TVB.COM and Shaw on 24 February 2016, details of which were set out in the Company’s announcement dated 24 February 2016
“Government”	the Government of Hong Kong
“Government Waiver”	the waiver from the Government to Shaw in respect of certain usage restrictions contained in the Government grant of the premises under the Licence Agreement or the Tenancy Agreement (as the case may be) to permit underletting of the premises
“Group”	the Company and its subsidiaries
“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 20 July 2016 (as supplemented by a side letter on the same day) entered into between TVB.COM (as licensee) and Shaw (as licensor) in respect of the warehouse on the Ground Floor of the Production Building at Shaw Moviecity
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parking Licence”	the car parking licence agreement dated 20 July 2016 entered into between TVB Publications (as licensee) and Shaw (as licensor) in respect of ten designated car parking spaces on Level 1 of the Production Building at Shaw Moviecity

“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
“Tenancy Agreement”	the tenancy agreement dated 20 July 2016 entered into between TVB Publications (as tenant) and Shaw (as landlord) in respect of the office on Level 1 of the Production Building at Shaw Moviecity
“TVB.COM”	TVB.COM Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company
“TVB Publications”	TVB Publications Limited, a company incorporated in Hong Kong and an indirect non-wholly owned subsidiary of the Company
“%”	per cent.

By order of the Board
Adrian MAK Yau Kee
Company Secretary

Hong Kong, 20 July 2016

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

Chairman and Non-executive Director

Dr. Charles CHAN Kwok Keung

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

Caroline WANG Chia-Ling

Dr. Allan ZEMAN GBM, GBS, JP