Television Broadcasts Limited

(Incorporated in Hong Kong with limited liability)
Stock Code: 00511

CONTINUING CONNECTED TRANSACTIONS

On 26 March 2014, Television Broadcasts Limited ("Company") entered into the Framework Agreements relating to motion picture production and acquisition of licence rights with Concept Legend Limited ("JV Company") for the period from 1 April 2014 to 31 December 2015.

The Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the Cap Amounts, under the Framework Agreements, on an annual basis, is less than 5% under each of the applicable Percentage Ratios (as defined in Chapter 14 of the Listing Rules), the Framework Agreements, in accordance with Rule 14A.34 of the Listing Rules, are only subject to the reporting, annual review and announcement requirements under Rules 14A.37 to 14A.40, 14A.35(1) and 14A.35(2), and 14A.45 to 14A.47 of the Listing Rules, and are exempt from the independent shareholders' approval requirements.

BACKGROUND

Reference is made to the Company's announcement dated 21 March 2012 regarding continuing connected transactions between the Company and the JV Company and its subsidiary (collectively "JV Group"). These continuing connected transactions were related to the motion picture production and acquisition of licence rights under various framework service agreements and framework licence agreements between the Company and the companies of the JV Group. The said framework service agreements and framework licence agreements expired on 31 December 2013. As the JV Company will continue to arrange and to produce movies, the parties agreed to enter into certain Framework Agreements for the arrangement for the period from 1

April 2014 to 31 December 2015 in accordance with the terms and conditions as set out in the Framework Agreements, details of which are as follows:

FRAMEWORK SERVICE AGREEMENT AND FRAMEWORK LICENCE AGREEMENT (Collectively, "Framework Agreements") ("Continuing Connected Transactions")

The Framework Service Agreement

On 26 March 2014, the Company entered into a framework service agreement with the JV Company, for the provision of various supporting facilities and services to the JV Company for the production of motion pictures. The framework service agreement covers the period from 1 April 2014 to 31 December 2015.

The scope of services, and the basis of consideration for such services are set out below:-

Services to be provided by the Company:	• Airtime advertisement • Product sponsorship services • Engagement of artistes • Leasing of studio facilities • Production and promotion related labour services
Basis of Consideration:	Each of the aforesaid items is provided either at the rates according to the Company's external rate cards or at such other rates as the parties may agree fairly and reasonably according to the market rates or conditions at the time of the transaction

Terms and conditions regarding each item of services provided are set out in the framework service agreement entered into, or orders placed by the JV Company with the Company.

The Framework Licence Agreement

On 26 March 2014, the Company further entered into a framework licence agreement with the JV Company, for the acquisition of the television broadcasting and transmission rights of motion pictures being or to be produced by the JV Company. Under the framework licence agreement, the Company has been granted the right of first option to acquire licenses to broadcast, exhibit and to otherwise exploit the motion pictures via the Company's television channels and/or electronic media platforms.

The framework licence agreement covers the period from 1 April 2014 to 31 December 2015.

The framework licence agreement cover the basis for determination of licence fees for the acquisition of television broadcasting and transmission rights of the motion pictures from the JV Company.

Licenced motion pictures:	Motion pictures produced or co-produced by the JV Company
Licenced rights to be acquired by the Company:	Right of first option to acquire television broadcasting and transmission rights for exploitations on any of its free or pay television channels and/or other electronic media platforms
Basis of Licence Fees:	Licence Fee for each motion picture is determined at rates that the parties may agree fairly and reasonably according to the market rates of similar transactions

Cap Amounts

Based on the Framework Agreements entered into between the Company and the JV Company, the cap amounts which represent the maximum aggregate transaction values under the Continuing Connected Transactions ("Cap Amounts") for the years ending 31 December 2014 and 31 December 2015 have been estimated as follows:

	Cap Amounts	
Period/ Year ending	Income from provision of services to the JV Company (HK$)	Amount payable for acquiring licence rights from the JV Company (HK$)
31 December 2014 (from 1 April 2014 to 31 December 2014)	14,000,000	10,000,000
31 December 2015	20,000,000	15,000,000

The Cap Amounts under the Framework Agreements are calculated based on the motion picture production plan of the JV Company, and also the demand of the related supporting services for the years ending 31 December 2014 and 31 December 2015.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Directors of the Company believe that the continuous production of good quality motion pictures for worldwide distribution will enable the JV Company to contribute more revenue to the Company in the long run.

The provision of supporting production services to the JV Company and the acquisition of television broadcasting and transmission rights of the motion pictures from the JV Company are in the ordinary course of the Company's business, and are made at prices based on arms' length negotiations and on normal commercial terms. The transactions will benefit the Company by increasing its revenue and programming content respectively.

On the other hand, the Framework Agreements shall provide a clear basis for transactions between the Company and the JV Company, which would improve the business efficiency in the long run.

The Directors of the Company, including the Independent Non-executive Directors, consider that the Continuing Connected Transactions have been 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 shareholders.

Ms. Mona Fong, Director, has abstained from voting on the resolutions approving the transactions as detailed in this Announcement, due to her interests in the transactions.

PRINCIPAL ACTIVITIES OF THE COMPANY AND THE JV COMPANY

The Company is principally engaged in television broadcasting, programme production and other broadcasting related services.

The JV Company is principally engaged in the production or co-production and distribution of motion pictures.

DETAILS OF THE CONNECTED RELATIONSHIP AND IMPLICATIONS UNDER THE LISITING RULES

The JV Company is a joint venture company formed between the Company and Shaw Productions Limited ("Shaw Productions"). Shaw Productions is controlled by Ms. Mona Fong, a Director of the Company. The JV Company is therefore an associate (as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")) of a Director, and hence, is a connected person of the Company. Transactions between the Company and the JV Company constitute continuing connected transactions under the Listing Rules.

Continuing Connected Transactions

The Framework Agreements between the Company and the JV Company constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the Cap Amounts under the Framework Agreements, on an annual basis, is less than 5% under each of the applicable Percentage Ratios (as defined in Chapter 14 of the Listing Rules), the Framework Agreements, in accordance with Rule 14A.34 of the Listing Rules, are only subject to the reporting, annual review and announcement requirements under Rules 14A.37 to 14A.40, 14A.35(1) and 14A.35(2), and 14A.45 to 14A.47 of the Listing Rules, and are exempt from the independent shareholders' approval requirements.

The Company, therefore, makes this announcement to comply with the announcement requirements set out in Chapter 14A of the Listing Rules, and will report these transactions in its annual reports.

By Order of the Board
Adrian MAK Yau Kee
Company Secretary

Hong Kong, 26 March 2014

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

Executive Directors
Dr. Norman LEUNG Nai Pang GBS, LLD, JP, Executive Chairman
Mark LEE Po On Group General Manager

Non-executive Directors
Mona FONG
Kevin LO Chung Ping
Dr. Charles CHAN Kwok Keung
Cher WANG Hsiueh Hong
Jonathan Milton NELSON
Anthony LEE Hsien Pin
CHEN Wen Chi

Independent Non-executive Directors
Dr. CHOW Yei Ching GBS
Edward CHENG Wai Sun SBS, JP
Chien LEE
Gordon SIU Kwing Chue GBS, JP
Raymond OR Ching Fai SBS, JP

Alternate Directors
Dr. Allan YAP Alternate Director to Dr. Charles CHAN Kwok Keung
Harvey CHANG Hsiao Wei Alternate Director to Cher WANG Hsiueh Hong
SUN Tao Alternate Director to Jonathan Milton NELSON