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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

INSIDE INFORMATION 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).

Reference is made to the announcements made by the Company dated 20 March 2019¹, 15 March 2019² and 2 May 2018³. Capitalised terms have the meanings given to them in these announcements unless otherwise defined herein.

The Board has instructed its legal adviser Mayer Brown and financial adviser Ernst & Young to review the 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) ("SMI Convertible Bonds") both issued by SMI (collectively, the "SMI Bonds") and the security structure securing the SMI Convertible Bonds.

As announced previously, Campbell Hall Limited, a wholly owned subsidiary of SMI, executed a share charge charging its holding of 100% of the issued shares in SMI International Cinemas Limited ("SMIIC") in favour of the Company on 7 May 2018 ("Share Charge"). SMIIC is understood to hold 41.34% of 成都潤運文化傳播有限公司 ("Chengdu Runyun"), which is the operating arm of SMI in China.

Based on certain searches in China conducted at the request of the Company's financial adviser, it is noted that, (i) SMIIC appears to have pledged part or all of its equity interest in Chengdu Runyun to 浙江中泰創展企業管理有限公司 in August 2018 for RMB500,000,000 ("SMIIC's Pledge") and (ii) 深圳星美聖典文化傳媒集團有限公司, which is understood to hold approximately 43% equity interest in Chengdu Runyun, appears to have pledged part or all of

¹ <http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0321/LTN20190321131.pdf>

² <http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0315/LTN20190315947.pdf>

³ <http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0503/LTN20180503033.pdf>

its equity interest in Chengdu Runyun to 上海東祺投資管理有限公司 for approximately RMB648,000,000 in June 2018 ((i) and (ii) together the "PRC Share Pledges").

The PRC Share Pledges were given without the knowledge or consent of the Company and SMIIC's Pledge may constitute a breach of the Share Charge given by Campbell Hall Limited.

The legal adviser of the Company has sent various letters to SMI, SMIIC and Campbell Hall Limited to inquire about the PRC Share Pledges and request for the PRC Share Pledges instruments. SMI has confirmed the SMIIC's Pledge.

The PRC Share Pledges and the loan that the SMIIC's Pledge secures may negatively impact the value of the security held by the Company.

The Company has requested SMI to provide the Company with information in respect of the PRC Share Pledges and the sum secured so that the Company may consider its impact upon the Company's ability to recover the amounts due under the SMI Bonds. However, SMI has not provided such information.

The Company is working closely with its advisers to consider the impact of the PRC Share Pledges on the recoverability of the SMI Bonds and in addition, all the options available to it in order to protect its rights under the SMI Bonds and the Share Charge.

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, 14 May 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