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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

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

The Board announces that on 29 July 2016, Liann Yee Asset (an indirect wholly-owned subsidiary of the Company) has entered into the Agreement with the Purchaser (an Independent Third Party), pursuant to which the Liann Yee Asset has agreed to dispose of the Property to the Purchaser at the Consideration of NT\$4,000,000,000 (equivalent to approximately HK\$961,200,000).

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

References are made to the Company's announcements dated 29 January 2015 and 4 January 2016 in relation to the disposals of 53% and 47% equity interests in the Purchaser to three Independent Third Parties. Since completion of the said disposals in May 2015 and March 2016 respectively, the Group has no shareholding in the Purchaser and the Purchaser has become an Independent Third Party. In connection with the said disposals, the Group has agreed to lease, among other things, the Property to the Purchaser and its subsidiaries pursuant to a lease agreement dated 1 April 2015.

The Board announces that on 29 July 2016, Liann Yee Asset has entered into the Agreement with the Purchaser in relation to the Disposal of the Property, the principal terms of which are set out below.

THE AGREEMENT

Date

29 July 2016

Parties

- (1) Vendor: Liann Yee Asset, an indirect wholly-owned subsidiary of the Company
- (2) Purchaser: Liann Yee Production Co., Ltd. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Property to be disposed of

The Property consists of (i) a parcel of land located at No.107, Sub-section 4, Xihu Section, Neihu District, Taipei City, Taiwan with a site area of approximately 3,375.96 sq.m., and (ii) the whole building erected thereon (i.e. Neihu Building) including 206 car parking spaces located at No. 451 and No. 453 Ruiguang Road, Neihu District with a total gross floor area of approximately 26,778.91 sq.m..

The Property is currently being leased by Liann Yee Asset to the Purchaser as the Purchaser's headquarters and for its business operations pursuant to a lease agreement dated 1 April 2015 which will be terminated upon the Title Transfer Date.

Consideration and payment terms

The Consideration for the Disposal is NT\$4,000,000,000 (equivalent to approximately HK\$961,200,000), payable to Liann Yee Asset in accordance with the following manners:-

- (i) 10% of the Consideration (i.e. NT\$400,000,000 or approximately HK\$96,120,000) shall be paid by the Purchaser upon signing of the Agreement;
- (ii) 10% of the Consideration (i.e. NT\$400,000,000 or approximately HK\$96,120,000) shall be paid by the Purchaser on the Tax Payment Date, or on the next working day;
- (iii) 80% of the Consideration (i.e. NT\$3,200,000,000 or approximately HK\$768,960,000) shall be paid by the Purchaser (or its borrowing bank) on the Title Transfer Date.

Pursuant to the Agreement, the parties have agreed to use best endeavours to procure that the Tax Payment Date and the Title Transfer Date shall take place within 90 calendar days and 120 calendar days respectively after signing of the Agreement. Besides, the Purchaser shall enter into a loan agreement with a bank as early as practicable after signing of the Agreement for obtaining a loan in the amount equivalent to 80% of the Consideration for payment of the final instalment of the Consideration.

The Consideration was determined after arm's length negotiations between Liann Yee Asset and the Purchaser with reference to the appraised value of the Property as at 30 June 2016 based on the valuation report issued by an independent valuer using direct comparison approach.

FINANCIAL INFORMATION OF THE PROPERTY

Set out below is the financial information attributable to the Property as extracted from the audited accounts of the Group for the two years ended 31 December 2014 and 2015.

	For the year ended 31 December	
	2014	2015
Net profit before tax	NT\$1,512,800 or HK\$386,079*	NT\$8,591,262 or HK\$2,094,979*
Net profit after tax	NT\$1,255,625 or HK\$320,446*	NT\$7,130,748 or HK\$1,738,833*

According to the unaudited management accounts of Liann Yee Asset, the book value of the Property was NT\$2,455,316,570 (equivalent to approximately HK\$590,012,572*) as at 30 June 2016.

According to the valuation report issued by an independent valuer, the appraised value of the Property as at 30 June 2016 was NT\$4,023,000,000 (equivalent to approximately HK\$967,000,000).

* For the purpose of illustration, amounts denominated in NT\$ have been converted into HK\$ at historical conversion rates of NT\$1=HK\$0.255208 for the year ended 31 December 2014, NT\$1=HK\$0.24385 for the year ended 31 December 2015, and NT\$1=HK\$0.2403 for the balances at 30 June 2016.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the valuation of the Property as at 30 June 2016 and the book value of the Property as at 30 June 2016, it is expected that after deducting the estimated transaction costs and related taxes, the Group will realise a gain from the Disposal of approximately NT\$1,153,236,258 (equivalent to approximately HK\$277,122,673) before provision for deferred tax liabilities in relation to the withholding tax on the

distributable profits attributable to the Disposal in the sum of approximately NT\$230,647,252 (equivalent to approximately HK\$55,424,535). It is intended that the net proceeds from the Disposal will be used by the Group as general working capital and for maintenance the Company's steady dividend policy.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

Subsequent to the disposals of 53% and 47% equity interests in the Purchaser as set out in the Company's announcements dated 29 January 2015 and 4 January 2016 respectively, the Group's remaining assets in Taiwan comprise the Property and the Bade Real Estate (the "Retained Properties"). The Directors are of the view that these Retained Properties form non-core assets of the Group, and the Directors' intention with regards to the Group's investments in Taiwan is to completely unlock all of the value of its investments, so as to focus and devote its financial and management resources and strengthen its presence in Hong Kong, the PRC and other potential markets, in line with the Group's long-term goal to focus on developing its core business in Hong Kong and to capture the vast growth opportunities in the PRC and the digital new media space. The Disposal would enable the Group to realise the value of the Property. Subject to the market conditions, it is the Directors' intention to realise the remaining asset in the Retained Properties, namely the Bade Real Estate, at a later stage when suitable opportunity arises. The Company will comply with the requirements under the Listing Rules and make further announcement(s) as and when appropriate should any of such realisation plan(s) materialise.

The terms of the Agreement have been determined after arm's length negotiations between the parties thereto. In view of the above, the Directors are of the view that the Agreement 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, LIANN YEE ASSET AND THE PURCHASER

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

Liann Yee Asset is an indirect wholly-owned subsidiary of the Company incorporated in Taiwan and is principally engaged in property investment.

The Purchaser is a company incorporated in Taiwan and is principally engaged in the business of television programmes production, television channel production, television channel transmission and operation in Taiwan, and being the television operator for the TVBS channels in Taiwan. The Purchaser was once a wholly-owned subsidiary of the Company. As disclosed in the Company's announcements dated 29 January 2015 and 4 January 2016, the Group had entered into two agreements to dispose of its 100% shareholding in the Purchaser to three Independent Third Parties. Since completion of the

said disposals in May 2015 and March 2016 respectively, the Group has no shareholding in the Purchaser and the Purchaser has become an Independent Third Party.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

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

“Agreement”	the sale and purchase agreement dated 29 July 2016 between Liann Yee Asset (as seller) and the Purchaser in respect of the Disposal
“Bade Real Estate”	the building at the address of 10F, 10F-1, 13F, 13F-1, 15F, 15F-1, No. 23, Bade Road, Section 1, Zhongzheng District, Taipei City 100, Taiwan together with 8 car park lots at Basement Levels B2, B3, B4 and co-ownership of the land where the foregoing office building is located
“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
“Consideration”	NT\$4,000,000,000 (equivalent to approximately HK\$961,200,000), being the total consideration for the Property payable by the Purchaser to Liann Yee Asset pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by Liann Yee Asset to the Purchaser pursuant to the Agreement

“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
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Liann Yee Asset”	Liann Yee Asset Co., Ltd. (聯意資產股份有限公司), a company incorporated in Taiwan and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan
“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
“Property”	the property to be disposed of by Liann Yee Asset to the Purchaser pursuant to the Agreement being a parcel of land located at No.107, Sub-section 4, Xihu Section, Neihu District, Taipei City, Taiwan with a site area of approximately 3,375.96 sq.m. and the whole building of Neihu Building including 206 car parking spaces located at No. 451 and No. 453 Ruiguang Road, Neihu District, Taipei City, Taiwan with a total gross floor area of approximately 26,778.91 sq.m., where the existing headquarters of the Purchaser are situated
“Purchaser”	Liann Yee Production Co., Ltd. (聯意製作股份有限公司), a company incorporated in Taiwan and an Independent Third Party
“Share(s)”	the ordinary shares of the Company
“Shareholder(s)”	the holder(s) of Share(s)

“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tax Payment Date”	the date when Liann Yee Asset has provided the Purchaser with evidential proof in relation to its payment of the land value increment tax and the Purchaser has provided Liann Yee Asset with evidential proof in relation to its payment of the deed tax in relation to the Property
“Title Transfer Date”	the date on which the registration of the title transfer in respect of the Property and the registration of the charge created over the Property in favour of the Purchaser’s borrowing bank have been completed
“%”	per cent

In this announcement, amounts denominated in NT\$ have been converted into HK\$ at the rate of NT\$1=HK\$0.2403 unless otherwise indicated above. All the conversion rates stipulated herein are for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

By order of the Board
Adrian MAK Yau Kee
Company Secretary

Hong Kong, 29 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