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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

**(1) CONDITIONAL CASH OFFER BY  
MERRILL LYNCH (ASIA PACIFIC) LIMITED  
ON BEHALF OF TELEVISION BROADCASTS LIMITED  
TO REPURCHASE UP TO 138,000,000 SHARES  
AT HK\$30.50 PER SHARE AND  
(2) APPLICATION FOR WHITEWASH WAIVER**

**Financial Adviser to the Company**

**Bank of America**   
**Merrill Lynch**

### **OFFER AND CONSIDERATION FOR THE OFFER**

The Board announces that an offer will be made by BofAML on behalf of the Company to repurchase, subject to the Conditions, up to 138,000,000 Shares, representing approximately 31.51% of the share capital of the Company in issue as at the date of this announcement, at the price of HK\$30.50 per Share. The Offer, if accepted in full, will result in the Company paying approximately HK\$4,209 million to the Accepting Shareholders. The consideration for the Offer will be paid in cash and will be funded by existing cash resources of the Group.

The Offer Price represents:

- a premium of approximately 14.7% to the closing price of the Shares of HK\$26.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 14.1% to the average closing price of the Shares of approximately HK\$26.73 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 13.6% to the average closing price of the Shares of approximately HK\$26.84 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 15.3% to the average closing price of the Shares of approximately HK\$26.44 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and
- a premium of approximately 87.1% to the Group's net asset value per Share of approximately HK\$16.30 pursuant to the latest unaudited condensed consolidated interim financial information of the Company as at 30 June 2016.

## **WHITEWASH WAIVER**

As at the date of this announcement, the total number of issued Shares is 438,000,000 Shares. Young Lion has a beneficial interest in 113,888,628 Shares (representing approximately 26.00% of the existing share capital of the Company in issue) and Ms. Fong has a beneficial interest in 17,096,200 Shares (comprising a personal interest in 1,146,000 Shares and a beneficial interest in 15,950,200 Shares held through Shaw Foundation, representing in aggregate approximately 3.90% of the existing share capital of the Company in issue). Young Lion has confirmed that it has the firm intention not to tender into the Offer any of the Shares held by it (directly or indirectly) as at the date of this announcement.

If the Young Lion Concert Party Group do not accept the Offer for the Shares held by them as at the date of this announcement, depending on the level of Shares tendered for repurchase by the Company as stated in the Form of Acceptance, the aggregate beneficial interest in the Company's share capital in issue held by the Young Lion Concert Party Group may increase from its current level of approximately 29.90% to a maximum of approximately 43.66% upon close of the Offer, thereby triggering an obligation on the Young Lion Concert Party Group under Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned by the Young Lion Concert Party Group. Consequently, an application will be made to the Executive by the Company on behalf of the Young Lion Concert Party Group for the Whitewash Waiver.

## **CONDITIONS OF THE OFFER**

The Offer will be conditional upon (i) the passing of an ordinary resolution by way of poll to approve the Offer by the Independent Shareholders, either voting in person or by proxy, at the EGM; (ii) the passing of an ordinary resolution by way of poll to approve the Whitewash Waiver by the Independent Shareholders, either voting in person or by proxy, at the EGM; (iii) the Whitewash Waiver being granted by the Executive and such Whitewash Waiver not having been withdrawn; and (iv) no Regulatory Authority having objected to close of the Offer by way of notification in writing on or prior to the date of the EGM. None of the Conditions are waivable. Accordingly, if any of the Conditions is not satisfied, the Offer will not proceed. The Young Lion Concert Party Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM. As the Offer is being made on behalf of the Company, Dr. Chan, Mr. Li, Ms. Fong, Mr. Chen Wen Chi and Mr. Mark Lee Po On, being Directors who hold interests in Shares, will also abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM.

## **INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, which comprises the non-executive Directors of the Company who have no direct or indirect interest in the Offer and/or the Whitewash Waiver, namely Mr. Anthony Lee Hsien Pin, Dr. Raymond Or Ching Fai, Dr. William Lo Wing Yan, Professor Caroline Wang Chia-Ling and Dr. Allan Zeman, has been established by the Board to make recommendations to the Shareholders as to whether each of the Offer and the Whitewash Waiver is, or is not, fair and reasonable and as to acceptance.

## **INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS**

Somerley Capital Limited has been appointed by the Company (with the approval of the Independent Board Committee) as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver.

### **DESPATCH OF OFFER DOCUMENT**

The Offer Document, which will contain, amongst other things, details (including the expected timetable) of the Offer, information regarding the Company, recommendations from the Independent Board Committee to the Independent Shareholders, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a notice convening the EGM and a Form of Acceptance, will be despatched to the Shareholders as soon as practicable.

### **WARNING:**

**The Offer is subject to all of the Conditions being fulfilled in full and therefore may or may not become unconditional. If any of the Conditions is not fulfilled, the Offer will not proceed and will immediately lapse. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **INTRODUCTION**

The Board announces that an offer will be made by BofAML on behalf of the Company to repurchase, subject to the Conditions, up to the Maximum Number, being 138,000,000 Shares, representing approximately 31.51% of the share capital of the Company in issue as at the date of this announcement, at the price of HK\$30.50 per Share.

The Offer will be made in full compliance with the Takeovers Code and the Share Buy-back Code. The consideration for the Offer, being approximately HK\$4,209 million if the Offer is accepted in full, will be paid in cash and will be funded by existing cash resources of the Group. BofAML is satisfied that sufficient financial resources are, and will remain, available to the Company to implement the Offer in full as described above.

## **TERMS OF THE OFFER**

The principal terms of the Offer are as follows:

- (a) BofAML will make the Offer to the Shareholders on behalf of the Company to repurchase up to the Maximum Number of Shares at the Offer Price;
- (b) Qualifying Shareholders may accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding (subject to the procedures for scale down described under the section headed “Other Terms of the Offer” below);
- (c) The Offer is not conditional upon a minimum number of Shares being tendered for repurchase;
- (d) All Shares validly tendered will be repurchased to the extent that the aggregate number of Shares repurchased pursuant to the Offer will not thereby exceed the Maximum Number. If the number of Shares validly tendered exceeds the Maximum Number, the number of Shares to be repurchased from each Accepting Shareholder will be reduced proportionally so that the number of Shares repurchased by the Company in aggregate is equal to the Maximum Number. Further details of the procedures for scaling down are described under the section headed “Other Terms of the Offer”;

- (e) A Form of Acceptance duly received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- (f) Shares will be repurchased for cash, free of commission, levies and dealing charges, save that the amount of stamp duty due on the Shares repurchased attributable to the seller will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders;
- (g) Shares repurchased will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation; and
- (h) Shares will be repurchased free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to BofAML and the Company that the Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature.

The Offer will be subject to the satisfaction of the Conditions.

The full terms and details of the Offer will be set out in the Offer Document.

## **THE OFFER PRICE**

The Offer Price of HK\$30.50 in cash per Share represents:

- a premium of approximately 14.7% to the closing price of the Shares of HK\$26.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 14.1% to the average closing price of the Shares of approximately HK\$26.73 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

- a premium of approximately 13.6% to the average closing price of the Shares of approximately HK\$26.84 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 15.3% to the average closing price of the Shares of approximately HK\$26.44 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and
- a premium of approximately 87.1% to the Group's net asset value per Share of approximately HK\$16.30 pursuant to the latest unaudited condensed consolidated interim financial information of the Company as at 30 June 2016.

## **CONDITIONS OF THE OFFER**

The Offer will be conditional upon fulfilment of all of the following conditions:

- (a) the passing of an ordinary resolution by way of poll to approve the Offer by the Independent Shareholders, either voting in person or by proxy, at the EGM;
- (b) the passing of an ordinary resolution by way of poll to approve the Whitewash Waiver by the Independent Shareholders, either voting in person or by proxy, at the EGM;
- (c) the Whitewash Waiver being granted by the Executive and such Whitewash Waiver not having been withdrawn; and
- (d) no Regulatory Authority having objected to close of the Offer by way of notification in writing on or prior to the date of the EGM.

None of the Conditions are waivable. Accordingly, if any of the Conditions is not satisfied, the Offer will not proceed.

The Young Lion Concert Party Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM. As the Offer is being made on behalf of the Company, Dr. Chan, Mr. Li, Ms. Fong, Mr. Chen Wen Chi and Mr. Mark Lee Po On, being Directors who hold interests in Shares, will also abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the EGM.

## **WARNING:**

**The Offer is subject to all of the Conditions being fulfilled in full and therefore may or may not become unconditional. If any of the Conditions is not fulfilled, the Offer will not proceed and will immediately lapse. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

Qualifying Shareholders will be able to tender their Shares for acceptance under the Offer from and including the date that the Offer Document is despatched to Shareholders. If the Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter. If the Offer is not declared unconditional, the Offer will lapse and any Shares tendered will not be accepted.

## **OTHER TERMS OF THE OFFER**

Qualifying Shareholders may accept the Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number or fewer Shares, all Shares validly accepted will be repurchased. If valid acceptances received exceed the Maximum Number, the total number of Shares to be repurchased by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

- A = 138,000,000, being the Maximum Number
- B = Total number of Shares tendered by all Accepting Shareholders under the Offer
- C = Total number of Shares tendered by the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that, not all of such Shares tendered by an Accepting Shareholder will ultimately be repurchased. The total number of Shares which will be repurchased by the Company will not exceed the Maximum Number. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Shareholders.



## **OVERSEAS SHAREHOLDERS**

The making and implementation of the Offer to Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdiction in which such Shareholders are located. Such Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any overseas Shareholder wishing to take any action in relation to the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or to the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction as a result of their acceptances.

The Company will comply with the requirements under Rule 8 (subject to Note 3 to Rule 8) of the Takeovers Code in respect of overseas Shareholders.

## **NOTICE TO SHAREHOLDERS IN THE UNITED STATES**

The Offer is being made for the securities of a Hong Kong company and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this announcement has been prepared in accordance with accounting principles of Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the Takeovers Code and the Listing Rules. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a US Shareholder may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

The Offer is not addressed to holders of American Depositary Receipts which have been issued in relation to the Company's Shares. Each American Depositary Receipt evidences one American Depositary Share, which represents the beneficial interest in two Shares deposited with The Bank of New York Mellon Corporation. American Depositary Receipts may not be tendered into the Offer. However, holders of American Depositary Receipts who want to participate in the Offer should contact the depositary regarding participation in the Offer, which will facilitate participation in the Offer by following the normal American Depositary Receipt cancellation process in order to obtain the underlying Shares, which may then be tendered into the Offer. Holders of American Depositary Receipts should contact the depositary in case they have questions in relation to this process.

It may be difficult for US Shareholders to enforce their rights and claims arising out of the US federal securities laws, since the Company is located in a country other than the United States, and some or all of its officers and Directors may be residents of a country other than the United States. US Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

## **LEGAL AND REGULATORY IMPLICATIONS UNDER THE BROADCASTING ORDINANCE**

The Company holds a domestic free television programme service licence issued by the Chief Executive in Council and is subject to the provisions in the Broadcasting Ordinance. The Broadcasting Ordinance imposes certain requirements and restrictions on Shareholders and controllers of the Company, including:

- (a) a restriction on 'unqualified voting controllers' (as defined in the Broadcasting Ordinance) holding 2% or more but less than 6%, or 6% or more but less than 10%, or 10% or more of the total voting control of the Company without the prior approval in writing of the CA;
- (b) a restriction on a 'disqualified person' (as defined in the Broadcasting Ordinance) (for example, a person who exercises control over an advertising agency) exercising control of the Company (for example, by being a director of the Company or being the beneficial owner of 15% or more of the Shares);

- (c) a requirement that any person exercising control of the Company (for example, by being a director of the Company or being the beneficial owner of 15% or more of the Shares) be a 'fit and proper person'; and
- (d) the Company must not become a subsidiary of any other company.

In addition, the Company will need to seek a waiver under the terms of its licence in order to vary the approved respective percentage holdings of Shares of persons exercising control of the Company (as defined in the Broadcasting Ordinance, for example, by being the beneficial owner of 15% or more of the Shares). The Offer will impact the percentage holdings of Shares held by each Shareholder. As the ultimate percentage holdings of Shares of each Shareholder (including the Young Lion Concert Party Group) will only be known when the Offer has been closed and the number of Shares to be repurchased and from whom has been finally determined in accordance with the terms of the Offer, the CA has agreed that the Company may proceed with the Offer and close the Offer, provided that the Company notifies the CA of the outcome of the Offer (the respective shareholdings of the persons exercising control of the Company, and whether the Company and such persons exercising control of the Company are in compliance with the relevant regulatory requirements under the Broadcasting Ordinance as a result of the Offer) within three business days of the closing date of the Offer. The CA will then deal with the application from the Company and, if applicable, applications from Shareholders on a retrospective basis. The Young Lion Concert Party Group has in the past been approved by the CA as a qualified voting controller of the Company, not as a disqualified person, and is fit and proper for the purposes of the Broadcasting Ordinance. In addition, regardless of the outcome of the Offer, in no circumstances will the Company become a subsidiary of Young Lion or the Young Lion Concert Party Group or any other company as a result of the Offer.

If any individual Shareholder does not receive the approvals that it requires from the CA under the Broadcasting Ordinance, the CA has the power to require that Shareholder to take certain steps as the CA may deem appropriate (including requiring the relevant Shareholder to dispose of some or all of its Shares).

**Shareholders should inform themselves of the applicable requirements under the Broadcasting Ordinance and ensure that all necessary applications are made to the CA in a timely manner. Persons who are in any doubt as to the action they should take should consult their solicitor or other professional advisers.**

## **ODD LOTS**

The Shares are currently traded in board lots of 100 Shares each. There is no intention to change the board lot size as a result of the Offer. Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. The Company will make arrangements to appoint a designated broker to match sales and purchases of odd lot holdings of Shares for a reasonable period after close of the Offer in order to enable such Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Details of such arrangement will be included in the Offer Document and by subsequent announcement as necessary.

## **NOMINEE REGISTRATION OF SHARES**

To ensure equality of treatment of Shareholders, those registered holders of the Shares who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Shares, whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS), to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer.

## **WHITEWASH WAIVER**

As at the date of this announcement, the total number of issued Shares is 438,000,000 Shares. Young Lion has a beneficial interest in 113,888,628 Shares (representing approximately 26.00% of the existing share capital of the Company in issue) and Ms. Fong has a beneficial interest in 17,096,200 Shares (comprising a personal interest in 1,146,000 Shares and a beneficial interest in 15,950,200 Shares held through Shaw Foundation, representing in aggregate approximately 3.90% of the existing share capital of the Company in issue). Young Lion has confirmed that it has the firm intention not to tender into the Offer any of the Shares held by it (directly or indirectly) as at the date of this announcement.

If the Young Lion Concert Party Group do not accept the Offer for the Shares held by them as at the date of this announcement, depending on the level of Shares tendered for repurchase by the Company as stated in the Form of Acceptance, the aggregate beneficial interest in the Company's share capital in issue held by the Young Lion Concert Party Group may increase from its current level of approximately 29.90% to a maximum of approximately 43.66% upon close of the Offer, thereby triggering an obligation on the Young Lion Concert Party Group under Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned by the Young Lion Concert Party Group. Consequently, an application will be made to the Executive by the Company on behalf of the Young Lion Concert Party Group for the Whitewash Waiver.

The Whitewash Waiver will be subject to the approval of the Independent Shareholders and the Executive. If the Whitewash Waiver is not approved or not granted by the Executive, or if such approval is withdrawn by the Executive, the Offer will not proceed.

As at the date of this announcement, the Company does not believe that the Offer gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Offer Document. The Company notes that the Executive may not grant the Whitewash Waiver if the Offer does not comply with other applicable rules and regulations.

## CHANGES IN SHAREHOLDING STRUCTURE

The table below sets out the Company's existing shareholding structure and the shareholding structure assuming that (i) all Shareholders (other than the Young Lion Concert Party Group) will accept the Offer in full, (ii) the Young Lion Concert Party Group do not accept the Offer, and (iii) no additional Shares are issued from the date of this announcement up to and including the date of close of the Offer:

Name of Shareholders	Immediately before the Offer		Upon close of the Offer	
	<i>Number of Shares</i>	<i>% of the total share capital in issue</i>	<i>Number of Shares</i>	<i>% of the total share capital in issue</i>
Young Lion	113,888,628	26.00%	113,888,628	37.96%
Ms Fong <sup>(1)</sup>	17,096,200	3.90%	17,096,200	5.70%
the Young Lion Concert Party Group	130,984,828	29.90%	130,984,828	43.66%
Silchester International				
Investors LLP <sup>(2)</sup>	61,407,500	14.02%	33,805,493	11.27%
Dodge & Cox <sup>(2)</sup>	40,163,800	9.17%	22,110,606	7.37%
Other Shareholders	205,443,872	46.91%	113,099,073	37.70%
Total	<u>438,000,000</u>	<u>100.00%</u>	<u>300,000,000</u>	<u>100.00%</u>

Notes:

- (1) comprising a personal interest in 1,146,000 Shares and a beneficial interest in 15,950,200 Shares held through Shaw Foundation
- (2) based on the most recent disclosure of interest forms filed in accordance with Part XV of the SFO

## HOLDINGS AND DEALINGS IN THE SHARES

### Holdings

As at the date of this announcement, save as disclosed below, neither the Company nor parties acting in concert with it, holds, owns, controls or has direction over any Shares, outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, or has entered into any outstanding derivatives in respect of securities in the Company.

As at the date of this announcement, the interests and positions of the Directors in the Shares are set out below:

Name of Director	Number of Shares held					Percentage in share capital (%) <sup>(a)</sup>
	Personal interests	Family interests	Corporate interests	Other interests	Total interests	
Dr. Chan	–	–	–	113,888,628	113,888,628 <sup>(b)(f)</sup>	26.00
Mr. Li	–	–	113,888,628	–	113,888,628 <sup>(c)(f)</sup>	26.00
Mr. Chen Wen Chi	–	113,888,628	–	–	113,888,628 <sup>(d)(f)</sup>	26.00
Ms. Fong	1,146,000	–	15,950,200 <sup>(e)</sup>	–	17,096,200 <sup>(f)</sup>	3.90
Mr. Mark Lee Po On	–	438,000	–	–	438,000 <sup>(f)</sup>	0.10

Notes:

- (a) Percentage in share capital was based on 438,000,000 Shares of the Company in issue.
- (b) Dr. Chan was deemed to be interested in 113,888,628 Shares held by Shaw Brothers as he is a party to the Young Lion Section 317 Agreement. Shaw Brothers is an indirect wholly-owned subsidiary of Young Lion. IVH, which is wholly owned and controlled by Dr. Chan, holds 56.51% voting shares in Young Lion whereas Profit Global and CMC M&E Acquisition hold 11.49% and 32% voting shares respectively.
- (c) Mr. Li was deemed to be interested in 113,888,628 Shares held by Shaw Brothers, an indirect wholly-owned subsidiary of Young Lion. Such share interest is held indirectly through CMC M&E Acquisition, which is a party to the Young Lion Section 317 Agreement. CMC M&E Acquisition is a wholly-owned subsidiary of CMC M&E Holdings Ltd, which is in turn a wholly-owned subsidiary of CMC Holdings. Gold Pioneer Worldwide Limited, which is wholly owned and controlled by Mr. Li, holds 86.19% of the voting rights of CMC Holdings.

- (d) Mr. Chen Wen Chi was deemed to be interested in 113,888,628 Shares held by Shaw Brothers, an indirect wholly-owned subsidiary of Young Lion. Such share interest is indirectly held by his spouse, Ms. Wang Hsiueh Hong through Profit Global. Profit Global is a party to the Young Lion Section 317 Agreement. Kun Chang holds 70% equity interests in Profit Global while the remaining 30% equity interests are held by Shin Tong Investments Ltd.. Directors and substantial shareholders of Kun Chang are all accustomed to act in accordance with the directions of Ms. Wang.
- (e) These 15,950,200 Shares were held by Shaw Foundation. Shaw Holdings holds 100% equity interest in Shaw Foundation. Ms. Fong exerts 100% control over Shaw Holdings through The Sir Run Run Shaw Charitable Trust.
- (f) The interests held by these Directors represented long positions.

As at the date of this announcement, the Young Lion Concert Party Group are interested in 130,984,828 Shares in aggregate, representing approximately 29.90% of the existing share capital of the Company in issue as at the date hereof, and do not hold, own, control or have direction over any other Shares, outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, or have entered into any outstanding derivatives in respect of securities in the Company.

BofAML is the financial adviser to the Company in respect of the Offer. Accordingly, BofAML and relevant members of the BofAML group which hold Shares are presumed to be acting in concert with the Company in accordance with class 5 of the definition of “Acting in concert” in the Takeovers Code (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the BofAML group). Details of holdings, borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by other parts of the BofAML group will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Company if the holdings, borrowings, lendings, or dealings of the other parts of the BofAML group are significant and in any event, such information would be disclosed in the Offer Document. The statements in this announcement as to holdings, borrowings or lendings of, or their dealings in, or voting of Shares (or rights, rights over Shares, warrants or derivatives in respect of them) by persons acting in concert with the Company are subject to the holdings, borrowings, lendings, or dealings (if any) of such members of the BofAML group.



## **Dealings in the Shares**

The Company has not repurchased any Shares in the six-month period prior to the date of this announcement.

The Company has been informed by each of Young Lion, Shaw Foundation and Ms. Fong that none of the members of the Young Lion Concert Party Group has dealt in the Shares in the six months immediately prior to the date of this announcement.

Any dealings in Shares during the six months prior to the date of this announcement by the BofAML group (excluding dealings in Shares by BofAML group members who are exempt principal traders or exempt fund managers) will be disclosed in the Offer Document.

## **OTHER ARRANGEMENTS**

As at the date of this announcement, neither the Company nor parties acting in concert with it has received any irrevocable commitment to accept or reject the Offer or vote for or against the Whitewash Waiver.

There is no arrangement (whether by way of option, indemnity or otherwise) relating to relevant securities which may be an inducement to deal or refrain from dealing as described in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares and relevant securities of the Company which might be material to the Offer or the Whitewash Waiver.

There is no agreement or arrangement to which the Company is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the Offer or the Whitewash Waiver.

As at the date of this announcement, neither the Company nor parties acting in concert with it has borrowed or lent any relevant securities of the Company.

## **INFORMATION ON THE GROUP**

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



## **FUTURE INTENTIONS OF THE GROUP**

The business and management of the Group will remain unchanged and the Company's listing on the Stock Exchange will be maintained upon close of the Offer. It is intended that no major changes will be introduced to the business of the Group and employment of the employees of the Group will be continued.

The Company successfully launched the new over-the-top (OTT) platform, myTV SUPER, in Hong Kong on 18 April 2016 to cater for its home-based subscribers, providing them with the Company's own productions and acquired programmes. The Company has focused on marketing, building content and migrating existing subscribers of the pay TV service, TVB Network Vision, to this new platform. The new platform complements the Company's existing terrestrial broadcasting and extends the current online distribution operations in Hong Kong.

Concurrently with the launch of the OTT platform, the Company also ramped up its mobile business and launched the myTV SUPER app to provide identical programme offerings to Hong Kong's "on-the-go" mobile subscribers. The Company has extended a similar OTT service to the overseas Chinese-speaking communities beyond Europe and Australia under the "TVB Anywhere" brand. The new service was first launched in Canada in September 2016.

## **REASONS FOR AND FINANCIAL EFFECTS OF THE OFFER**

The Directors believe that the Offer provides an opportunity for the Shareholders to realise at least part of their investment in the Company at a premium to the recent market price or to increase their proportionate interest in the Company by retaining their shareholdings and participating in the future prospects of the Group. The Directors also believe that the Offer provides an opportunity for the Company to utilise its existing cash to enhance shareholder value.

Further details of the financial effects of the Offer, including the effects of the Offer on the net assets of the Group, the net asset value per Share, the earnings of the Group and the earnings per Share, will be set out in the Offer Document to be despatched to the Shareholders as soon as practicable.

## PROFIT WARNING

The Company issued a profit warning announcement on 7 December 2016, where the Board announced that based on an assessment of the unaudited management accounts of the Group for the ten months ended 31 October 2016, the Board expected profit attributable to equity holders of the Company for the year ended 31 December 2016 to have decreased by approximately 55% to 65% when compared to the year ended 31 December 2015 due to the following major reasons:

- Owing to a prolonged economic downturn in Hong Kong since the last quarter of 2014, the advertising market has remained weak throughout the year to date which adversely affected the Group's revenue under the Hong Kong TV broadcasting segment. Due to the relatively fixed cost structure of this business segment, the expected drop of revenue on a year-on-year basis of close to HK\$400 million, representing a decrease of approximately 13%, will directly impact the segment profit for the year ending 31 December 2016.
- The broadcast of the Rio 2016 Olympic Games on TVB's channels contributed to an under-recovery of costs of approximately HK\$150 million (which was in line with the estimation made in the announcements of the Company dated 23 March 2016 and 24 August 2016).
- As of 4 December 2016, the number of users of myTV SUPER service via set-top boxes and mobile apps had exceeded a total of 2,000,000, which is substantially better than the estimated target of 1,400,000 users by November 2017. Due to the better than anticipated business progress, the start-up loss under myTV SUPER OTT service for the period from the launch on 18 April 2016 to 31 December 2016 is estimated to decrease from approximately HK\$100 million to approximately HK\$50 million.
- In 2015, the exceptional items arising from the disposal of 53% equity interest in Liann Yee Production Co. Ltd. (Liann Yee), the Taiwan operations; the impairment on loans to and amounts due from an associate TVB Network Vision Limited, the operator of the Group's Hong Kong pay TV business; and other items had resulted in a net exceptional gain of HK\$410 million. In 2016, exceptional items arising from the disposal of the remaining 47% interest in Liann Yee, and the disposal of the property interest in Neihu District of Taipei City, resulted in a net gain of HK\$292 million only.

No assumptions were involved in the making of the Profit Forecast as at the date of this announcement as it relates to a period already ended.

The profit warning announcement dated 7 December 2016 is regarded as a profit forecast for the purposes of Rule 10 of the Takeovers Code. The Profit Forecast will be reported on by the Independent Financial Adviser and PricewaterhouseCoopers, the auditors of the Company, in accordance with Rule 10.4 of the Takeovers Code. Their respective reports will be contained in the Offer Document to be sent by the Company to the Shareholders.

**Warning: Shareholders and potential investors in the Company should note that the Profit Forecast does not meet the standard required by Rule 10 of the Takeovers Code as at the date of this Announcement because it has not yet been reported on by the Company’s auditors and the Independent Financial Adviser. Shareholders and potential investors should exercise caution in placing reliance on the Profit Forecast in assessing the merits and demerits of the Offer or any dealings in the securities of the Company. They are also strongly advised to review the Offer Document to be despatched by the Company in full, which will include the reports of the Profit Forecast by the Company’s auditor and the Independent Financial Adviser before making any decisions on the Offer or any dealings in the securities of the Company.**

## **DEALINGS DISCLOSURE**

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code, including any person who owns or controls 5% or more of any class of relevant securities of the Company) of the Company are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 (of the Takeovers Code) and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules (of the Takeovers Code). However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **GENERAL**

### **Restriction on on-market repurchase**

The Company will not conduct any on-market share repurchase from the date of this announcement up to and including the date the Offer closes, lapses or is withdrawn, as the case may be.

### **Independent Board Committee**

An Independent Board Committee, which comprises the non-executive Directors of the Company who have no direct or indirect interest in the Offer and/or the Whitewash Waiver, namely Mr. Anthony Lee Hsien Pin, Dr. Raymond Or Ching Fai, Dr. William Lo Wing Yan, Professor Caroline Wang Chia-Ling and Dr. Allan Zeman, has been established by the Board to make recommendations to the Shareholders as to whether each of the Offer and the Whitewash Waiver is, or is not, fair and reasonable and as to acceptance. The other non-executive Directors of the Company hold direct or indirect interests in the Offer and/or the Whitewash Waiver, in particular: (i) Dr. Chan, Mr. Li and Mr. Chen Wen Chi each holds, directly or indirectly, an interest in Young Lion, and (ii) Ms. Fong and Mr. Thomas Hui To are part of the Young Lion Concert Party Group.

### **Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**

Somerley Capital Limited has been appointed by the Company (with the approval of the Independent Board Committee) as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver.

## **Despatch of Offer Document**

It is the intention of the Company that an Offer Document containing, amongst other things, further details of the Offer, the expected timetable, information regarding the Company, recommendations from the Independent Board Committee with respect to the Offer and the Whitewash Waiver, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with a Form of Acceptance and a notice convening the EGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and other applicable regulations.

## **Hong Kong stamp duty**

Sellers' ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by each Shareholder at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by the Company for such person's Shares and will be deducted from the cash amount due to such Accepting Shareholder. The Company will pay the buyer's ad valorem stamp duty on its own behalf and, subject to such deduction aforesaid will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Accepting Shareholder(s)”	Qualifying Shareholder(s) accepting the Offer
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors

“BofAML”	Merrill Lynch (Asia Pacific) Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities with the SFC, which has been appointed as the financial adviser to the Company in respect of the Offer
“Broadcasting Ordinance”	The Broadcasting Ordinance (Chapter 562 of the Laws of Hong Kong)
“CA”	Communications Authority
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CMC Holdings”	CMC Holdings Limited
“CMC M&E Acquisition”	CMC M&E Acquisition Co. Ltd.
“Company”	Television Broadcasts Limited (電視廣播有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 00511)
“Conditions”	the conditions as set out in “Conditions of the Offer” above to which the Offer is subject
“Director(s)”	the director(s) of the Company
“Dr. Chan”	Dr. Charles Chan Kwok Keung, the chairman and non-executive Director
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the resolution(s) in connection with the Offer and the Whitewash Waiver

“Excluded Shareholder(s)”	any overseas Shareholders whose address, as shown on the Register as at the latest practicable date prior to the publication of the Offer Document, is outside Hong Kong and located in a jurisdiction the laws of which may prohibit the making of the Offer to such Shareholders or otherwise require the Company to comply with additional requirements which are (in the opinion of the Directors, but subject to the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of Shareholders involved in that jurisdiction and their shareholdings in the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance to be issued with the Offer Document to Qualifying Shareholders for use by such persons in connection with the Offer
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all the non-executive Directors who have no direct or indirect interest in the Offer and/or the Whitewash Waiver, which has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver

“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) the Young Lion Concert Party Group, (ii) Shareholders who are involved in and/or interested in the Whitewash Waiver and/or Offer, and (iii) Shareholders who have material interests in the Whitewash Waiver and/or Offer which is different from the interests of all other Shareholders
“IVH”	Innovative View Holdings Limited
“Kun Chang”	Kun Chang Investment Co. Ltd.
“Last Trading Day”	24 January 2017, being the last trading day prior to the issue of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Number”	the maximum number of Shares to be repurchased pursuant to the Offer, being an aggregate of 138,000,000 Shares, representing approximately 31.51% of the share capital of the Company in issue as at the date of this announcement
“Mr. Li”	Mr. Li Ruigang, the vice chairman and non-executive Director
“Ms. Fong”	Ms. Mona Fong, a non-executive Director



“Offer”	a conditional cash offer by BofAML on behalf of the Company to repurchase Shares at the Offer Price from all Qualifying Shareholders, subject to the Maximum Number
“Offer Document”	a circular to the Shareholders (comprising, among others, the further details of the Offer, the expected timetable, information regarding the Company, recommendations from the Independent Board Committee with respect to the Offer and the Whitewash Waiver, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, together with the notice of the EGM, the proxy form for voting at the EGM and the Form of Acceptance) to be issued in connection with the Offer and the Whitewash Waiver
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and commencing from the date of this announcement
“Offer Price”	HK\$30.50 per Share
“Profit Forecast”	the profit warning set out in the announcement by the Company dated 7 December 2016, which constitutes a profit forecast under Rule 10 of the Takeovers Code
“Profit Global”	Profit Global Investment Limited
“Qualifying Shareholder(s)”	Shareholders, other than the Excluded Shareholder(s) (if any), whose names appear on the Register on the Record Date
“Record Date”	the record date for ascertaining entitlements in respect of the Offer, which will be set out in the Offer Document
“Register”	the register of members of the Company

“Regulatory Authority”	all appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions, including but not limited to the Executive, the CA and the Stock Exchange
“relevant securities”	has the meaning ascribed to it under Note 4 to Rule 22 of the Takeovers Code
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Buy-back Code”	the Code on Share Buy-Backs
“Shareholder(s)”	holder(s) of Share(s)
“Shaw Brothers”	Shaw Brothers Limited
“Shaw Foundation”	The Shaw Foundation Hong Kong Limited (邵氏基金(香港)有限公司)
“Shaw Holdings”	Shaw Holdings Inc.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Takeovers Code
“Takeovers Code”	The Code on Takeovers and Mergers
“US” or “United States”	United States of America

“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Young Lion Concert Party Group to make a mandatory general offer for all the Shares not already owned by them under Rule 26.1 of the Takeovers Code, which may otherwise arise as a result of the close of the Offer
“YLA”	Young Lion Acquisition Co. Limited, a wholly-owned subsidiary of Young Lion
“Young Lion”	Young Lion Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Young Lion Concert Party Group”	Young Lion, Shaw Foundation, Ms. Fong, Dr. Chan, Mr. Li, Mr. Chen Wen Chi, Ms. Wang Hsiueh Hong and parties acting in concert with any of them
“Young Lion Section 317 Agreement”	the agreement dated 22 April 2015 to which Section 317 of the SFO applies, entered into between Dr. Chan, IVH, CMC M&E Acquisition, Profit Global, Young Lion, YLA and Shaw Brothers in relation to the governance of Young Lion and its indirect interests in the Shares
“%”	per cent.

By Order of the Board  
**Adrian MAK Yau Kee**  
*Company Secretary*

Hong Kong, 24 January 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

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement contained in this announcement misleading.*