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i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1097)

(I) GRANT OF LOAN FACILITY BY THE CONTROLLING SHAREHOLDER;

**(II) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES
ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FOUR (4)
EXISTING SHARES AT HK\$0.10 PER RIGHTS SHARE;**

**(III) CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ISSUE OF UNLISTED LONG-TERM CONVERTIBLE
SECURITIES UNDER SPECIFIC MANDATE TO
FOREVER TOP (ASIA) LIMITED;**

(IV) PROPOSED CHANGE IN BOARD LOT SIZE; AND

(V) NOTICE OF CLOSE OF REGISTER OF MEMBERS

Financial advisers to the Company



SOMERLEY CAPITAL LIMITED



Halcyon Capital Limited

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

**ABLE CAPITAL
PARTNERS**

Able Capital Partners Limited

BACKGROUND

Reference is made to the announcements of the Company dated 9 November 2018 and 9 January 2019 and the circular of the Company dated 20 December 2018 in relation to, among other things, the 2018 Rights Issue and the Whitewash Waiver.

The Group has been increasingly loss-making for the past five years. Since Forever Top (Asia) Limited became the Controlling Shareholder in 2017, the Company has been formulating restructuring plans but losses have continued. The proceeds of the 2017 Open Offer underwritten by the Controlling Shareholder have already been substantially utilised by the Group. On 9 November 2018, the Company announced the 2018 Rights Issue and the Whitewash Waiver. The Board took the view that the 2018 Rights Issue, if completed, would have strengthened the Group's capital base, provided additional funding for the Group's capital expenditure, met the cash flow needs of the Group and provided additional funding to fulfill the investment requirements under the Regulatory Licenses. However, the resolutions approving the 2018 Rights Issue and the Whitewash Waiver were not passed by the Independent Shareholders at the general meeting held on 9 January 2019.

Based on certain verbal feedback from the Independent Shareholders during and after the general meeting, the Board noted that, while the Independent Shareholders were aware of the deteriorating financial position of the Group and the need for additional funding, some Independent Shareholders expressed the view that the equity call on them and the potential dilution through the 2018 Rights Issue was too heavy.

After reviewing the results of the general meeting and the comments made and having considered additional funding to the Group is still essential, the Board has revised the previous proposal to try, as far as possible, to balance the undoubted need for increased equity capital with the concerns of the Independent Shareholders. The revised fund raising proposal, comprising the Rights Issue and the Subscription as detailed in this announcement below, will raise a maximum gross proceeds of approximately HK\$660 million, which is broadly the same as before in the 2018 Rights Issue, as this is the amount the Board considers necessary to achieve financial stability, maintain customer confidence and fulfil the Group's licensing requirements. Moreover, while the Loan Facility has been granted to the Group, it is only for general working capital requirements and on a short-term basis, and the Board is of the view that the Rights Issue and the Subscription are necessary to recapitalise the business to allow sufficient time for the restructuring initiatives to be implemented.

GRANT OF LOAN FACILITY BY THE CONTROLLING SHAREHOLDER

After trading hours on 25 January 2019, the Controlling Shareholder as lender and the Company as borrower entered into the Loan Agreement pursuant to which the Controlling Shareholder agreed to grant the Loan Facility to the Company at interest rate of HIBOR per annum repayable at the earlier of (a) 18-months from the date of the Loan Agreement; and (b) five (5) Business Days following completion of last fund raising activity of the Company (including issuance of equity or debt or convertible securities) from the date of the Loan Agreement with an aggregate amount of gross proceeds received by the Company from all fund raising activities completed after the date of the Loan Agreement being not less than HK\$600 million. The Loan will be used by the Company for its general working capital requirements.

PROPOSED RIGHTS ISSUE AND PROPOSED ISSUE OF UNLISTED LONG-TERM CONVERTIBLE SECURITIES

The Company proposes to raise not more than approximately HK\$465.5 million before expenses by way of the Rights Issue to the Shareholders (on the basis that no new Shares are issued and no repurchase of Shares before the Record Date). The Rights Issue is not underwritten and involves the issue of up to 4,654,515,117 Rights Shares (on the basis that no new Shares are issued and no repurchase of Shares before the Record Date) at the Subscription Price of HK\$0.10 per Rights Share on the basis of three (3) Rights Shares for every four (4) existing Shares in issue on the Record Date. The Controlling Shareholder, as at the date of this announcement, is interested in an aggregate of 2,682,362,480 Shares, representing approximately 43.2% of the total number of the existing issued Shares. The Controlling Shareholder has irrevocably undertaken to the Company that, among others, it will accept or procure the acceptance of the Rights Shares to be provisionally allotted to it under the Rights Issue of up to a maximum of 2,011,771,860 Rights Shares (being all of the assured entitlement of the Controlling Shareholder under the Rights Issue based on the existing shareholding structure of the Company, assuming that there will not be any change to the shareholding structure from the date of this announcement up to and including the Record Date) provided that the total number of Rights Shares to be subscribed by the Controlling Shareholder under the Rights Issue will be scaled down to the extent that its percentage shareholding in the Company will be the same immediately before and after completion of the Rights Issue. Consequently, the Controlling Shareholder will not trigger a general offer obligation in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

The Company also, after trading hours on 25 January 2019, entered into the LCS Subscription Agreement with the Controlling Shareholder, pursuant to which the Company has conditionally agreed to issue, and the Controlling Shareholder has conditionally agreed to subscribe for the LCS. Under the LCS Subscription Agreement, the Company will procure the Controlling Shareholder to subscribe for the LCS (i) in the event that the Rights Issue is not approved by the Independent Shareholders, at the later of: (1) the fifth Business Day after the GM; and (2) the fifth Business Day after the last of the conditions in the LCS Subscription Agreement is fulfilled or waived; or (ii) in the event that the Rights Issue is approved by the Independent Shareholders but does not become unconditional by the latest time for the Rights Issue to become unconditional, at the later of: (1) the fifth Business Day after the latest time for the Rights Issue to become unconditional; and (2) the fifth Business Day after the last of the conditions in the LCS Subscription Agreement is fulfilled or waived; or (iii) in the event that the Rights Issue is approved by the Independent Shareholders and becomes unconditional by the latest time for the Rights Issue to become unconditional, on the date of completion of the Rights Issue. The principal amount for the Subscription will be the difference between HK\$660 million and the aggregate gross proceeds raised in the Rights Issue, and will be between HK\$185 million and HK\$660 million.

PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently trading in board lots of 10,000 Shares each. The Board proposes to change the board lot size for trading in the Shares on the Stock Exchange from 10,000 Shares to 20,000 Shares subject to the Rights Issue becoming effective.

LISTING RULES IMPLICATIONS

The entering into of the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since (i) based on the advice from the Independent Financial Adviser, the Board considers that the Loan Agreement has been entered into after arm's length negotiation between the Controlling Shareholder and the Company and is conducted on normal commercial terms or better; and (ii) the Loan is not secured by any asset of the Group, the entering into of the Loan Agreement is fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

As at the date of this announcement, the Controlling Shareholder is interested in an aggregate of 2,682,362,480 Shares, representing approximately 43.2% of the total number of the existing issued Shares and is a substantial Shareholder and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the LCS Subscription Agreement constitutes a connected transaction of the Company under the Listing Rules and the LCS Subscription Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In compliance with Rule 7.19A(1) of the Listing Rules, the Rights Issue will be made conditional on approval by the Independent Shareholders by way of poll at the GM and any controlling Shareholder and their associates or where there is no controlling Shareholder, the Directors (other than independent non-executive Directors), the chief executives of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue.

As at the date of this announcement, the Controlling Shareholder, is interested in 2,682,362,480 Shares, representing approximately 43.2% of the total number of the existing issued Shares as at the date of this announcement and its associates shall abstain from voting in respect of the resolutions relating to the Rights Issue and LCS Subscription Agreement.

GRANT OF LOAN FACILITY BY THE CONTROLLING SHAREHOLDER

After trading hours on 25 January 2019, the Controlling Shareholder as lender and the Company as borrower entered into the Loan Agreement pursuant to which the Controlling Shareholder agreed to grant the Loan Facility to the Company for its general working capital requirements. Principal terms of the Loan Agreement are set out below:

Date:	25 January 2019
Borrower:	The Company
Lender:	The Controlling Shareholder
Principal amount:	Up to HK\$200 million
Term:	The period commencing on the date of the Loan Agreement and ending on the date that is the earlier of (a) 18-months from the date of the Loan Agreement; and (b) five (5) Business Days following completion of last fund raising activity of the Company (including issuance of equity or debt or convertible securities) from the date of the Loan Agreement with an aggregate amount of gross proceeds received by the Company from all fund raising activities completed after the date of the Loan Agreement being not less than HK\$600 million
Interest rate:	HIBOR per annum
Repayment and prepayment:	The Borrower shall repay the outstanding principal amount of the Loan and accrued unpaid interest in full on the Repayment Date. The Borrower is entitled to early repay any outstanding amount of the Loan and the accrued unpaid interest by giving at least three Business Days' prior written notice to the Lender. Any amount of the Loan repaid or prepaid will not be available for withdrawal again in accordance with the terms of the Loan Agreement
Security by the Group:	None

PROPOSED RIGHTS ISSUE

The Board proposed the Rights Issue, details of which are summarised below:

Issue statistics

Basis of the Rights Issue:	Three (3) Rights Shares for every four (4) existing Shares held on the Record Date
Subscription Price:	HK\$0.100 per Rights Share
Number of the existing Shares in issue as at the date of this announcement:	6,206,020,156 Shares
Number of Rights Shares:	<p>Up to 4,654,515,117 Rights Shares (assuming no new Shares are issued and no repurchase of Shares on or before the Record Date); or</p> <p>up to 4,759,215,117 Rights Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding exercisable Share Options, but otherwise no other Shares are issued and no repurchase Shares on or before the Record Date) (i.e. 6,206,020,156 Shares plus the outstanding exercisable Share Options carrying the right to subscribe for a total number of 139,600,000 Shares)</p>
Enlarged issued share capital upon completion of the Rights Issue:	<p>10,860,535,273 Shares (assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the completion of the Rights Issue); or</p> <p>11,104,835,273 Shares (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding exercisable Share Options, but otherwise no other Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the completion of the Rights Issue)</p>
Maximum proceeds to be raised under the Rights Issue:	<p>Approximately HK\$465.5 million (assuming no new Shares are issued and no repurchase of Shares on or before the Record Date); or</p> <p>approximately HK\$475.9 million (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding exercisable Share Options, but otherwise no other Shares are issued and no repurchase Shares on or before the Record Date)</p>

As at the date of this announcement, there are outstanding Share Options carrying the right to subscribe for a total number of 279,200,000 Shares at an exercise price of HK\$0.210 per Share, of which options for 139,600,000 Shares are exercisable from 15 June 2018 to 14 June 2028 (both dates inclusive) and options for 139,600,000 Shares are exercisable from 15 June 2019 to 14 June 2028 (both dates inclusive) granted and exercisable under the Share Option Scheme. Save for the foregoing, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the date of this announcement.

Assuming no new Shares are issued and no repurchase of Shares on or before the Record Date, the maximum number of 4,654,515,117 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 75.0% of the total number of the existing issued Shares as at the date of this announcement and approximately 42.9% of the total number of the issued Shares as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue.

Assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding exercisable Share Options, but otherwise no other Shares are issued and no repurchase of Shares on or before the Record Date, the maximum number of 4,759,215,117 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 76.7% of the total number of the existing issued Shares as at the date of this announcement and approximately 42.9% of the total number of the issued Shares as enlarged by the allotment and issue of all the Rights Shares immediately upon completion of the Rights Issue.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders, which do not include any Rights Shares to be provisionally allotted to the Controlling Shareholder for which subscription of Rights Shares will be subject to the Undertaking as set out in the section headed “Undertaking by the Controlling Shareholder” in this announcement, will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. The legal adviser of the Company has confirmed that there are no statutory requirements under applicable Hong Kong law regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the Provisional Allotment Letter may unwittingly incur an obligation to make a general offer for the Shares and Share Options under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a

level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

Undertaking by the Controlling Shareholder

As at the date of this announcement, the Controlling Shareholder is interested in an aggregate of 2,682,362,480 Shares, representing approximately 43.2% of the total number of the existing issued Shares. The Controlling Shareholder has irrevocably undertaken to the Company that, among others, it will accept or procure the acceptance of the Rights Shares to be provisionally allotted to it under the Rights Issue of up to a maximum of 2,011,771,860 Rights Shares (being all of the assured entitlement of the Controlling Shareholder under the Rights Issue based on the existing shareholding structure of the Company, assuming that there will not be any change to the shareholding structure from the date of this announcement up to and including the Record Date) provided that the total number of Rights Shares to be subscribed by the Controlling Shareholder under the Rights Issue will be scaled down to the extent that its percentage of shareholding in the Company will be the same immediately before and after the completion of the Rights Issue. Consequently, the Controlling Shareholder will not trigger a general offer obligation in accordance to the note to Rule 7.19(5)(b) of the Listing Rules and no Whitewash Waiver will be applied for.

On this basis, the number of Rights Shares to be allotted and issued to the Controlling Shareholder shall be determined by the following formula, being:

$Y = N \times (A/B)$, where

Y = the total number of the Rights Shares to be allotted and issued to the Controlling Shareholder (rounded down to the nearest whole number)

N = the total number of the Rights Shares validly applied by the Shareholders (other than the Controlling Shareholder) and investors and accepted by the Company

A = the total number of Shares held by the Controlling Shareholder immediately before completion of the Rights Issue

B = the total number of issued Shares immediately before completion of the Rights Issue minus A

Subscription Price

The subscription price of HK\$0.100 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 13.0% to the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 13.0% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK\$0.115;
- (iii) a discount of approximately 13.0% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately HK\$0.115;
- (iv) a discount of approximately 8.3% to the theoretical ex-rights price of approximately HK\$0.109 per Share based on the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 32.4% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2018 as extracted from the interim report of the Company for the six months ended 30 June 2018 of approximately HK\$0.148 per Share; and
- (vi) a dilution effect of approximately 5.2% to the existing Shareholders if they elect not to/cannot participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.109 per Share (taking into account the closing price of the Last Trading Day of HK\$0.115 per Share) and the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and excluding the Last Trading Day of approximately HK\$0.115 (the **“Theoretical Dilution Effect”**).

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Board considers that the discount of the Subscription Price to the current market price will encourage them to participate in the Rights Issue. The Subscription Price and the Rights Issue ratio were determined by the Board based on the funding needs of the Group and the verbal feedback from certain Independent Shareholders in the general meeting of the Company held on 9 January 2019 which suggested that the equity call on them and potential dilution through the 2018 Rights Issue proposed at that meeting was too heavy. Accordingly, the Rights Issue will proceed on a non-underwritten basis and the Controlling Shareholder’s undertaking to subscribe for its assured entitlement may be scaled down. In addition, the Theoretical Dilution Effect to the existing Shareholders if they elect not to/cannot participate in the Rights Issue is lessened as compared to the 2018 Rights Issue. Nevertheless, the Board is of the view that the Rights Issue, together with the funds raised through the Subscription of up to HK\$660 million of convertible securities by the Controlling Shareholder as detailed in the section headed “Proposed issue of unlisted long-term convertible securities” in this announcement, will provide the Group with sufficient funding to continue and develop its business in the manner as set out under the section headed “Reasons for the Rights Issue and the Subscription” in this announcement. As such, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling after the date of allotment and issue of the Rights Shares in their fully-paid form.

Qualifying Shareholders

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by not later than 4:30 p.m. on Tuesday, 30 April 2019. It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 26 April 2019 and the Shares will be dealt with on an ex-rights basis from Monday, 29 April 2019.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Provisional Allotment Letter and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Latest Acceptance Date.

The Directors have made the relevant enquiries and they were advised that the PRC Southbound Trading Investors can participate in the Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their nil-paid Rights Shares on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of shareholding held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. In addition, according to the PRC legal adviser of the Company, the PRC Southbound Trading Investors (or the relevant ChinaClear participants as the case may be) whose stock accounts are credited with nil-paid Rights Shares could not purchase any other nil-paid Rights Shares nor transfer any nil-paid Rights Shares to other PRC Southbound Trading Investors. The PRC Southbound Trading Investors cannot sell or subscribe for Rights Shares until after the Company completes its filing with the CSRC.

The PRC Southbound Trading Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participants) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions for such intermediary in relation to the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the latest time for acceptance of and payment for Rights Shares or last day of dealing in nil-paid Rights Shares stated in the section headed "Expected timetable for the Rights Issue and change in board lot size" of this announcement and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or ChinaClear in order to allow sufficient time to ensure that such instructions are given effect. According to the PRC legal adviser of the Company, the Rights Shares issued to the PRC Southbound Trading Investors shall not be

offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through China Connect (subject to certain limitations in relation to the PRC Southbound Trading Investors' rights to participate in the Rights Issue which will be further explained in the circular to be issued by the Company) or the person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Option holders

The holders of the Share Options who wish to participate in the Rights Issue should exercise the Share Options in accordance with the terms and conditions of the Share Option Scheme, and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and the PRC, in accordance with the CSRC Notice. The Company will send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the Provisional Allotment Letter to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will make enquiry regarding the legal restrictions under the laws of the relevant overseas places and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. However, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro-rata (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders to their shareholdings held on the Record Date in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit.

Any unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Bookrunner under the Placing Arrangement together with the Unsubscribed Rights Shares. The proceeds of the sale as described above, less expenses and in the case of being sold by the Bookrunner, also less the Subscription Price, will be paid pro-rata (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders to their shareholdings held on the Record Date in Hong Kong dollars, in the case of being sold by the Bookrunner, to be pro-rata together with the No Action Shareholders on the basis of all NQS Unsold Rights Shares and Unsubscribed Rights Shares. The Company will retain individual amounts of less than HK\$100 for its own benefit. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements. For the avoidance of doubt, the Non-Qualifying Shareholders will be entitled to vote at the GM unless such person is an associate of the Controlling Shareholder or is otherwise not an Independent Shareholder.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.

Fractional entitlements

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Procedures in respect of Rights Shares not subscribed and the NQS Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Bookrunner to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the latest time for acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent placees on a best effort basis. Any premium over, the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Bookrunner (including any other related expenses/fees), that is realised will be paid to the No Action Shareholders and the Non-Qualifying Shareholders on a pro-rata basis. The Bookrunner will on a best effort basis, procure, by not later than 6:00 p.m., on Thursday, 30 May 2019, acquirers for all (or as many as possible)

of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- A. where the nil-paid rights are, at the time they lapse, represented by a Provisional Allotment Letter, to the person whose name and address appeared on the Provisional Allotment Letter (unless that person is covered by (C) below);
- B. where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (C) below);
- C. if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in “A” to “C” of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

Placing arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares

Date: 25 January 2019

Bookrunner: China Galaxy International Securities (Hong Kong) Co., Limited was appointed as a bookrunner to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis.

The Bookrunner confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company.

Fees and expenses:	The higher of HK\$200,000 or 1.75% of the gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and reimbursed for the expenses in relation to the placing (including but not limited to legal expenses, roadshows expenses, marketing expenses and traveling expenses for placing the Unsubscribed Rights Shares and the NQS Unsold Rights Shares), which the Bookrunner is authorised to deduct from the payment to be made by the Bookrunner to the Company at completion.
Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe):	<p>The placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) shall be at least equal to the total of:</p> <ul style="list-style-type: none"> (a) the Subscription Price; and (b) the estimated expenses per Unsubscribed Rights Share and/or NQS Unsold Rights Share (as the case maybe) <p>The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of placement.</p>
Placees:	The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees, who and whose ultimate beneficial owners, shall be Independent Third Parties.
Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares:	The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the existing Shares in issue as at the date of this announcement.
Termination:	The Placing Arrangement shall end on 31 December 2019 or any other date by mutual written agreement between the Bookrunner and the Company.

The engagement of the Bookrunner may also be terminated by mutual written agreement of the Company and the Bookrunner in case of force majeure resulting in the Company and the Bookrunner being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Bookrunner's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Bookrunner, may make it inadvisable to continue the engagement or, where applicable, may or will be likely that the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will not be approved by the relevant governmental bodies and/or regulatory authorities, the Bookrunner shall have the right to terminate the engagement by written notice to the Company with immediate effect.

The engagement between the Company and the Bookrunner for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares was determined after arm's length negotiations between the Bookrunner and the Company. The Directors consider the fee charged by the Bookrunner is no less favourable to the Company than the commission in recent placing transactions and therefore the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are on normal commercial terms. The Directors believe the expenses as typical and ordinary in the marketing of securities.

It is expected that the Company and the Bookrunner will also enter into a placing agreement, setting out the arrangement of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, on or before the date of despatch of the Circular.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders and the Non-Qualifying Shareholders, the Company considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 20,000. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Share certificates for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before Monday, 3 June 2019 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

Conditions of the Rights Issue

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) The approval by the Independent Shareholders of the Rights Issue by way of poll at the GM in accordance with the Listing Rules.
- (ii) The grant by the Communications Authority of the relevant notice of waiver(s) in respect of the revised shareholding structure of the Company as a result of the Rights Issue, if applicable.
- (iii) The delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly certified in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (and other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Listing Rules.
- (iv) The despatch of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Non-Qualifying Shareholders, if any, for information purpose only.
- (v) The Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares.
- (vi) The compliance with and performance of all the undertakings and obligations of the Controlling Shareholder in accordance to the Undertaking.
- (vii) All relevant consents and approvals being obtained from the regulatory authorities, including the Communications Authority and the Stock Exchange, as the case may require in connection with the Rights Issue by the relevant time that each consent and approval is required.

All of the conditions are incapable of being waived. If the conditions above are not satisfied on or before the Long Stop Date, the Rights Issue shall be terminated.

As at the date of this announcement, none of the conditions precedent has been fulfilled.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid

forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROPOSED ISSUE OF UNLISTED LONG-TERM CONVERTIBLE SECURITIES

On 25 January 2019 (after trading hours), the Company entered into the LCS Subscription Agreement with the Controlling Shareholder, pursuant to which the Company has conditionally agreed to issue, and the Controlling Shareholder has conditionally agreed to subscribe for the LCS. Under the LCS Subscription Agreement, the Company will procure the Controlling Shareholder to subscribe for the LCS (i) in the event that the Rights Issue is not approved by the Independent Shareholders, at the later of: (1) the fifth Business Day after the GM; and (2) the fifth Business Day after the last of the conditions in the LCS Subscription Agreement is fulfilled or waived; or (ii) in the event that the Rights Issue is approved by the Independent Shareholders but does not become unconditional by the latest time for the Rights Issue to become unconditional, at the later of (1) the fifth Business Day after the latest time for the Rights Issue to become unconditional; and (2) the fifth Business Day after the last of the conditions in the LCS Subscription Agreement is fulfilled or waived; or (iii) in the event that the Rights Issue is approved by the Independent Shareholders and becomes unconditional by the latest time for the Rights Issue to become unconditional, on the date of completion of the Rights Issue. The principal amount for the Subscription will be the difference between HK\$660 million and the aggregate gross proceeds raised in the Rights Issue, and will be between HK\$185 million and HK\$660 million.

Principal terms of the LCS Subscription Agreement are set out below:

Date:	25 January 2019
Issuer:	The Company
Subscriber:	The Controlling Shareholder

- Principal amount: HK\$185 million, subject to increase to up to HK\$660 million (being: (a) in the event that the Rights Issue is approved by the Independent Shareholders but does not become unconditional or is not approved by the Independent Shareholders, the principal amount shall be HK\$660,000,000; and (b) in the event that the Rights Issue is approved by the Independent Shareholders and becomes unconditional, the principal amount shall be an amount equal to HK\$660,000,000 minus the amount of the gross proceeds from the Rights Issue (as determined by the Company), rounded up to the nearest million), but shall not in any event exceed HK\$660,000,000.
- Conversion Price: The initial Conversion Price (subject to adjustments as set out in the paragraph “Adjustments to the Conversion Price” below) shall be HK\$0.125 per Conversion Share, which represents:
- (i) a premium of approximately 25.0% over the Subscription Price;
 - (ii) a premium of approximately 8.7% over the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day;
 - (iii) a premium of approximately 8.7% over the average closing price of approximately HK\$0.115 per Share as quoted on the Stock Exchange over the 5 consecutive trading days ending on and including the Last Trading Day;
 - (iv) a premium of approximately 8.7% over the average closing price of approximately HK\$0.115 per Share as quoted on the Stock Exchange over the 10 consecutive trading days ending on and including the Last Trading Day;
 - (v) a premium of approximately 14.7% over the theoretical entitlement price of approximately HK\$0.109 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day; and
 - (vi) a discount of approximately 15.5% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2018 as extracted from the interim report of the Company for the six months ended 30 June 2018 of approximately HK\$0.148 per Share as at 30 June 2018.

Based on the initial Conversion Price, the LCS is convertible into (i) a minimum of 1,480,000,000 Conversion Shares, representing approximately 23.8% of the total number of the existing issued Shares as at the date of this announcement and approximately 11.8% of the total number of issued Shares as enlarged by the issue of the Conversion Shares in full (assuming new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding exercisable Share Options and all Shareholders and Share Options holders have taken up all the entitled Rights Shares under the Rights Issue, but otherwise no other Shares are issued and no repurchase of Shares by the Company on or before the conversion of the LCS); and (ii) a maximum of 5,280,000,000 Conversion Shares, representing approximately 85.1% of the total number of the existing issued Shares capital of the Company as at the date of this announcement and approximately 46.0% of the total number of issued Shares as enlarged by the issue of the Conversion Shares in full (assuming that no further Shares will be issued or repurchased by the Company on or before the conversion of the LCS). The conversion price of the LCS was determined based on, among others, the prevailing market prices of the Shares and the Subscription Price.

Adjustments to the
Conversion Price:

The initial Conversion Price will be subject to adjustment for share consolidations, share subdivisions, re-classification of share into other securities (upon which the Conversion Price will be adjusted proportionately such that holders would receive the number of Shares and/or such other securities which they would have been entitled to had they been converted before the re-classification), capitalisation issues, capital distributions, rights issues, and certain other market standard dilutive events, provided that there shall be no adjustment to the Conversion Price as a result of the Rights Issue.

Coupon rate:

2.0% per annum, payable quarterly.

Maturity date:

The end of tenth (10th) year from date of the issue of the LCS. On the maturity date, all of the remaining outstanding LCS will be redeemed by the issuer at 100% of the outstanding principal amount of the LCS together with any interest accrued but unpaid thereon.

Conversion:

Convertible into ordinary Shares at any time during the period from the date of the issue of the LCS up to the close of business on the maturity date at an integral multiple of HK\$1 million, subject to the conversion restrictions.

Conversion restrictions:	<p>The holder(s) of LCS may exercise a conversion right only if such conversion:</p> <p>(A) (where applicable) has been approved or consented to by the Communications Authority; and</p> <p>(B) will not cause the Company to be unable to meet the minimum public float requirement under the Listing Rules.</p>
Voting:	<p>The holders of the LCS shall not be entitled to receive notices of, attend or vote at any general meetings of the Company or any meetings of any class of Shares, by reason only of it being a holder of the LCS.</p>
Listing:	<p>The LCS will not be listed on the Stock Exchange or any other stock exchange. No application will be made for the listing of the LCS on the Stock Exchange or any other stock exchange. No application will be made for the admissibility, deposit, clearance or settlement of the LCS in CCASS. No transfer, clearing or settlement services will be provided by HKSCC in respect of the LCS.</p> <p>An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares to be issued upon the exercise of the conversion rights attached to the LCS.</p>
Transferability:	<p>The LCS is transferable to other Independent Third Parties except that the transfer would result in the Company being obliged to comply with the obligations prescribed under the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to issue of prospectus or initial public offering of securities or (where applicable) a grant by the Communications Authority of the requisite notice of waiver(s) as a result of such transfer of LCS has not been obtained.</p>
Ranking of the Conversion Shares:	<p>The Conversion Shares shall be duly and validly issued, fully paid and registered, and free from encumbrances and all such Conversion Shares shall rank <i>pari passu</i> in all respects with the fully paid Shares in issue on the relevant date of conversion of the Conversion Shares on the Company's register of members (after issue of the Conversion Shares upon conversion of the LCS) respectively and shall accordingly entitle the holders thereof to participate in full in all future dividends or other distributions the record date for which falls on a date on or after the relevant conversion date.</p>

Conditions of the issuance of LCS

The obligation of the Subscriber to subscribe for the LCS is subject to the fulfilment of the following conditions:

- (i) The warranties made by the Company in the LCS Subscription Agreement being true and correct in all material respects when made, and being true, and correct in all material respects as of the date of the completion of the LCS Subscription Agreement with the same force and effect as if they had been made on and as of such date.
- (ii) The Company having performed and complied with in all respects all agreements, obligations and conditions contained in the LCS Subscription Agreement and the other transaction documents set out in the LCS Subscription Agreement that are required to be performed or complied with by it on or before the date of the completion of the LCS Subscription Agreement and having obtained all approvals, consents and qualifications necessary to complete the transactions contemplated by the LCS Subscription Agreement at the completion of the LCS Subscription Agreement.
- (iii) The Company having delivered to the Controlling Shareholder each of the duly executed transaction documents set out in the LCS Subscription Agreement on or prior to the completion of the LCS Subscription Agreement.
- (iv) The Company having obtained, on or before the completion of the LCS Subscription Agreement, as the case may be, any and all approvals, consents and waivers necessary for consummation of the transactions contemplated by the LCS Subscription Agreement and the other transaction documents set out in the LCS Subscription Agreement, including but not limited to:
 - (a) the approval from the Independent Shareholders at the GM for the consummation of the LCS Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate to allot, issue and deal with the Conversion Shares;
 - (b) the approval from the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which fall to be issued upon conversion of the LCS; and
 - (c) the grant by the Communications Authority of the relevant notice of waiver(s) in respect of the revised shareholding structure of the Company as a result of the issue of the LCS and the Conversion Shares, if applicable.
- (v) There having not occurred any change (nor any development or event involving a prospective change), in the financial or business condition, prospects, results of operations or general affairs of the Company and the Group taken as a whole, which, in the opinion of the Controlling Shareholder, is material and adverse in the context of the issue of the LCS after the date of the LCS Subscription Agreement up to and at the completion of the LCS Subscription Agreement.
- (vi) The Shares remaining listed on the Stock Exchange at all times prior to the completion of the LCS Subscription Agreement and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a

consecutive period of more than three trading days after the date of the LCS Subscription Agreement up to the completion date of the LCS Subscription Agreement (or such longer period as the Company and the Controlling Shareholder may agree); and no indication being received before or on the completion date of the LCS Subscription Agreement from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of or in connection with the terms of the LCS Subscription Agreement or for any other reason.

All the above conditions precedent are required to be satisfied (or waived, if applicable). The Controlling Shareholder may not waive the condition precedent (iv) set out in the above. The Controlling Shareholder has the sole discretion to waive the conditions precedent in (i) to (iii) and (v) and (vi) set out in the above in whole or in part by written notice to the Company.

EFFECT OF THE RIGHTS ISSUE AND THE SUBSCRIPTION ON SHAREHOLDINGS IN THE COMPANY

(1) Assuming no exercise of the exercisable Share Options on or before the Record Date

Set out below are the shareholding of the Company as at the date of this announcement and as a result of sequential completions of each of the following events: (i) the Rights Issue (assuming all or none of the Shareholders to take up their respective the Rights Shares entitlements); and (ii) upon conversion of the LCS in full (pursuant to which the principal amount of the LCS is dependent on the acceptance level of the Rights Issue by the Shareholders).

	As at the date of this announcement		Assuming all the Shareholders have taken up all the entitled Rights Shares and before any conversion of the LCS		Assuming none of the Shareholders has taken up any entitled Rights Shares and before any conversion of the LCS (Note 1)		Assuming all Shareholders have taken up all entitled Rights Shares and the LCS are converted in full		Assuming none of the Shareholders have taken up any entitled Rights Shares and the LCS are converted in full (Note 1)	
	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%
Controlling Shareholder										
Forever Top (Asia) Limited	2,682,362,480	43.2%	4,694,134,340	43.2%	2,682,362,480	43.2%	6,254,134,340	50.4%	7,962,362,480	69.3%
Public										
Other public Shareholders	<u>3,523,657,676</u>	<u>56.8%</u>	<u>6,166,400,933</u>	<u>56.8%</u>	<u>3,523,657,676</u>	<u>56.8%</u>	<u>6,166,400,933</u>	<u>49.6%</u>	<u>3,523,657,676</u>	<u>30.7%</u>
Total	<u><u>6,206,020,156</u></u>	<u><u>100.0%</u></u>	<u><u>10,860,535,273</u></u>	<u><u>100.0%</u></u>	<u><u>6,206,020,156</u></u>	<u><u>100.0%</u></u>	<u><u>12,420,535,273</u></u>	<u><u>100.0%</u></u>	<u><u>11,486,020,156</u></u>	<u><u>100.0%</u></u>

Note:

- In the event that the Rights Issue does not proceed, the shareholding structure impact to the Company caused by the Subscription shall be the same as if none of the Shareholders have taken up any entitled Rights Shares prior to or after the LCS are converted in full.

(2) Assuming full exercise of the exercisable Share Options on or before the Record Date

Set out below are the shareholding of the Company as at the date of this announcement and as a result of sequential completions of each of the following events: (i) full exercise of exercisable Share Options on or before the Record Date; (ii) the Rights Issue (assuming all or none of the Shareholders to take up their respective the Rights Shares entitlements); and (iii) upon conversion of the LCS in full (pursuant to which the principal amount of the LCS is dependent on the acceptance level of the Rights Issue by the Shareholders).

	As at the date of this announcement		Assuming full exercise of exercisable Share Options on or before the Record Date		Assuming all the Shareholders and Share Options holders have taken up all the entitled Rights Shares and before any conversion of the LCS		Assuming none of the Shareholders and Share Options holders have taken up any entitled Rights Shares and before any conversion of the LCS (Note 1)		Assuming all the Shareholders and Share Options holders have taken up all the entitled Rights Shares and the LCS are converted in full		Assuming none of the Shareholders and Share Options holders have taken up any entitled Rights Shares and the LCS are converted in full (Note 1)	
	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%
Controlling Shareholder												
Forever Top (Asia) Limited	2,682,362,480	43.2%	2,682,362,480	42.3%	4,694,134,340	42.3%	2,682,362,480	42.3%	6,174,134,340	49.1%	7,962,362,480	68.5%
Share Options holders												
Tan Sri Dato' David Chiu	—	0.0%	31,000,000	0.5%	54,250,000	0.5%	31,000,000	0.5%	54,250,000	0.4%	31,000,000	0.3%
Dr. Cheng Kar-Shun, Henry	—	0.0%	31,000,000	0.5%	54,250,000	0.5%	31,000,000	0.5%	54,250,000	0.4%	31,000,000	0.3%
Mr. Andrew Wah Wai Chiu	—	0.0%	17,750,000	0.3%	31,062,500	0.3%	17,750,000	0.3%	31,062,500	0.2%	17,750,000	0.2%
Dr. Cheng Chi-Kong, Adrian	—	0.0%	10,000,000	0.2%	17,500,000	0.2%	10,000,000	0.2%	17,500,000	0.1%	10,000,000	0.1%
Mr. Tsang On Yip, Patrick	—	0.0%	13,125,000	0.2%	22,968,750	0.2%	13,125,000	0.2%	22,968,750	0.2%	13,125,000	0.1%
Mr. Hoong Cheong Thard	—	0.0%	13,125,000	0.2%	22,968,750	0.2%	13,125,000	0.2%	22,968,750	0.2%	13,125,000	0.1%
Public												
Other Share Options holders	—	0.0%	23,600,000	0.4%	41,300,000	0.4%	23,600,000	0.4%	41,300,000	0.3%	23,600,000	0.2%
Other public Shareholders	3,523,657,676	56.8%	3,523,657,676	55.5%	6,166,400,933	55.5%	3,523,657,676	55.5%	6,166,400,933	49.0%	3,523,657,676	30.3%
Total	<u>6,206,020,156</u>	<u>100.0%</u>	<u>6,345,620,156</u>	<u>100.0%</u>	<u>11,104,835,273</u>	<u>100.0%</u>	<u>6,345,620,156</u>	<u>100.0%</u>	<u>12,584,835,273</u>	<u>100.0%</u>	<u>11,625,620,156</u>	<u>100.0%</u>

Notes:

- (1) In the event that the Rights Issue does not proceed, the shareholding structure impact to the Company caused by the Subscription shall be the same as if none of the Shareholders and the Share Options holders have taken up any entitled Rights Shares prior to or after the LCS are converted in full.
- (2) The sum of the shareholding percentages of the Shareholders and the Share Options holders in the table above may not add up to 100.0% due to rounding adjustments.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Save for the 2018 Rights Issue announced on 9 November 2018 but not approved by the Independent Shareholders in the general meeting held on 9 January 2019, the Company had not conducted any completed fund raising activities involving issue of securities in the twelve months before the date of this announcement.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE AND CHANGE IN BOARD LOT SIZE

The expected timetable for the Rights Issue and the change of board lot size is set out in below.

2019

Announcement..... Friday, 25 January

Despatch of GM circular in relation to, among others, the Rights Issue,
the Subscription, the Loan Facility and the change in board lot size..... Monday, 8 April

Latest time for lodging transfers of Shares in order to be
qualified for attendance and voting at the GM 4:30 p.m. on Tuesday,
16 April

Register of members of the Company closes for determining
the identity of the Shareholders entitled to attend and vote
at the GM (both days inclusive)..... Wednesday, 17 April to
Thursday, 25 April

Latest time for lodging proxy form for the GM 3:00 p.m. on Tuesday,
23 April

Record date for attendance and voting at the GM..... Thursday, 25 April

GM 3:00 p.m. on Thursday,
25 April

Announcement of the result of the GM..... Thursday, 25 April

Last day of dealings in the Shares on a cum-rights basis..... Friday, 26 April

First day of dealings in the Shares on an ex-rights basis..... Monday, 29 April

Latest time for lodging transfer documents of the Shares
in order to qualify for the Rights Issue..... 4:30 p.m. on Tuesday,
30 April

Register of members of the Company closes for
determining entitlements under the Rights Issue
(both days inclusive) Thursday, 2 May to
Wednesday, 8 May

Record date for determining entitlements under the Rights Issue Wednesday, 8 May

Register of members of the Company reopens Thursday, 9 May

Despatch of Prospectus Documents..... Thursday, 9 May

First day of dealing in nil-paid Rights Shares	Tuesday, 14 May
Latest time for splitting nil-paid Rights Shares.....	4.30 p.m. on Thursday, 16 May
Last day of dealing in nil-paid Rights Shares	Tuesday, 21 May
Latest time for lodging transfer documents of nil-paid Rights Shares	4:00 p.m. on Friday, 24 May
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Friday, 24 May
Announcement of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Compensatory Arrangements to be posted on the Stock Exchange's website and the Company's website on or before	Monday, 27 May
Commencement of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Bookrunner	Tuesday, 28 May
Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Bookrunner	6.00 p.m. on Thursday, 30 May
Announcement of the results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and the NQS Unsold Rights Shares under the Compensatory Arrangements) to be posted on the Stock Exchange's website and the Company's website on or before.....	Friday, 31 May
Last day of trading of Shares in board lot size of 10,000 Shares.....	Friday, 31 May
Effective date of change in board lot size from 10,000 Shares to 20,000 Shares.....	Monday, 3 June
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	Monday, 3 June
Share certificates for fully-paid Rights Shares to be posted.....	Monday, 3 June
Dealings in fully-paid Rights Shares commences.....	9.00 a.m. on Tuesday, 4 June
The last day for the designated broker provide matching services for odd lots of Shares	Monday, 24 June
Payment of the Net Gain to relevant No Action Shareholders (if any)	Tuesday, 25 June

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable for the Rights Issue and change in board lot size as set out above, and in other parts of this announcement, are indicative only. Further, investors should note that the relevant notice of waiver(s) in respect of the revised shareholding structure of the Company as a result of the Rights Issue from the Communications Authority may be obtained subsequent to the publication of the results announcement of the Rights Issue by the Company. In such event, and/or if any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.. If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected timetable for the Rights Issue and change in board lot size” may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

INFORMATION ON THE CONTROLLING SHAREHOLDER

Forever Top (Asia) Limited, a company incorporated in Hong Kong with limited liability on 9 January 2015 whose principal business is investment holding. As at the date of this announcement, the Controlling Shareholder is held by Tan Sri Dato’ David Chiu (as to 24.5%), Dr. Cheng Kar-Shun, Henry (through Celestial Pioneer Limited, his wholly owned company, as to 31.5%), Chow Tai Fook Enterprises Limited (through Celestial Channel Limited, a company wholly owned by Chow Tai Fook Enterprises Limited, as to 14.0%), Mr. John Huan Zhao (through Hony Communications Limited, his wholly owned company as sole general partner of Expand Ocean L.P., as to 14.0%) and Mr. Li Sze Lim (through Profit Surge Investments Limited, his wholly owned company, as to 16.0%).

REASONS FOR THE RIGHTS ISSUE AND THE SUBSCRIPTION

The Group is an integrated communication services provider in Hong Kong, commanding a large television viewer and communications services user base in town. It owns and operates a near universal wireline telecommunications network in Hong Kong to provide television, internet and multimedia services to over two million households. It is also one of the

producers of television and multimedia content based in Hong Kong for distribution over conventional and new media, with a particular focus on news, information, sports and entertainment.

The Group had been loss-making in the recent years. Since Forever Top (Asia) Limited became the Controlling Shareholder in 2017 as a result of being the underwriter of the 2017 Open Offer of the Company, the Company has been formulating an organisational restructuring which included, among other things, (i) cost saving initiative; (ii) introduction of new contents and channels; (iii) new television content co-operation models; and (iv) strategic review on possible restructuring of the Group's business portfolio to achieve cost saving and improve profitability, as well as the financial performance of the Group. As part of a strategic review, the Group is evaluating forming partnership or disposing its loss-making operations to reduce the cash drain on the business. Although early discussions are being held, there is no certainty that these may lead to any satisfactory conclusion. To enable the Group to have sufficient funds to operate, the Company entered into the Loan Agreement with the Controlling Shareholder pursuant to which the Controlling Shareholder agreed to provide the Loan Facility in the principal amount of up to HK\$200 million to the Company for the general working capital requirements of the Group. Since the Loan Facility is for the general working capital requirements of the Group and on a short-term basis, the Board is of the view that the Rights Issue and the Subscription are necessary to recapitalise the business to allow sufficient time for the restructuring initiatives to be implemented.

The Group made the 2017 Open Offer to raise additional capital for the Group's development. As at the date of this announcement, proceeds from the 2017 Open Offer have been substantially utilised. The proceeds from the 2017 Open Offer were utilised in the following manner:

Intended use of net proceeds as disclosed in the circular and the prospectus of the 2017 Open Offer	Actual use of net proceeds up to 30 September 2018 used as originally intended	The amount of the unutilised proceeds from the 2017 Open Offer which has been reallocated as operating funds	Intended use of unutilised net proceeds from the 2017 Open Offer as at 30 September 2018 and expected timeline
Approximately HK\$170 million for investments in network related capital expenditure;	Approximately HK\$104 million	Approximately HK\$44 million	Approximately HK\$22 million* to be utilised within 3 years from the completion of the 2017 Open Offer
Approximately HK\$160 million for investments in television capital expenditure;	Approximately HK\$57 million	Approximately HK\$94 million	Approximately HK\$9 million* to be utilised within 3 years from the completion of the 2017 Open Offer

Intended use of net proceeds as disclosed in the circular and the prospectus of the 2017 Open Offer	Actual use of net proceeds up to 30 September 2018 used as originally intended	The amount of the unutilised proceeds from the 2017 Open Offer which has been reallocated as operating funds	Intended use of unutilised net proceeds from the 2017 Open Offer as at 30 September 2018 and expected timeline
Approximately HK\$90 million for investments in other capital expenditure; and	Approximately HK\$64 million	Approximately HK\$10 million	Approximately HK\$16 million* to be utilised within 3 years from the completion of the 2017 Open Offer
Approximately HK\$267 million (including the difference between the actual net proceeds of approximately HK\$687 million and the estimated net proceeds of approximately HK\$669 million as disclosed in the circular and prospectus of the 2017 Open Offer) as funding required net of cash received from operations (including subscription, service and related fees for television, internet and telephone services, advertising income, channel service and distribution fees, programme licensing income, film exhibition and distribution income and network maintenance income) for the Company's operating requirements (including the fulfilment of the relevant funding commitments to the Pay TV Licence and Free TV Licence)	Approximately HK\$263 million	Not applicable. An aggregate of approximately HK\$148 million was reallocated from the above intended uses	Approximately HK\$152 million to be utilised by December 2018 (Note)

* Amount of the unutilised proceeds from the 2017 Open Offer which will be used as originally intended.

Note: The entire amount of approximately HK\$152 million has been utilised as at the date of this announcement. Specific use of such funds included salaries and benefits amounting to approximately HK\$120.8 million, rental and utilities amounting to approximately HK\$26.0 million, other general and administrative use amounting to approximately HK\$3.2 million and government/music licences fees amounting to approximately HK\$2.0 million.

As a result of (i) the contraction of customer base experienced in the earlier months of the first half of 2018; and (ii) the decline of pay television advertising revenue was mainly due to the intensifying competition from OTT (over-the-top) platforms and digital media; the funding required to finance the Group's daily operation was more than expected.

In order to fund the additional required cash flow for operation due to the decline in operating cash inflow as a result of the abovementioned factors, the Company has re-allocated some proceeds from the 2017 Open Offer to finance the Group's operating cash flow requirement.

Given that the substantial amount of proceeds from the 2017 Open Offer which was intended to be applied towards capital expenditure investment of the Group had to be reallocated to accommodate the Group's operating cash flow requirement, additional funding from the Rights Issue and the Subscription is required to accommodate the Group's on-going expenditure requirement. The Board (excluding the Independent Board Committee whose opinion will be set forth in the Circular of the Company after having been advised by the Independent Financial Adviser) considers that the Rights Issue and the Subscription are in the interests of the Company and its Shareholders as a whole, and will strengthen the Group's capital base, provide additional funding for the Group's capital expenditure, meet the cash flow needs of the Group and provide additional funding to fulfil the investment requirements under the television licenses of the Group in the medium to long term as the business of the Group undergoes restructuring in order to turnaround the operations.

Based on certain verbal feedback from the Independent Shareholders during and after the general meeting of the Company for approving, among other things, the 2018 Rights Issue held on 9 January 2019, the Board noted that, while the Independent Shareholders were aware of the deteriorating financial position of the Group and the need for additional funding, some Independent Shareholders expressed the view that the equity call on them and the potential dilution through the Rights Issue was too heavy. In view of the above, the maximum call on the Independent Shareholders under the Rights Issue has been reduced to respond to the Independent Shareholders' concern on this matter. The offer ratio of the Rights Issue has been reduced from 100% (offer ratio of the 2018 Rights Issue) to 75%, to raise a maximum of HK\$475.9 million, as compared to HK\$677 million under the 2018 Rights Issue. Moreover, the issue price for the Rights Issue has been reduced to HK\$0.10, which is more attractive for the Independent Shareholders as compared to HK\$0.109 for the 2018 Rights Issue. Furthermore, less dilution for Independent Shareholders would be resulted as the Rights Issue will proceed on a non-underwritten basis and the Controlling Shareholder has undertaken to take up its entitlement on the basis that its application will be scaled down to the extent that its percentage shareholding in the Company will be the same immediately before and after completion of the Rights Issue. As set out in the section headed "Effect of the Rights Issue and the Subscription on shareholding in the Company", the shareholding held by the public Shareholders will be reduced from approximately 56.8% to a minimum of approximately 30.3% on the basis that none of the Shareholders has taken up any entitled Rights Shares and the LCS are converted in full, assuming no exercise of the exercisable Share Options on or before the Record Date.

The issue of the LCS provides further protection to the Independent Shareholders from immediate dilution while guaranteeing fund raising of a maximum of approximately HK\$660 million. As the LCS does not carry any voting or dividend rights, there is no immediate

dilution for the Independent Shareholders. The LCS has a long-term maturity (10 years). If the LCS is finally converted, it will be converted at HK\$0.125 per Share, a 25% premium over the Subscription Price of HK\$0.10 per Share for the Rights Issue.

Other fund-raising methods including debt financing and equity placement have been considered by the Board. However, commercial debt financing (even if available) will put further pressure on the already weak financial position of the Group. Because of the weak financial performance of the Group and the market, an equity placement to Independent Third Parties may require a higher discount on issue price and result in more dilution for the Shareholders.

Having considered the above factors, the Board considers that revised fund raising structure by way of a combination of the Rights Issue and the Subscription is a well balanced option for the Company, improving the liquidity and capital base of the Group while mitigating dilution of the Independent Shareholders. On this basis, the Directors (excluding the Independent Board Committee whose opinion will be set out in the Circular of the Company after having been advised by the Independent Financial Adviser) are of the view that the Rights Issue and the Subscription are in the interests of the Company and the Shareholders as a whole and the terms of the Rights Issue and the Subscription are fair and reasonable.

PROPOSED USE OF PROCEEDS

The Loan in the principal amount of up to HK\$200 million will be used by the Company for its general working capital requirements including but not limited to salaries and benefits, rental and utilities, government/music licence fees, other general and administrative expenses.

The estimated maximum net proceeds from the Rights Issue and the Subscription (after deducting the expenses) are approximately HK\$652.0 million. The Company intends to apply the net proceeds from the Rights Issue and the Subscription as to:

- (i) the full repayment of the outstanding balance of the Loan, including the interest thereon, owed by the Company to the Controlling Shareholder. The net proceeds from the Rights Issue and the Subscription will be firstly applied towards the full repayment of the outstanding balance, including the interest thereon, of the Loan.
- (ii) approximately HK\$140 million for investments in capital expenditure including but not limited to the following in the 18 months following the completion of the Rights Issue and the Subscription:
 - Enhancement of network infrastructure amounting to approximately HK\$41.0 million;
 - Upgrade broadcasting equipment amounting to approximately HK\$20.0 million;
 - Upgrade converters and modems amounting to approximately HK\$36.0 million; and
 - Leasehold improvement, furniture and fixture, and office equipment amounting to approximately HK\$43.0 million.

The reasons for incurring such capital expenditure are including but not limited to (a) enhancement of the Group's overall competitiveness in the market; (b) enhancement of network infrastructure/upgrade converters and modems as customers are constantly demanding for better quality and higher-speed internet services which enable subscribers to enjoy more stable and faster internet access. The upgrade can also enhance content viewing features so as to facilitate the acquisition and retention of television subscription customers; and (c) broadcasting equipment is upgraded to improve the video and transmission quality of television programmes, and the viewing experience, which in turn could enhance the operating efficiency of the Company. In view of above, the Directors consider incurring such capital expenditure is in the interests of the Company and its Shareholders as a whole.

(iii) approximately HK\$350 million for acquisition of programmes from Independent Third Parties and programme production including but not limited to the following in the 18 months following the completion of the Rights Issue and the Subscription:

- Acquired channels (including channels committed amounting to approximately HK\$148 million and new or other channels yet to be committed amounting to approximately HK\$13 million);
- Live programmes, movies and dramas, and other entertainment programs amounting to approximately HK\$100 million; and
- Self-produced programmes amounting to approximately HK\$89 million.

The Group would acquire rights for channels and/or programmes and produce programmes for broadcasting on the Group's pay television channels and providing the domestic free television programme service (as respectively required under the Pay TV Licence and the Free TV licence) from time to time. The programming content includes news, finance, sports, lifestyle, documentary, children, movies, dramas and general entertainment. It is expected that payment for the committed acquired channel will be amounting to approximately HK\$75 million during the first 6 months after the completion of the Rights Issue and the Subscription and approximately HK\$73 million will be paid between the 7 to 12 months the after completion of the Rights Issue and the Subscription.

Save as certain programming commitments, mainly acquired channels, the Company has not yet identified any other acquisition or investment opportunities regarding the acquisition of programmes from Independent Third Parties. Despite the Group had yet to identify any acquisition or investment opportunities regarding the acquisition of programmes, to continue to update the Group's program library, sourcing for new programmes have been on-going on a continuing basis, with sufficient funding on hand, the Group will be able to commit to ideal programmes once they are identified. Acquired channels committed by the Group included a variety of the programmes such as world-class sports, entertainment, lifestyle and news contents.

Set out below are the investment requirements under the television licences of the Group:

Pay TV Licence

Upon acceptance of the renewal of the Pay TV Licence of HKCTV for the period of 12 years from 1 June 2017 to 31 May 2029, HKCTV will be subject to a commitment of a six-year investment plan of HK\$3,447 million from 2017 to 2023, comprising HK\$251 million of capital investment and HK\$3,196 million of programming investment in content including in-house channels containing self-produced or acquired programs as well as in acquired channels.

Free TV Licence

In accordance with the terms of the Free TV Licence, FTV has issued a performance bond in favour of the Hong Kong Government in the sum of HK\$20 million. Under the terms of the performance bond, unless the Communications Authority otherwise approves or determines:

- within 18 months from the commencement date of the Free TV Licence (being 31 May 2016) (the “**Free TV Commencement Date**”), FTV shall incur not less than HK\$168 million as the capital and programming expenditure for providing the domestic free television programme service;
 - within 30 months from the Free TV Commencement Date, FTV shall incur not less than HK\$336 million as the cumulative capital and programming expenditure for providing the domestic free television programme service; and
 - within 42 months from the Free TV Commencement Date, FTV shall incur not less than HK\$504 million as the cumulative capital and programming expenditure for providing the domestic free television programme service.
- (iv) up to HK\$162.0 million for general working capital including but not limited to salaries and benefits, rental and utilities, government/music licence fees, other general and administrative expenses, for the Group in the 12 months following the completion of the Rights Issue and the Subscription.

In the event that the proceeds from the Rights Issue and the Subscription are reduced by the repayment of the outstanding balance, including the interest thereon, of the Loan as described in paragraph (i) above, the remaining balance of the aforesaid proceeds to be applied to the three proposed usages mentioned above (i.e. capital expenditure, acquisition of programmes and general working capital) will be reduced proportionately.

The estimated expenses of the Rights Issue and the Subscription (including advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges) are estimated to be approximately HK\$8 million and will be payable by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares and the net price per Conversion Share (assuming no new Shares are issued and no repurchase of Shares on or before the Record Date) are expected to be approximately HK\$0.099 and HK\$0.123 respectively.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is subject to certain conditions including but not limited to the approval of the Rights Issue by the Independent Shareholders at the GM. It is expected that Shares will be dealt with on an ex-rights basis from Monday, 29 April 2019. The Rights Shares will be dealt with in their nil-paid form from Tuesday, 14 May 2019 to Tuesday, 21 May 2019. If the approval of the Rights Issue by the Independent Shareholders at the GM is not obtained, the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the shares or in the nil-paid rights shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are trading on the Stock Exchange in board lot of 10,000 Shares. Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchange and Clearing Limited on 28 November 2008 and updated on 3 July 2018, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. Based on the closing price of HK\$0.115 per Share (equivalent to a theoretical ex-rights price of approximately HK\$0.109 per Share and assuming no new Shares are issued and no repurchase of Shares on or before the Record Date) as at the Last Trading Day, upon the allotment and issue of the Rights Shares, the value of each board lot of 10,000 Shares is estimated to be HK\$1,090 (based on a theoretical ex-rights price of HK\$0.109 per Share as at the Last Trading Day). It is proposed that subject to the Rights Issue becoming effective, the board lot size of the Shares shall be changed from 10,000 Shares to 20,000 Shares so that the estimated market value per board lot of the Shares will be approximately HK\$2,180 (based on a theoretical ex-rights price of HK\$0.109 per Share as at the Last Trading Day and assuming no new Shares are issued and no repurchase of Shares on or before the Record Date) that is higher than HK\$2,000. The Board considers that the change in board lot size will increase the value of each board lot of the Shares, as well as reduce transaction and registration costs incurred by the Shareholders and investors of the Company and may increase liquidity of the Shares and therefore attract more investors and extend the base of the Shareholders. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and the Shareholders as a whole.

All existing share certificates in board lot of 10,000 Shares will continue to be good evidence of legal title to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing shareholdings will be issued as a

result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 10,000 Shares to new share certificates in board lot size of 20,000 Shares is necessary.

Except for the proposed Rights Issue, the Subscription and the proposed change in board lot size from 10,000 Shares to 20,000 Shares as mentioned in this announcement, the Board currently does not have any intention or plan, or otherwise foresee to undertake in the next 12 months any (a) equity fundraising; or (b) other corporate action or arrangement that may affect the trading arrangement in shares (including share consolidation or subdivision or change in board lot size).

ODD LOT ARRANGEMENT

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue and the change in board lot size, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from Monday, 3 June 2019 to Monday, 24 June 2019 (both days inclusive). Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the odd lot arrangement will be provided in the Circular of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 17 April 2019 to Thursday, 25 April 2019 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the GM and from Thursday, 2 May 2019 to Wednesday, 8 May 2019 (both days inclusive) for determining the entitlements under the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

In order to be registered as members of the Company in its register of members in Hong Kong on the Record Date, Qualifying Shareholders must lodge any transfer of Shares (with the relevant title documents) for registration with the Registrar by 4:30 p.m. on Tuesday, 30 April 2019.

LISTING RULES IMPLICATIONS

The entering into of the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since (i) based on the advice from the Independent Financial Adviser, the Board considers that the Loan Agreement has been entered into after arm's length negotiation between the Controlling Shareholder and the Company and is conducted on normal commercial terms or better; and (ii) the Loan is not secured by any asset of the Group, the entering into of the Loan Agreement is fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

As at the date of this announcement, the Controlling Shareholder is interested in an aggregate of 2,682,362,480 Shares, representing approximately 43.2% of the total number of the existing issued Shares and is a substantial Shareholder and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the LCS Subscription Agreement (including the grant of the Specific Mandate) constitutes a connected transaction of the Company under the Listing Rules and the LCS Subscription Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In compliance with Rule 7.19A(1) of the Listing Rules, the Rights Issue will be made conditional on approval by the Independent Shareholders by way of poll at the GM and any controlling Shareholder and their associates or where there is no controlling Shareholder, the Directors (other than independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue.

The Controlling Shareholder, who is interested in 2,682,362,480 Shares, representing approximately 43.2% of the total number of the existing issued Shares as at the date of this announcement, and its associates shall abstain from voting in respect of the resolutions relating to the Rights Issue and the LCS Subscription Agreement.

GENERAL

The Independent Board Committee comprising all the independent non-executive directors of the Company has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the LCS Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned, and to advise the Independent Shareholders on how to vote at the GM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue and the LCS Subscription Agreement.

A Circular containing, among other matters, further details of (i) the Rights Issue and the LCS Subscription Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue and the Subscription; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Subscription; and (iv) a notice of the GM, is expected to be despatched to the Shareholders on 8 April 2019 as the Company will include the final results of the Company for the year ended 31 December 2018 in the Circular.

Upon the approval by the Independent Shareholders of the proposed resolution for the Rights Issue at the GM having been obtained and subject to the fulfilment of a number of conditions precedent under the Rights Issue, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable. The Overseas Letter and the Prospectus, without the Provisional Allotment Letter, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF THE SHARE OPTIONS

Adjustments to the exercise price and number of the outstanding Share Options may be required under the relevant terms of the instrument constituting the Share Option Scheme. Further announcement(s) will be made by the Company in this regard.

DEFINITIONS

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

“2017 Open Offer”	the open offer completed by the Company in September 2017
“2018 Rights Issue”	the proposed rights issue announced by the Company on 9 November 2018
“Board”	the board of Directors
“Bookrunner”	China Galaxy International Securities (Hong Kong) Co., Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the bookrunner appointed by the Company to place any Unsubscribed Rights Shares and NQS Unsold Rights Shares under the Compensatory Arrangements in Rule 7.21(1)(b) of the Listing Rules
“Business Day”	any day on which banks are generally open for business in Hong Kong (excluding Saturday and Sunday)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“ChinaClear”	China Securities Depository and Clearing Corporation Limited
“China Connect”	Shanghai Connect and Shenzhen Connect
“Circular”	the circular in relation to, among others, the Rights Issue and the Subscription to be despatched on 8 April 2019
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Communications Authority”	the Communications Authority of Hong Kong is an independent statutory body established under the Communications Authority Ordinance (Cap. 616) on 1 April 2012

“Company”	i-CABLE Communications Limited (Stock Code: 1097), a company incorporated under the laws of Hong Kong and the shares of which are listed on the Main Board
“Compensatory Arrangements”	placement of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Bookrunner on a best effort basis pursuant to arrangements described in Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	Forever Top (Asia) Limited, a company incorporated in Hong Kong with limited liability on 9 January 2015 and as at the date of this announcement is interested in approximately 43.2% of the total number of existing issued Shares. As at the date of this announcement, the Controlling Shareholder is held by Tan Sri Dato’ David Chiu (as to 24.5%), Dr. Cheng Kar-Shun, Henry (through Celestial Pioneer Limited, his wholly owned company, as to 31.5%), Chow Tai Fook Enterprises Limited (through Celestial Channel Limited, a company wholly owned by Chow Tai Fook Enterprises Limited, as to 14.0%), Mr. John Huan Zhao (through Hony Communications Limited, his wholly owned company as sole general partner of Expand Ocean L.P., as to 14.0%) and Mr. Li Sze Lim (through Profit Surge Investments Limited, his wholly owned company, as to 16.0%)
“Conversion Price”	the conversion price of the Conversion Shares pursuant to the LCS Subscription Agreement of HK\$0.125 per Conversion Share
“Conversion Shares”	the new Shares to be issued upon exercise of the conversion rights under the LCS
“CSRC”	the China Securities Regulatory Commission
“CSRC Notice”	the notice of the CSRC “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect” (Announcement [2016] No. 21)
“Director(s)”	the director(s) of the Company
“Free TV Licence”	domestic free television programme service licence issued to FTV

“FTV”	Fantastic Television Limited, a private company incorporated in Hong Kong, which is a consolidated structured entity of the Company and the Company holds 14.9% of its voting rights
“GM”	the general meeting of the Company to be convened to approve, among other things, the Rights Issue and the LCS Subscription Agreement
“Group”	the Company, its subsidiaries and consolidated structured entities of the Company
“HIBOR”	in relation to the Loan, the Hong Kong Interbank offered rate for interest period of 3 months as quoted by The Hongkong and Shanghai Banking Corporation Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKCTV”	Hong Kong Cable Television Limited, a private company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Lam Kin-Fung, Jeffrey, Dr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman, which is established to give recommendations to the Independent Shareholders on, among others, the Rights Issue and the Subscription
“Independent Financial Adviser”	Able Capital Partners Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Rights Issue and the LCS Subscription Agreement
“Independent Shareholder(s)”	Shareholders other than (i) the Controlling Shareholder; (ii) the associates of the Controlling Shareholder; and (iii) Shareholders who are involved in, or interested in the Rights Issue and the Subscription, who are required under the Listing Rules to abstain from voting in the GM

“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company
“Last Trading Day”	Friday, 25 January 2019, being the last full trading day for the Shares before the release of this announcement
“Latest Acceptance Date”	Friday, 24 May 2019, being the last day for acceptance and payment of the Rights Issue, or such other date as the Company may determine
“LCS”	the unlisted long-term convertible bonds to be issued by the Company in the principal amount of the difference between HK\$660 million and the aggregate gross proceeds raised in the Rights Issue and, in any event, shall not be more than HK\$660 million
“LCS Subscription Agreement”	the LCS Subscription Agreement dated 25 January 2019 entered into between the Company and the Controlling Shareholder
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan drawn by the Company under the Loan Facility
“Loan Agreement”	the loan agreement dated 25 January 2019 entered into between the Controlling Shareholder as lender and the Company as borrower in relation to the grant of the Loan by the Controlling Shareholder to the Company
“Loan Facility”	the loan facility of up to HK\$200,000,000 which the Controlling Shareholder has agreed to make available to the Company
“Long Stop Date”	31 December 2019
“Main Board”	the Main Board of the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting (a) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Bookrunner under the Compensatory Arrangements; and (b) the aggregate amount of the expenses of the Bookrunner and any other related expenses/fees)

“No Action Shareholder(s)”	Qualifying Shareholders (excluding the Controlling Shareholder) who do not subscribe for the Rights Shares (whether partially or fully) under the provisional letters of allotment or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“Pay TV Licence”	the domestic pay television programme service licence issued to HKCTV
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares as described in the section headed “Placing arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares” in this announcement
“Posting Date”	Thursday, 9 May 2019 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Southbound Trading Investors”	the PRC investors who hold Shares through ChinaClear as nominee under China Connect

“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the Provisional Allotment Letter
“Provisional Allotment Letter(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve
“Qualifying Shareholders”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Wednesday, 8 May 2019, being the date by reference to which entitlements under the Rights Issue are expected to be determined
“Registrar”	the share registrar of the Company, being Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Regulatory Licenses”	collectively, (i) the unified carrier license, (ii) the domestic free television programme service licence and (iii) the domestic pay television programme service licence, each granted to the Group by the Communications Authority
“Rights Issue”	the proposed offer of the Rights Shares to the Qualifying Shareholders at the Subscription Price, on the basis of three (3) Rights Shares for every four (4) existing Shares held by each Qualifying Shareholder on the Record Date
“Rights Shares”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“Repayment Date”	the date that is the earlier of (a) 18-months from the date of the Loan Agreement and (b) five (5) Business Days following completion of last fund raising activity of the Company (including issuance of equity or debt or convertible securities) from the date of the Loan Agreement with an aggregate amount of gross proceeds received by the Company from all fund raising activities completed after the date of the Loan Agreement being not less than HK\$600 million
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance
“Share(s)”	ordinary share(s) of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option(s)”	a right to subscribe for Shares pursuant to the Share Option Scheme or any share option granted thereunder
“Share Option Scheme”	the share option scheme of the Company adopted on 24 May 2018
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the GM to allot and issue the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the LCS by the Controlling Shareholder pursuant to the LCS Subscription Agreement
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“Undertaking”	the undertaking provided by the Controlling Shareholder to the Company dated 25 January 2019
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders, which do not include any Rights Shares to be provisionally allotted to the Controlling Shareholder for which subscription of Rights Shares will be subject to the Undertaking as set out in the section headed “Undertaking by the Controlling Shareholder” in this announcement
“US person(s)”	any person(s) or entity(ies) deemed to be a US person for the purposes of Regulation S under the US Securities Act of 1933, as amended

“Whitewash Waiver”

a waiver from the Executive Director of the Corporate Finance Division of the SFC (or any of his delegate(s)) pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Controlling Shareholder to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Controlling Shareholder and any parties acting in concert with it

“%”

per cent or percentage

By order of the Board
i-CABLE COMMUNICATIONS LIMITED
Kwok Chi Kin
Company Secretary

Hong Kong, 25 January 2019

As at the date of this announcement, the Board comprises ten Directors, namely Tan Sri Dato’ David Chiu (Chairman), Dr. Cheng Kar-Shun, Henry (Vice-chairman), Dr. Cheng Chi-Kong, Adrian, Mr. Tsang On Yip, Patrick and Mr. Hoong Cheong Thard as non-executive Directors, Mr. Andrew Wah Wai Chiu as an executive Director, and Mr. Lam Kin-Fung, Jeffrey, Dr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman as independent non-executive Directors.