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i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1097)

- (1) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY ONE EXISTING SHARE OF THE COMPANY AT HK\$0.109
PER RIGHTS SHARE;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) PROPOSED CHANGE IN BOARD LOT SIZE; AND
(4) CLOSURE OF REGISTER OF MEMBERS**

Financial adviser to the Company



Halcyon Capital Limited

**Independent Financial adviser to the Independent Board Committees
and Independent Shareholders**



Able Capital Partners Limited

PROPOSED RIGHTS ISSUE

The Company proposed to raise not more than approximately HK\$691.7 million and not less than approximately HK\$676.5 million before expenses by way of the Rights Issue to the Shareholders. The Rights Issue involves the issue of not less than 6,206,020,156 Rights Shares and not more than 6,345,620,156 Rights Shares at the Subscription Price of HK\$0.109 per Rights Share on the basis of one Rights Share for every one existing Share in issue on the Record Date. The Rights Shares will not be issued to the Non-Qualifying Shareholders. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. The unsold fractions of the Rights Shares will be underwritten by the Underwriter. The net proceeds from the Rights Issue after deducting the expenses are estimated to be not more than approximately HK\$676.9 million and not less than approximately HK\$661.7 million.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as member of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Tuesday, 18 December 2018. It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 14 December 2018 and the Shares will be dealt with on an ex-rights basis from Monday, 17 December 2018.

THE UNDERTAKING LETTER AND THE UNDERWRITING AGREEMENT

As at the date of this announcement, the Controlling Shareholder which is interested in 2,682,362,480 Shares, representing approximately 43.2% of the total number of the existing issued Shares, has entered into the Undertaking Letter with the Company and has irrevocably and unconditionally undertaken to the Company that it shall accept in full the Committed Shares.

Pursuant to the Underwriting Agreement, the Controlling Shareholder has conditionally agreed to underwrite the Underwritten Shares. Assuming no acceptance by the Qualifying Shareholders under the Rights Issue, no placement made under the Compensatory Arrangements and no exercise of the Share Options on or before the Record Date, the Controlling Shareholder will be required to take up the Underwritten Shares and the aggregate shareholding held by the Controlling Shareholder upon completion of the Rights Issue would amount to approximately 71.6% of the then total number of issued Shares as enlarged by the allotment and issue of all the Rights Shares.

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, THE UNDERWRITING AGREEMENT AND THE WHITEWASH WAIVER BY THE INDEPENDENT SHAREHOLDERS AT THE GM AND THE WHITEWASH WAIVER BEING GRANTED BY THE EXECUTIVE. IT IS EXPECTED THAT SHARES WILL BE DEALT WITH ON AN EX-RIGHTS BASIS FROM MONDAY, 17 DECEMBER 2018. THE RIGHTS SHARES WILL BE DEALT WITH IN THEIR NIL-PAID FORM FROM WEDNESDAY, 2 JANUARY 2019 TO WEDNESDAY, 9 JANUARY 2019. IF THE APPROVAL OF THE RIGHTS ISSUE, THE UNDERWRITING AGREEMENT AND THE WHITEWASH WAIVER BY THE INDEPENDENT SHAREHOLDERS AT THE GM IS NOT OBTAINED AND/OR THE WHITEWASH WAIVER NOT BEING GRANTED BY THE EXECUTIVE, 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

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 upon the Rights Issue becoming effective and the commencement of dealings in fully-paid Rights Shares.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 7 December 2018 to Thursday, 13 December 2018 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the GM.

The register of members of the Company will be closed from Wednesday, 19 December 2018 to Thursday, 27 December 2018 (both days inclusive) for determining the entitlements under the Rights Issue.

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

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

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.

Pursuant to the Underwriting Agreement, the Controlling Shareholder has conditionally agreed to underwrite the Underwritten Shares. Assuming no acceptance by the Qualifying Shareholders under the Rights Issue, no placement made under the Compensatory Arrangements and no exercise of the Share Options on or before the Record Date, the Controlling Shareholder will be required to take up the Underwritten Shares and the aggregate shareholding held by the Controlling Shareholder upon completion of the Rights Issue would amount to approximately 71.6% of the then total number of issued Shares as enlarged by the allotment and issue of the Rights Shares. Under such circumstance, the Controlling Shareholder would be required to make a mandatory general offer for all the securities of the Company (other than those already owned or agreed to be acquired by the Controlling Shareholder) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

The Controlling Shareholder will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the GM by way of poll. If the Whitewash Waiver is not granted by the Executives or not approved by the Independent Shareholders, the Rights Issue will not proceed.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Controlling Shareholder 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 Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, in accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue may increase the number of issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the GM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. 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 shall abstain from voting in respect of the resolution relating to the Rights Issue.

GENERAL

Under the Takeovers Code, the Whitewash Waiver is conditional on, among other matters, approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the GM. The resolution(s) proposed to be voted at the GM will be conducted by way of poll. The resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the GM.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as the Controlling Shareholder is interested in the Whitewash Waiver, it and the parties acting in concert with it are required to abstain from voting on the resolution to be proposed at the GM in relation to the Whitewash Waiver. Save for the Controlling Shareholder and parties acting in concert with it, no Shareholder is involved in or interested in the Rights Issue and/or the Whitewash Waiver which requires him/her/it to abstain from voting on the relevant resolution(s) at the GM.

The Rights Issue Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Underwriting Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM. The Whitewash Waiver Independent Board Committee comprising Mr. Lam Kin-Fung, Jeffrey, Mr. Hu Shao Ming Herman and Mr. Luk Koon Hoo, Roger, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM. Tan Sri Dato' David Chiu and Dr. Cheng Kar-Shun, Henry are directors and ultimate beneficial owners of the Controlling Shareholder. Mr. Hoong Cheong Thard is a director of the Controlling Shareholder. As Dr. Cheng Chi-Kong, Adrian is the son of Dr. Cheng Kar-Shun, Henry, Mr. Tsang On Yip, Patrick's spouse is a niece of Dr. Cheng Kar-Shun, Henry and Mr. Tang Sing Ming Sherman is the brother of the sister-in-law of Tan Sri Dato' David Chiu, therefore Dr. Cheng Chi-Kong, Adrian, Mr. Tsang On Yip, Patrick and Mr. Tang Sing Ming Sherman are familially related to two of the ultimate beneficial owners of the Controlling Shareholder.

Accordingly, they will not be members of the Whitewash Waiver Independent Board Committee. The IFA has been appointed to advise the Independent Board Committees and the Independent Shareholders in relation to the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and such appointment has been approved by the Independent Board Committees pursuant to Rule 2.1 of the Takeovers Code. The Independent Board Committees will formulate their views, as the case may be, with respect to the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver after obtaining and considering the advice of the IFA.

Pursuant to Rule 8.2 of the Takeovers Code, a circular containing, among other matters, further details of (i) the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) letters of recommendation from the Independent Board Committees to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver (as the case may be); (iii) a letter of advice from the IFA to the Independent Board Committees and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; and (iv) a notice of the GM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve.

Upon the approval by the Independent Shareholders of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver at the GM having been obtained and the granting of the Whitewash Waiver by the Executive, 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.

PROPOSED RIGHTS ISSUE

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

Issue statistics

Basis of the Rights Issue:	One Rights Share for every one existing Share held on the Record Date
Subscription Price:	HK\$0.109 per Rights Share
Number of the existing Shares in issue as at the date of this announcement:	6,206,020,156 Shares
Minimum number of Rights Shares:	6,206,020,156 Rights Shares (assuming no new Shares are issued and no repurchase of Shares on or before the Record Date)

Maximum number of Rights Shares:	6,345,620,156 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)
Minimum enlarged issued share capital upon completion of the Rights Issue:	12,412,040,312 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)
Maximum enlarged issued share capital upon completion of the Rights Issue:	12,691,240,312 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)
Underwriter:	The Controlling Shareholder

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 139,600,000 Shares exercisable from 15 June 2018 to 14 June 2028 (both dates inclusive) and 139,600,000 Shares 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 minimum number of 6,206,020,156 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 100.0% of the total number of the existing issued Shares as at the date of this announcement and approximately 50.0% 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 6,345,620,156 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 102.2% of the total number of the existing issued Shares of 6,206,020,156 as at the date of this announcement and approximately 50.0% of the issued Shares as enlarged by the allotment and issue of all the Rights Shares immediately upon completion of the Rights Issue.

Subscription Price

The subscription price of HK\$0.109 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 38.4% to the closing price of HK\$0.177 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 31.0% 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 HK\$0.158;
- (iii) a discount of approximately 26.4% 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 HK\$0.148;
- (iv) a discount of approximately 23.8% to the theoretical ex-rights price of approximately HK\$0.143 per Share based on the closing price of HK\$0.177 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 40.1% to the consolidated net asset value attributable to the Shareholders as at 31 December 2017 as extracted from the annual report of the Company for the year ended 31 December 2017 of approximately HK\$0.182 per Share; and
- (vi) a dilution effect of approximately 9.5% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.143 per Share (taking into account the closing price of the Last Trading Day of HK\$0.177 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 including the Last Trading Day of HK\$0.158 per Share.

The Subscription Price and the subscription ratio of the Rights Issue were determined by the Board with reference to, among other things, the amount of intended funding needs, the discount of recent market comparable of rights issue and the market price of the Shares prior to and including the Last Trading Day. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

Set out below are comparable rights issue exercises of companies listed on the Stock Exchange (the “Comparable(s)”) announced after 3 July 2018, being the date on which amendments to the Listing Rules in respect of rights issue came into effect, and up to the date of this announcement:

Date	Company	Stock Code	Principle Business	Scale of rights issue (in HK\$ million)	Subscription price	Premium/Discount to the closing price on last trading day of the Comparable	Premium/Discount to net asset value per share of the Comparable
8 November 2018	TSC Group Holdings Limited	206	Oilfield engineering-related businesses	662.9	HK\$0.450	-6.3%	55.2%
4 September 2018	Master Glory Group Limited	275	Security, property and water supply businesses	1,062.8*	HK\$0.688	1.2%	-92.7%
14 August 2018	Chong Hing Bank Limited	1111	Provision of banking and financial services	5,152.3*	HK\$14.260	-3.0%	-39.7%
14 August 2018	China Everbright International Limited	257	Energy and infrastructure-related businesses	9,961.6	HK\$6.000	-31.4%	7.3%
4 July 2018	China Grand Pharmaceutical and Healthcare Holdings Limited	512	Manufacture of pharmaceuticals	2,879.1*	HK\$5.200	-3.7%	565.9%
					Maximum	1.2%	565.9%
					Minimum	-31.4%	-92.7%
the Rights Issue					HK\$0.109	-38.4%	-40.1%

* Calculated based on the maximum number of rights shares disclosed in the announcement of the Comparable.

Based on the Comparables, the discounts of the Subscription Price to the Last Trading Day closing Share price and the net asset value per Share were approximately 38.4% and 40.1% respectively. While the discount of the Subscription Price to the net asset value per Share falls within the relevant premium/discount range of the Comparables, the discount of the Subscription Price to the Last Trading Day closing Share price is higher than the Comparables. The Directors noted that, the closing price of the Shares as quoted on the Stock Exchange ranged from HK\$0.135 per Share to HK\$0.171 per Share between 2

October 2018 up to 7 November 2018 (i.e. two days before the date of this announcement) and only increased to HK\$0.192 per Share and HK\$0.177 per Share on 8 November 2018 and the Last Trading Day respectively, the Directors (excluding members of the Whitewash Waiver Independent Board Committee and Rights Issue Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the IFA), considered that the sudden increase in Share price in the last two days of trading prior to the date of this announcement do not represent the general trend of the Share's trading price and hence do not consider the discount of the Subscription Price to Latest Trading Price of approximately 38.4% to be meaningful. Furthermore, after considering the loss making position of the Group, the Directors (excluding members of the Whitewash Waiver Independent Board Committee and Rights Issue Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the IFA) considered that a discount to closing price of the Last Trading Day would encourage the subscription of the Rights Shares by Qualifying Shareholders. For the discount to net asset value per Share, as the Group's assets mainly comprised of property, plant and equipment, programming library and deferred tax assets which were not immediately marketable in nature, therefore despite the Subscription Price represented a discount to net asset value per Share, the Directors (excluding members of the Whitewash Waiver Independent Board Committee and Rights Issue Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the IFA) consider the Subscription Price to be fair and reasonable.

In view of the above, the Directors (excluding members of the Whitewash Waiver Independent Board Committee and Rights Issue Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the IFA) consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), is fair and reasonable and is 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, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Tuesday, 18 December 2018. It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 14 December 2018 and the Shares will be dealt with on an ex-rights basis from Monday, 17 December 2018.

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, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

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. 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. As at the date of this announcement, there were 269 Overseas Shareholders holding an aggregate of 1,331,939 Shares.

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 taken up by the Underwriter. 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 a member of the Concert Group 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 entitlement to the Rights Shares

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. The unsold fractions of the Rights Shares will be underwritten by the Underwriter.

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

Pursuant to Rule 7.21(2) of the Listing Rules, as the Controlling Shareholder acts as an underwriter of the Rights Issue, the Company must make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed 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 as required by Rule 7.21(2) of the Listing Rules.

The Company therefore appointed the Bookrunner to place the Unsubscribed 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, and 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 those No Action Shareholders. The Bookrunner will, on a best effort basis, procure, by not later than 6:00 p.m., on Friday, 18 January 2019, acquirers for all (or as many as possible) of those Unsubscribed 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 unsold Unsubscribed Rights Shares will be taken up by the Controlling Shareholder pursuant to the terms of the Underwriting Agreement.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent) to the LPA:

- 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.

Placing arrangement for the Unsubscribed Rights Shares

Details of the placing arrangement are summarized below:

Bookrunner:	China Galaxy International Securities (Hong Kong) Co., Limited was appointed as a bookrunner to place the Unsubscribed Rights Shares on a best effort basis
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 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)
Placing price of the Unsubscribed Rights Shares:	<p>The placing price of the Unsubscribed Rights Shares shall be at least equal to the total of: (a) the Subscription Price; and (b) the estimated expenses per Unsubscribed Rights Share</p> <p>The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares during the process of placement</p>
Placees:	The Unsubscribed Rights Shares are expected to be placed to placees, who and whose ultimate beneficial owners, shall be Independent Third Parties
Ranking of Unsubscribed Rights Shares:	Unsubscribed Rights Shares shall rank pari passu 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 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 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. The Bookrunner also confirmed that there is no arrangement, agreement, understanding or undertaking with the Underwriter in relation to the placing of the Unsubscribed Rights Shares, save as the proposed terms of the Underwriting Agreement by which the Underwriter will take up all Unsubscribed Rights Shares. The engagement between the Company and the Bookrunner of the Unsubscribed Rights Shares was determined after arm's length negotiation between the Bookrunner and the Company and is on normal commercial terms. The Directors after considering placing commission as published on the Stock Exchange website since 1 August 2018 up to the date of this announcement of approximately 2.18% on average, as the fee charged by the Bookrunner is 1.75% which is lower than such placing commission, consider that the terms of placing arrangement for the Unsubscribed 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 may also enter into a placing agreement, setting out the logistic arrangement of the placing of the Unsubscribed Rights Shares, on or before the date of despatch of the circular of the Rights Issue.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders; and (iii) a compensatory mechanism for No Action 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 Tuesday, 22 January 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 will be conditional upon obtaining the Independent Shareholders' approval and the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. For details of the conditions of the Underwriting Agreement, please refer to the section headed "Underwriting Agreement — Conditions of the Underwriting Agreement" in this announcement.

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.

THE UNDERTAKING LETTER

As at the date of this announcement, Forever Top (Asia) Limited (i.e. the Underwriter) is the controlling shareholder of the Company which is interested in 2,682,362,480 Shares, representing approximately 43.2% of the total number of the existing issued Shares, has entered into the Undertaking Letter with the Company and has irrevocably and unconditionally undertaken to the Company that, among other things, it shall subject to the granting of the Whitewash Waiver by the Executive, accept in full the Committed Shares and shall procure that the Provisional Allotment Letter(s) in respect of the Committed Shares shall be lodged with the share registrar of the Company with payment in full therefor in cash on or before the latest time for acceptance of their entitlement under the Rights Issue in accordance with the instructions printed on the relevant Provisional Allotment Letter(s).

UNDERWRITING AGREEMENT

Principal terms of the Underwriting Agreement are as follow:

Date:	9 November 2018
Issuer:	The Company
Underwriter:	Forever Top (Asia) Limited
Number of Underwritten Shares*:	Up to 3,663,257,676 Rights Shares (being the maximum number of 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 (other than the Rights Shares) are issued and no repurchase of Shares on or before the completion of the Rights Issue and excluding the Committed Shares pursuant to the Undertaking Letter) and no less than 3,523,657,676 Rights Shares, being the minimum number of Rights Shares under the Rights Issue excluding the Committed Shares pursuant to the Undertaking Letter

The above mentioned Underwritten Shares do not represent the final amount of Rights Shares to be taken up by the Controlling Shareholder. The actual amount of Rights Shares to be taken up by the Controlling Shareholder pursuant to their underwriting commitment will depend on the level of subscription by Qualifying Shareholders, the results of the placing pursuant to the Compensatory Arrangements, the level of the unsold entitlement of the Non-Qualifying Shareholders and also the level of unsold fractions of the Rights Shares

Fees and expenses:	a commission of 1.75% of sum which is equal to the Subscription Price multiplied by the number of Underwritten Shares and the reasonable costs, fees and other expenses of the Underwriter
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- * The maximum and minimum number of Underwritten Shares are calculated based on the maximum and minimum total number of Rights Shares less the Committed Shares, which does not take into account the number of Unsubscribed Rights Shares which would be placed to independent places under the Compensatory Arrangements.

Subject to the fulfilment of the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the latest time for termination in accordance with the terms thereof, the Underwriter has agreed to subscribe or procure the subscription for all Underwritten Shares that are not being taken up by the Qualifying Shareholders and not being placed by the Bookrunner under the Compensatory Arrangements, unsold entitlement of the Non-Qualifying Shareholders to the Rights Shares and unsold fractions of the Rights Shares.

The Board (excluding members of the Independent Board Committees whose opinion will be set forth in the circular of the Company after having been advised by the IFA) considers that the Underwriting Agreement is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

Conditions of the Underwriting Agreement

The obligations of the Controlling Shareholder to subscribe for the Underwritten Shares pursuant to the Underwriting Agreement are conditional on the fulfilment (or waiver, if applicable, by the Underwriter and subject as mentioned below) of the following conditions:

- (i) the despatch of the circular of the Company to the Shareholders, and the passing of the resolutions for approving the Rights Issue at the GM;
- (ii) the approval by the Independent Shareholders of the Rights Issue, the Whitewash Waiver and the Underwriting Agreement (and the transactions contemplated under the Underwriting Agreement), in each case by way of poll at the GM in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Date;
- (iii) 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;
- (iv) the grant by the Executive (and such grant not having been withdrawn or revoked) of the Whitewash Waiver, and the fulfilment of all conditions, if any, attached to it;
- (v) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Prospectus Date of one copy of each of the Prospectus Documents each 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;
- (vi) the despatch on the Prospectus Date of copies of the Prospectus Documents to the Qualifying Shareholders;

- (vii) the compliance and performance by the Company with/of all its obligations and undertakings pursuant to the terms and conditions of the Underwriting Agreement and by the times specified;
- (viii) the compliance by the Underwriter with its obligations under the Underwriting Agreement by the times specified;
- (ix) the Shares remaining listed on the Stock Exchange at all times prior to the latest time for termination 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 (or such longer period as the Company and the Underwriter may agree); and no indication being received before 4:00 p.m. on the date of the latest time for termination 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 the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (x) the grant by the Listing Committee of the Stock Exchange (and such permission not being withdrawn or revoked) of the permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) (subject only to allotment and despatch of the appropriate documents of title) by no later than the business day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively);
- (xi) all relevant consents and approvals being obtained from the regulatory authorities, including the Communications Authority, the Stock Exchange and the SFC, as the case may require in connection with the Rights Issue by the relevant time that each consent and approval is required;
- (xii) receipt by the Underwriter (in a form and substance satisfactory to it) of all the relevant documents on or before such time as specified in the Underwriting Agreement;
- (xiii) no breach of any of the warranties having come to the knowledge of the Underwriter by the latest time for termination; and
- (xiv) the obligations of the Underwriter under the Underwriting Agreement not being terminated.

All the above conditions precedent are required to be satisfied (or waived, if applicable). None of the Company and the Underwriter may waive the conditions precedent in (i) to (xi) set out in the above. The Underwriter has the sole discretion to waive the conditions precedent in (xii) to (xiv) set out in the above in whole or in part by written notice to the Company.

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

In the event that the above conditions precedent have not been satisfied (or waived in whole or in part by the Underwriter, if applicable) in accordance with the terms hereof by; or the latest time for termination occurs, or will occur, after, the Long Stop Date (or such later date

or dates as the Company and the Underwriter may agree in writing), the Underwriting Agreement shall be terminated and the obligations of all parties under the Underwriting Agreement shall be terminated and the provision under the termination clause shall apply.

Although the Company does not expect the consents and/or approvals from the SFC, the Stock Exchange or the Communications Authority other than those already stated will be required, condition precedent (xi) is intended to provide for any other consents and/or approvals, if any, which would be required for these regulators.

Termination of the Underwriting Agreement

If at any time prior to the latest time for termination:

- (i) any breach of any of the warranties or the undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement; or
- (ii) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the warranties are deemed to be given pursuant to the terms of the Underwriting Agreement would have rendered any of those warranties untrue, incorrect or misleading in any respect; or
- (iii) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or
- (iv) there is any material adverse change or prospective material adverse change in the condition, results of operations, management, business, stockholders' equity or in the financial or trading position of any member of the Group which, in the sole and absolute opinion of the Underwriter, is or may be materially adverse in the context of the Rights Issue; or
- (v) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (vi) any expert, who has given advice which is contained in the Prospectus, has withdrawn its respective consent to the issue of the Prospectus with the inclusion of its reports, letters, opinions or advices and references to its name included in the form and context in which it respectively appears prior to the issue of the Prospectus; or
- (vii) the Company withdraws the circular of the Company or the Prospectus (and/or any other documents issued or used in connection with the Rights Issue) or the Rights Issue; or
- (viii) any adverse change in market conditions (including with limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which, in the reasonable opinion of the Underwriter, is likely to materially adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (ix) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Rights Issue or where such suspension is temporary or routine in nature for not more than 10 trading days); or
- (x) order or petition (not withdrawn on or before the latest time for termination) for the winding up being levied upon any of the Company, Hong Kong Cable Television Limited, Fantastic Television Limited, Hong Kong Cable News Express Limited and Hong Kong Cable Enterprises Limited being material members of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of these companies or anything analogous thereto occurring in respect of any of these companies; or
- (xi) any of the Regulatory Licenses is revoked or suspended indefinitely; or
- (xii) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
 - a) any change (whether or not permanent) in the local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting the PRC, Hong Kong or the United States; or
 - b) any event force majeure (including, without limitation, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in or affecting the PRC, Hong Kong or the United States); or
 - c) the declaration of a banking moratorium by the PRC, Hong Kong or United States authorities occurring due to exceptional financial circumstances or otherwise; or
 - d) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong; or
 - e) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong or any other place in which any member of the Group conducts or carries on business, or
 - f) any change or development occurs involving a prospective change in taxation in Hong Kong, the PRC or any other jurisdiction(s) to which any member of the Group is subject or the implementation of any exchange controls; or
 - g) any litigation or claim of material importance to the business, financial or operations of the Group being threatened or instituted against any member of the Group; or

- h) the imposition of economic sanctions, in whatever form, directly or indirectly, in Hong Kong, the PRC or any other jurisdiction(s) relevant to the Group; or
- i) any governmental or regulatory commission, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-government regulatory authority or any court, tribunal or arbitrator, whether national, central, federal, provincial, state, regional, municipal in any relevant jurisdiction commencing any investigation, or formally announcing to investigate or take other legal action, against the Group or any of the Directors in respect of any matter related to the Group's business, which investigation has or would have material adverse effect on the trading price of the Shares or the Group; or

the effect of which events or circumstances referred to in the above, individually or in the aggregate (in the sole and absolute opinion of the Underwriter): (1) is or will likely be materially adverse to the Group (taken as a whole), or materially prejudicially affects or would materially and prejudicially affect, the Group (taken as a whole) or the Rights Issue; or (2) makes or will likely make it inadvisable or inexpedient to proceed with the Rights Issue, or (3) will make or is likely to make the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Rights Issue or pursuant to the underwriting thereof.

then in any such case the Underwriter may by notice in writing to the Company, served prior to the latest time for termination, rescind or terminate the Underwriting Agreement.

If prior to the latest time for termination any such notice as is referred to the termination clause of the Underwriting Agreement is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall be terminated forthwith and no party will have any claim against any other for costs, damages, compensation or otherwise, provided that, among other things, the Company shall pay the fees and expenses specified in the Underwriting Agreement; and such termination shall be without prejudice to the rights of the parties in respect of any breach of the Underwriting Agreement and claims arising from the Underwriting Agreement occurring prior to such termination.

If the Underwriting Agreement is terminated by the Underwriter at such time before the latest time for termination but after the Underwriter has in accordance the Underwriting Agreement paid or procured payment to the Company of the aggregate Subscription Price in respect of the Underwritten Shares for which the Underwriter is obliged to subscribe or procure subscription under the provisions of the Underwriting Agreement, the Company shall, not later than the end of the second business day after (but not including) the date of receipt of the notice of termination issued by the Underwriter pursuant to the termination clause of the Underwriting Agreement, remit to the Underwriter such amount of aggregate Subscription Price which it has received from the Underwriter.

Rescission or termination of the Underwriting Agreement under the termination clause of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other party prior to such rescission or termination.

EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Rights Issue are set out as below:

Shareholdings immediately after the completion of the Rights Issue														Assuming full exercise of the exercisable Share Options on or before the Record Date, the Option Holders had not taken up the Rights Shares and Rights Shares had only been taken up fully by the Controlling Shareholder pursuant to the Undertaking Letter and the Underwriting Agreement							
As at the date of this announcement		Assuming no exercise of the exercisable Share Options on or before the Record Date and 100% of the Rights Shares taken up by all Qualifying Shareholders		Assuming no exercise of the exercisable Share Options on or before the Record Date and 100% of the Rights Shares fully placed to independent third parties under the Compensatory Arrangements other than the Controlling Shareholder		Assuming no exercise of the exercisable Share Options on or before the Record Date and Rights Shares had only been taken up by the Controlling Shareholder pursuant to the Undertaking Letter and the Underwriting Agreement		Assuming full exercise of the exercisable Share Options on or before the Record Date and 100% of the Rights Shares taken up by all Qualifying Shareholders and Option Holders		Assuming full exercise of the exercisable Share Options on or before the Record Date and 100% of the Rights Shares fully placed to independent third parties under the Compensatory Arrangements other than the Controlling Shareholder											
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%	5,364,724,960		43.2%	5,364,724,960		43.2%	8,888,382,636		71.6%	5,364,724,960		42.3%	5,364,724,960		42.3%	9,027,982,636		71.2%
Parties acting in concert with Forever Top (Asia) Limited																					
Tan Sri Dato' David Chiu		—	—	—		—	—		—	62,000,000		0.5%	31,000,000		0.2%	31,000,000		0.2%	31,000,000		0.2%
Dr. Cheng Kar-Shun, Henry		—	—	—		—	—		—	62,000,000		0.5%	31,000,000		0.2%	31,000,000		0.2%	31,000,000		0.2%
Mr. Hoong Cheong Thard		—	—	—		—	—		—	26,250,000		0.2%	13,125,000		0.1%	13,125,000		0.1%	13,125,000		0.1%
Mr. Andrew Wah Wai Chiu		—	—	—		—	—		—	35,500,000		0.3%	17,750,000		0.2%	17,750,000		0.2%	17,750,000		0.2%
Dr. Cheng Chi-Kong, Adrian		—	—	—		—	—		—	20,000,000		0.1%	10,000,000		0.1%	10,000,000		0.1%	10,000,000		0.1%
Mr. Tsang On Yip, Patrick (Note)		—	—	—		—	—		—	26,250,000		0.2%	13,125,000		0.1%	13,125,000		0.1%	13,125,000		0.1%
Subtotal of the Concert Group		<u>2,682,362,480</u>	<u>43.2%</u>	<u>5,364,724,960</u>		<u>43.2%</u>	<u>5,364,724,960</u>		<u>43.2%</u>	<u>8,888,382,636</u>		<u>71.6%</u>	<u>5,596,724,960</u>		<u>44.1%</u>	<u>5,480,724,960</u>		<u>43.2%</u>	<u>9,143,982,636</u>		<u>72.1%</u>
Public																					
Other Share Options Holders		—	—	—		—	—		—	47,200,000		0.4%	23,600,000		0.2%	23,600,000		0.2%	23,600,000		0.2%
Other public Shareholders		<u>3,523,657,676</u>	<u>56.8%</u>	<u>7,047,315,352</u>		<u>56.8%</u>	<u>7,047,315,352</u>		<u>56.8%</u>	<u>3,523,657,676</u>		<u>28.4%</u>	<u>7,047,315,352</u>		<u>55.5%</u>	<u>7,186,915,352</u>		<u>56.6%</u>	<u>3,523,657,676</u>		<u>27.7%</u>
Total		<u>6,206,020,156</u>	<u>100.0%</u>	<u>12,412,040,312</u>		<u>100.0%</u>	<u>12,412,040,312</u>		<u>100.0%</u>	<u>12,691,240,312</u>		<u>100.0%</u>	<u>12,691,240,312</u>		<u>100.0%</u>	<u>12,691,240,312</u>		<u>100.0%</u>	<u>12,691,240,312</u>		<u>100.0%</u>

Note: Mr. Tsang On Yip, Patrick is a non-executive Director and is presumed to be acting in concert with the Controlling Shareholder under class (6) presumption under the definition of “acting in concert” under the Takeovers Code. This class (6) presumption will cease to apply after the completion of the Rights Issue. Assuming full exercise of the exercisable Share Options on or before the Record Date, the Option Holders had not taken up the Rights Shares which had only been taken up fully by the Controlling Shareholder pursuant to the Undertaking Letter and the Underwriting Agreement, the Controlling Shareholder and the Concert Group will be interested in an aggregate of 9,130,857,636 Shares, representing approximately 72.0% of the then total number of the issued Shares after completion of the Rights Issue (i.e. not taking into account 13,125,000 Shares through full exercise of the exercisable Share Options on or before the Record Date by Mr. Tsang On Yip, Patrick).

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company had not conducted any fund raising activities involving issue of securities in the twelve (12) months before the date of this announcement.

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

Announcement.....	Friday, 9 November 2018
Despatch of circular with notice and form of proxy for the GM	Monday, 26 November 2018
Latest time for lodging transfer of Shares to be qualified for attendance at the GM.....	4:30 p.m. on Thursday, 6 December 2018
Register of members of the Company closes (both dates inclusive).....	From Friday, 7 December 2018 to Thursday, 13 December 2018
Latest time for lodging forms of proxy for the GM	3:00 p.m. on Tuesday, 11 December 2018
Record date for attendance and voting at the GM.....	Thursday, 13 December 2018
Date of GM.....	3:00 p.m. on Thursday, 13 December 2018
Announcement of poll results of the GM.....	Thursday, 13 December 2018
Last day of dealing in Shares on a cum-rights basis	Friday, 14 December 2018
First day of dealing in Shares on an ex-rights basis.....	Monday, 17 December 2018
Latest time for lodging transfer documents of Shares in order to be qualified for the Rights Issue.....	4:30 p.m. on Tuesday, 18 December 2018
Register of members of the Company closes for determining entitlements under Rights Issue (both days inclusive)	From Wednesday, 19 December 2018 to Thursday, 27 December 2018
Record Date for determining entitlements under Rights Issue.....	Thursday, 27 December 2018
Register of members of the Company reopens	Friday, 28 December 2018
Despatch of Prospectus Documents.....	Friday, 28 December 2018
First day of dealing in nil-paid Rights Shares	Wednesday, 2 January 2019
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Friday, 4 January 2019

Last day of dealing in nil-paid Rights Shares	Wednesday, 9 January 2019
Latest time for acceptance of and payment for Rights Shares	4:00 p.m. on Monday, 14 January 2019
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements to be posted on the Stock Exchange's website and the Company's website on or before.....	Tuesday, 15 January 2019
Commencement of placing of Unsubscribed Rights Shares by the Bookrunner.....	Wednesday, 16 January 2019
Latest time of placing of Unsubscribed Rights Shares by the Bookrunner.....	6:00 p.m. on Friday, 18 January 2019
Latest time for termination of Underwriting Agreement.....	4:00 p.m. on Friday, 18 January 2019
Announcement of the results of the Rights Issue (including results of placing of Unsubscribed Rights Shares and the amount of Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements) to be posted on the Stock Exchange's website and the Company's website on or before.....	Monday, 21 January 2019
Last day of trading of Shares in board lot of 10,000 Shares	Monday, 21 January 2019
Effective date of change in board lot size from 10,000 Shares to 20,000 Shares	Tuesday, 22 January 2019
Designated broker starts to stand in the market to provide matching services for odd lots of Shares.....	Tuesday, 22 January 2019
Share certificates for fully-paid Rights Shares to be posted.....	Tuesday, 22 January 2019
Dealing of Rights Shares in board lot of 20,000 Shares in fully-paid form commences.....	9:00 a.m. on Wednesday, 23 January 2019
Payment of Net Gain to relevant No Action Shareholders (if any)	Monday, 11 February 2019
The last day for the designated broker provide matching services for odd lots of Shares	Monday, 18 February 2019

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 of the Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be varied by agreement between the Company and the Underwriter. 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.

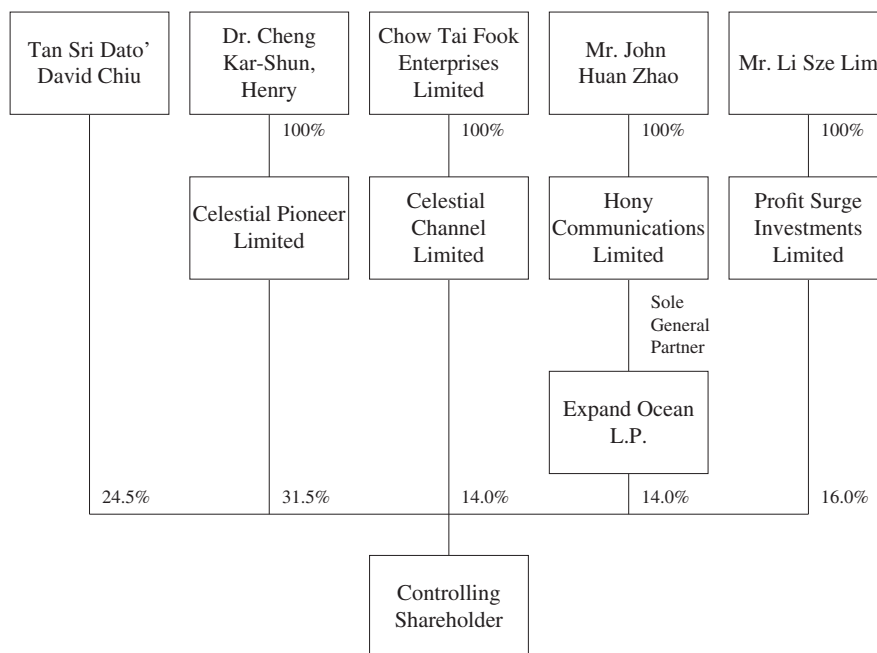
If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable for the Rights Issue and change in Board Lot Size” section may be affected. The Company will notify the Shareholders by way of announcement(s) 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%).

A corporate structure chart showing the shareholding of the Controlling Shareholder is set out below:



Based on information obtained from public domain or otherwise available, set out below are background information of each shareholder of the Controlling Shareholder:

Tan Sri Dato' David Chiu, the chairman of the Board and a non-executive Director, is the chairman, an executive director and the chief executive officer of Far East Consortium International Limited, a company listed on the Main Board (Stock Code: 35).

Dr. Cheng Kar-Shun, Henry, the vice-chairman of the Board and a non-executive Director, is a director of Chow Tai Fook Enterprises Limited. He is also the chairman and an executive director of New World Development Company Limited (Stock Code: 17), NWS Holdings Limited (Stock Code: 659) and Chow Tai Fook Jewellery Group Limited (Stock Code: 1929), the chairman and a non-executive director of New World Department Store China Limited (Stock Code: 825) and FSE Services Group Limited (Stock Code: 331), and a non-executive director of SJM Holdings Limited (Stock Code: 880), all of which are companies listed on the Main Board.

Celestial Pioneer Limited is a company incorporated in the British Virgin Islands whose principal business is investment holding and is wholly owned by Dr. Cheng Kar-Shun, Henry.

Chow Tai Fook Enterprises Limited is a company incorporated in Hong Kong and a 100% owned subsidiary of Chow Tai Fook (Holding) Limited. Chow Tai Fook (Holding) Limited is the controlling shareholder of Chow Tai Fook Jewellery Group Limited (Stock Code: 1929) and a 81.03% owned subsidiary of Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to 48.98% and 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy collectively hold a majority controlling interests in each of Cheng Yu

Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited. Chow Tai Fook Enterprises Limited is a premier family investor with a diversified global business portfolio.

Celestial Channel Limited is a company incorporated in the British Virgin Islands whose principal business is investment holding and is wholly owned by Chow Tai Fook Enterprises Limited.

Expand Ocean L.P. is an exempted limited partnership registered in the Cayman Islands on 14 March 2016 whose principal business is investment holding. The general partner of Expand Ocean L.P. is Hony Communications Limited, a company incorporated in the Cayman Islands with limited liability on 14 March 2016 wholly owned by Mr. John Huan Zhao whose principal business is investment holding. Mr. John Huan Zhao is the president and founder of Hony Capital, a leading private equity firm established in 2003 that focuses on China market. Mr. John Huan Zhao is also an executive director of Legend Holdings Corporation (Stock Code: 3396), a non-executive director of Lenovo Group Limited (Stock Code: 992), a non-executive director of China Glass Holdings Limited (Stock Code: 3300), the chairman, executive director and chief executive officer of Best Food Holding Company Limited (Stock Code: 1488), the chairman and non-executive director of Hospital Corporation of China Limited (Stock Code: 3869) and a non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd. (Stock Code: 1157), all of which are companies listed on the Main Board.

Mr. Li Sze Lim is the co-founder, the chairman and an executive director of Guangzhou R&F Properties Co., Ltd., a company listed on the Main Board (Stock Code: 2777).

Profit Surge Investments Limited is a company incorporated in the British Virgin Islands whose principal business is investment holding and is wholly owned by Mr. Li Sze Lim.

DEALINGS AND INTEREST OF CONTROLLING SHAREHOLDER AND PARTIES ACTING IN CONCERT WITH IT IN THE SECURITIES OF THE COMPANY

As at the date of this announcement, neither the Controlling Shareholder nor any parties acting in concert with it:

- (a) save for the Shares held by the Controlling Shareholder as set out in the section headed “Effect of Rights Issue on shareholdings in the Company”, owns, controls or has direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received an irrevocable commitment to vote for or against the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (d) save for the Underwriting Agreement and the Undertaking Letter, has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver, with any other persons;
- (e) save for the Underwriting Agreement and the Undertaking Letter, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver; or
- (f) save for the Share Options granted on 15 June 2018 to Tan Sri Dato' David Chiu, Dr. Cheng Kar-Shun, Henry, Mr. Andrew Wah Wai Chiu, Dr. Cheng Chi-Kong, Adrian, Mr. Tsang On Yip, Patrick and Mr. Hoong Cheong Thard under the Share Option Scheme, had dealt in Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of the Underwriting Agreement.

REASONS FOR THE RIGHTS ISSUE

The Group is an integrated communication services provider in Hong Kong, commanding a large and influential 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 in a state of 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 Open Offer of the Company, the Company has been focusing 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 for any transactions. To enable the Group to function properly, the Board is of the view that the Rights Issue is necessary to recapitalize the business to allow sufficient time for the restructuring initiatives to be implemented.

The Group had completed the Open Offer to raise additional capital for the Group's development in 2017 and as at the date of this announcement, proceeds from the Open Offer will be substantially utilised according to the updated plan of use of proceeds by the end of 2018.

The proceeds from the Open Offer were utilised in the following manner:

Intended use of net proceeds as disclosed in the circular and the prospectus of the Open Offer	Actual use of net proceeds up to 30 September 2018 used as originally intended	The amount of the unutilised proceeds from the Open Offer which has been reallocated as operating funds	Intended use of unutilised net proceeds from the Open Offer 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 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 Open Offer
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 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 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. 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.

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

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 considers to reallocate some proceeds from the Open Offer to finance the Group's operating cash flow requirement would be in the interest of the Company and its shareholders as a whole.

Given that the substantial amount of proceeds from the 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 would be required to accommodate the Group's on-going expenditure requirement and in light of the other aforesaid circumstances, the Board (excluding members of the Whitewash Waiver Independent Board Committee and Rights Issue Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the IFA) considers that the Rights Issue is in the best interest 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.

Set out below is the breakdown of the working capital requirement of the Group in the next 12 months (i.e. from December 2018 to November 2019) and the ways of funding such working capital requirement based on the Board's latest estimates:

	<i>HK\$'million</i>
Total working capital requirement in the next 12 months (including capital expenditure) of which include:	1,602.8
Operating expenses	1,057.4
Capital expenditure	140.5
Acquisition of programmes and programme production	404.9
To be satisfied by internal generated funds	937.2
To be satisfied by the fund raised from the Open Offer	66.3
To be satisfied by the fund raised from the Rights Issue	599.3

In view of the above, the Company can satisfy the expected funding needs in the next 12 months from the date of this announcement after taking into account the proceeds from the Rights Issue.

Other fund-raising alternatives

Apart from the Rights Issue fully underwritten by the Controlling Shareholder, the Directors have also considered other financing methods, such as engaging other independent underwriters, open offer and debt financing, in order to meet the Group's financing requirement.

Although it is not compulsory under the Listing Rules for the rights issue to be fully underwritten, the Company considers that engaging an underwriter to fully underwrite the Rights Issue would provide certainty of funds to the Group's working capital requirement. The Company has approached two independent licensed brokers (including the Bookrunner) for underwriting the Rights Issue, from the preliminary discussion with the independent licensed brokers, the independent licensed brokers indicated that, given (i) the Rights Issue does not fit in the investment horizon of the independent licensed brokers; (ii) the Group had been loss making and the Open Offer was under-subscribed by the then Shareholders (excluding the then controlling shareholder of the Company which undertook not to subscribe for the Shares under the Open Offer) by approximately 23.59% of the total number of the Shares available for subscription under the Open Offer; and (iii) considering the recent volatile market condition, the independent licensed brokers were not interested to proceed with further negotiation with the Company in underwrite the Rights Issue. The Company was also advised by its their financial advisor that it would be difficult to engage independent licensed broker to underwrite the Rights Issue on favourable terms to the Company (including but not limited to underwriting commission charged and discount to last trading price required) under such circumstances.

Similar to a rights issue, an open offer also offers qualifying Shareholders to participate in the fund raising, but it does not provide for the trading of rights entitlements in the open market in which would be less favourable for non-participating qualifying Shareholders. On the other hand, a placing of new Shares would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company on an equitable basis.

In respect of debt financing, the Board has also considered debt financing. However, the use of debt financing (i) will create additional interest burden to the Group, which would unavoidable adversely affect the Group's performance; (ii) are in general repayable on demand which would create unexpected liquidity stress to the Company; and (iii) the Group due to its historical loss making financial performance would require the provision of additional pledge assets and may require including but not limited to, additional lengthy due diligence and negotiations with banks or financial institutions.

Having considered the above factors, the Board considers that raising funds by way of the Rights Issue fully underwritten by the Controlling Shareholder is an appropriate option for the Company as it represents an opportunity for the Company to improve liquidity and broaden its capital base. In addition, while the Rights Issue enables the Company to enhance its financial position, it will also allow all Qualifying Shareholders with the opportunity to maintain their respective pro rata shareholding interests in the Company and participate in the development of the Group through the Rights Issue. Despite Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue,

nevertheless, they will also be able to trade their nil-paid Rights Shares in the open market or be subject to the Compensatory Arrangements if no action has been taken by them. Hence, the Directors (excluding members of the Whitewash Waiver Independent Board Committee and Rights Issue Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the IFA) are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

PROPOSED USE OF PROCEEDS

The estimated net proceeds from the Rights Issue after deducting the expenses are estimated to be not less than approximately HK\$661.7 million (assuming no new Shares are issued and no repurchase of Shares on or before the Record Date) after deduction of the estimated expenses. The Company intends to apply the net proceeds from the Rights Issue as to:

- (i) 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:
 - 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;
 - 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 interest of the Company and its Shareholders as a whole.

- (ii) 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:
 - Acquired channels (including channels committed amounting to approximately HK\$139.0 million and new or other channels yet to be committed amounting to approximately HK\$22.0 million)

- Live programmes, movies and dramas, and other entertainment programs amounting to approximately HK\$100 million;
- Self-produced programmes amounting to approximately HK\$89 million; and

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\$61 million during the first 6 months after the completion of the Rights Issue and approximately HK\$78 million will be paid between the 7 to 12 months the after the completion of the Rights Issue.

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.
- (iii) approximately HK\$171.7 million for general working capital (including but not limited to the payment of staff remuneration) for the Group in the 12 months following the completion of the Rights Issue.

Set out below summarizes the plan for applying the proceeds for general working capital from the Rights Issue:

	First 6 months after completion of the Rights Issue (in HK\$ million)	7th to 12th months after completion of the Rights Issue (in HK\$ million)	Total (in HK\$ million)
Salaries and benefits	94.0	47.0	141.0
Rental and utilities	13.0	7.0	20.0
Government/music licence fees	5.0	2.0	7.0
Other general and administrative expenses	<u>2.0</u>	<u>1.7</u>	<u>3.7</u>
Total	<u>114.0</u>	<u>57.7</u>	<u>171.7</u>

The estimated expenses of the Rights Issue (including underwriting fee, printing, registration, translation, legal, accounting and documentation charges) are estimated to be approximately HK\$14.8 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 (assuming no new Shares are issued and no repurchase of Shares on or before the Record Date) is expected to be approximately HK\$0.107.

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, THE UNDERWRITING AGREEMENT AND THE WHITEWASH WAIVER BY THE INDEPENDENT SHAREHOLDERS AT THE GM AND THE WHITEWASH WAIVER BEING GRANTED BY THE EXECUTIVE. IT IS EXPECTED THAT SHARES WILL BE DEALT WITH ON AN EX-RIGHTS BASIS FROM MONDAY, 17 DECEMBER 2018. THE RIGHTS SHARES WILL BE DEALT WITH IN THEIR NIL-PAID FORM FROM WEDNESDAY, 2 JANUARY 2019 TO WEDNESDAY, 9 JANUARY 2019. IF THE APPROVAL OF THE RIGHTS ISSUE, THE UNDERWRITING AGREEMENT

AND THE WHITEWASH WAIVER BY THE INDEPENDENT SHAREHOLDERS AT THE GM IS NOT OBTAINED AND/OR THE WHITEWASH WAIVER NOT BEING GRANTED BY THE EXECUTIVE, 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\$0.177 per Share (equivalent to a theoretical ex-right price of HK\$0.143 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\$1,430 (based on a theoretical ex-right price of HK\$0.143 per Share as at the Last Trading Day). It is proposed that upon the Rights Issue becoming effective and the commencement of dealings in fully-paid Rights Shares, 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 HK\$2,860 (based on a theoretical ex-right price of HK\$0.143 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 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 Tuesday, 22 January 2019 to Monday, 18 February 2019 (both dates 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 Friday, 7 December 2018 to Thursday, 13 December 2018 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the GM.

The register of members of the Company will be closed from Wednesday, 19 December 2018 to Thursday, 27 December 2018 (both days inclusive) for determining the entitlements under the Rights Issue.

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

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Controlling Shareholder and the Concert Group, is interested in an aggregate of 2,682,362,480 Shares, representing approximately 43.2% of the total number of the existing issued Shares.

Pursuant to the Underwriting Agreement, the Controlling Shareholder has conditionally agreed to underwrite the Underwritten Shares. Assuming no acceptance by the Qualifying Shareholders except for the Controlling Shareholder pursuant to the Undertaking Letter under the Rights Issue, no exercise of the Share Options on or before the Record Date and no Unsubscribed Rights Shares are placed to placees under the Compensatory Arrangements, the Controlling Shareholder will be required to take up the Underwritten Shares and the maximum aggregate shareholding held by the Controlling Shareholder and the Concert Group upon completion of the Rights Issue would amount to approximately 71.6% of the then total number of issued Shares as enlarged by the allotment and issue of the Rights Shares. Assuming no acceptance by the Qualifying Shareholders except for the Controlling Shareholder pursuant to the Undertaking Letter under the Rights Issue, full exercise of the exercisable Share Options on or before the Record Date and no Unsubscribed Rights Shares are placed to placees under the Compensatory Arrangements, the entitlement of the Non-

Qualifying Shareholders were unsold and the fractions of the Rights Shares unsold, the Controlling Shareholder will be required to take up the Underwritten Shares and the maximum aggregate shareholding held by the Controlling Shareholder and the Concert Group upon completion of the Rights Issue would amount to approximately 72.1% of the then total number of issued Shares as enlarged by the allotment and issue of the Rights Shares. Assuming full exercise of the exercisable Share Options on or before the Record Date, the Option Holders had not taken up the Rights Shares which had only been taken up fully by the Controlling Shareholder pursuant to the Undertaking Letter and the Underwriting Agreement, the Controlling Shareholder and the Concert Group will be interested in an aggregate of 9,130,857,636 Shares, representing approximately 72.0% of the then total number of the issued Shares after completion of the Rights Issue (i.e. not taking into account 13,125,000 Shares through full exercise of the exercisable Share Options on or before the Record Date by Mr. Tsang On Yip, Patrick. Mr. Tsang On Yip, Patrick is a non-executive Director and is presumed to be acting in concert with the Controlling Shareholder under class (6) presumption under the definition of “acting in concert” under the Takeovers Code. This class (6) presumption will cease to apply after the completion of the Rights Issue). Under such circumstance, the Controlling Shareholder would be required to make a mandatory general offer for all the securities of the Company (other than those already owned or agreed to be acquired by the Controlling Shareholder and parties acting in concert with it) under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code is granted by the Executive.

The Controlling Shareholder will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code and the Whitewash Waiver is subject to the condition that relevant resolution relating to the Rights Issue and Whitewash Waiver being approved by the Independent Shareholders at the GM. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Rights Issue and Whitewash Waiver by the Independent Shareholders at the GM by way of poll. The resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent vote that are either in person or by proxy by the Independent Shareholders at the GM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Rights Issue will not proceed.

The Controlling Shareholder and the Concert Group who are involved or interested in the transactions regarding the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver will not be entitled to vote at the GM. The Controlling Shareholder, who 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 parties acting in concert with it shall abstain from voting in respect of the resolution(s) relating to the Rights Issue and the Whitewash Waiver.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders, the Rights Issue will not proceed.

As at the date of this announcement, the Company does not believe that the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder give rise to any concerns in relation to compliance with applicable rules or

regulations (including the Listing Rules) by the Company. If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the shareholder circular to be issued by the Company in relation to the GM. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue and the transaction contemplated thereunder do not comply with other applicable rules and regulations.

Save for the Undertaking Letter from the Controlling Shareholder which provide for irrevocable and unconditional commitments to accept the Controlling Shareholder's entitlement of the Rights Shares, the Company has not received any other irrevocable commitments to accept or reject the Rights Shares or to vote for or against the Rights Issue and/or the Whitewash Waiver.

LISTING RULES IMPLICATIONS

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 Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as the Rights Issue may increase the total number of issued Shares by more than 50%, pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue is subject to the approval from the Independent Shareholders at the GM.

In compliance with Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval of the Rights Issue and the Whitewash Waiver 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. 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 resolution relating to the Rights Issue.

GENERAL

Under the Takeovers Code, the Whitewash Waiver is conditional on, among other matters, approval of the Rights Issue and Whitewash Waiver by the Independent Shareholders at the GM. The resolution(s) proposed to be voted at the GM will be conducted by way of poll. The resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the GM.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as the Controlling Shareholder is interested in the Whitewash Waiver, it and parties acting in concert with it are required to abstain from voting on the resolution to be proposed at the GM in relation to the Whitewash Waiver. Save for the Controlling Shareholder and parties acting in concert with it, no Shareholder is involved in or interested in the Rights Issue and/or the Whitewash Waiver which requires him/her/it to abstain from voting on the relevant resolution(s) at the GM.

The Rights Issue Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Underwriting Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM. The Whitewash Waiver Independent Board Committee comprising Mr. Lam Kin-Fung, Jeffrey, Mr. Hu Shao Ming Herman and Mr. Luk Koon Hoo, Roger, all being independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM. Tan Sri Dato' David Chiu and Dr. Cheng Kar-Shun, Henry are directors and ultimate beneficial owners of the Controlling Shareholder. Mr. Hoong Cheong Thard is a director of the Controlling Shareholder. As Dr. Cheng Chi-Kong, Adrian is the son of Dr. Cheng Kar-Shun, Henry, Mr. Tsang On Yip, Patrick's spouse is a niece of Dr. Cheng Kar-Shun, Henry and Mr. Tang Sing Ming Sherman is the brother of the sister-in-law of Tan Sri Dato' David Chiu, therefore Dr. Cheng Chi-Kong, Adrian, Mr. Tsang On Yip, Patrick and Mr. Tang Sing Ming Sherman are familially related to two of the ultimate beneficial owners of the Controlling Shareholder. Accordingly, they will not be members of the Whitewash Waiver Independent Board Committee. The IFA has been appointed to advise the Independent Board Committees and the Independent Shareholders in relation to the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver and such appointment has been approved by the Independent Board Committees pursuant to Rule 2.1 of the Takeovers Code. Mr. Hui Chiu Chung, Stephen ("Mr. Hui), a director of the IFA, is currently serving as an independent non-executive director of FSE Services Group Limited ("FSE"), a listed public company in Hong Kong. Dr. Cheng Kar-Shun, Henry, a non-executive director of the Company, is the chairman and a non-executive director of FSE. Apart from the fact that Mr. Hui and Dr. Cheng Kar-Shun, Henry both serve on the board of FSE, there is no significant connection, financial or otherwise, between Dr. Cheng Kar-Shun, Henry and/or his family members and Mr. Hui of a kind reasonably likely to create, or to create the perception of a conflict of interest or reasonably likely to affect the objectivity of the IFA's advice. Accordingly, the IFA is considered independent and eligible to provide objective advice to the Independent Board Committees. The Independent Board Committees will formulate their views, as the case may be, with respect to the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver after obtaining and considering the advice of the IFA.

Pursuant to Rule 8.2 of the Takeovers Code, a circular containing, among other matters, further details of (i) the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) letters of recommendation from the Independent Board Committees to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver (as the case may be); (iii) a letter of advice from the IFA to the

Independent Board Committees and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; and (iv) a notice of the GM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve.

Upon the approval by the Independent Shareholders of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver at the GM having been obtained and the granting of the Whitewash Waiver by the Executive, 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:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“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 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
“Committed Shares”	2,682,362,480 Rights Shares to be offered to and subscribed by the Controlling Shareholder under their entitlement, as set out in the Provisional Allotment Letter pursuant to the Rights Issue and the Undertaking Letter
“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 by the Bookrunner on a best effort basis pursuant to arrangements described in Rule 7.21(1)(b) of the Listing Rules
“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
“Concert Group”	the parties acting in concert with the Controlling Shareholder
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Controlling Shareholder” or “Underwriter”	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%)
“Despatch Date”	Tuesday, 22 January 2019 (or such other date the Company may agree in writing), being the intended date of despatch of certificates of the Rights Shares to those entitled thereto
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“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, the Underwriting Agreement and the Whitewash Waiver
“Group”	the Company, its subsidiaries and consolidated structured entities of the Company
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited
“IFA”	Able Capital Partners Limited, a licensed corporation to carry on 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 Committees for the purpose of advising the Independent Board Committees and the Independent Shareholders on the terms of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“Independent Board Committees”	collectively, the Rights Issue Independent Board Committee and the Whitewash Waiver Independent Board Committee
“Independent Shareholder(s)”	Shareholders other than (i) the Controlling Shareholder, (ii) the Concert Group, (iii) the associates of the Controlling Shareholder and (iv) Shareholders who are involved in, or interested in the Rights Issue, the Underwriting Agreement and/or the Whitewash Waiver (as the case may be), who are required under the Listing Rules and/or Takeovers Code (as the case may be) 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”	9 November 2018, being the last full trading day for the Shares before the release of this announcement
“Latest Acceptance Date”	Monday, 14 January 2019, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine

“Latest Lodging Date”	4:30 p.m. on Tuesday, 18 December 2018, the latest time for lodging transfer documents of the Shares (together with the relevant shares certificate(s)) in order to qualify for the Rights Issue
“Latest time for acceptance”	4:00 p.m. on the Latest Acceptance Date
“Latest time for termination”	4:00 p.m. on the date falling on the Business Day immediately preceding to the date of the results announcement of the Rights Issue (i.e. Friday, 18 January 2019 based on the expected timetable set out in the section headed “Expected Timetable for the Rights Issue and Change in Board Lot Size” in this announcement) or such later date as the Company and the Underwriter may agree in writing
“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
“Long Stop Date”	5:00 p.m. on 30 June 2019 or such later date as the Underwriter may agree
“LPA”	the lapsed provisional allotments of the Rights Issue
“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 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 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

“Open Offer”	the open offer completed by the Group in September 2017
“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
“Posting Date”	Friday, 28 December 2018, 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
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Date”	proposed date of Prospectus
“Prospectus Documents”	the Prospectus and the Provisional Allotment Letter to be issued by the Company to the Qualifying Shareholders
“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”	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on Thursday, 27 December 2018 or such later date as announced by the Company
“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 issue of no more than 6,345,620,156 Rights Shares and no less than 6,206,020,156 Rights Shares at the Subscription Price on the basis of one Rights Share for every one existing Share held on the Record Date payable in full on acceptance
“Rights Issue Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders on the terms of the Rights Issue and the Underwriting Agreement
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.109 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 Letter”	the undertaking letter provided by the Controlling Shareholder to the Company dated 9 November 2018
“Underwriting Agreement”	the underwriting agreement dated 9 November 2018 and entered into between the Company and the Controlling Shareholder in relation to the Rights Issue

“Underwritten Shares”	the Rights Shares (other than the Committed Shares) being not less than 3,523,657,676 Rights Shares and not more than 3,663,257,676 Rights Shares to be underwritten by the Controlling Shareholder pursuant to the terms and conditions of the Underwriting Agreement
“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”	Rights Shares that are not subscribed by Qualifying Shareholders
“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 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 them which may otherwise arise as a result of the taking up of the Unsubscribed Rights Shares, the unsold entitlements of the Non-Qualifying Shareholders to the Rights Issue and the unsold fractions of the Rights Shares pursuant to the Underwriting Agreement
“Whitewash Waiver Independent Board Committee”	an independent board committee of the Company comprising Mr. Lam Kin-Fung, Jeffrey, Mr. Hu Shao Ming Herman and Mr. Luk Koon Hoo, Roger, which has been established under the Takeovers Code to advise the Independent Shareholders on the terms of the Rights Issue and the Whitewash Waiver. Tan Sri Dato’ David Chiu and Dr. Cheng Kar-Shun, Henry are directors and ultimate beneficial owners of the Controlling Shareholder. Mr. Hoong Cheong Thard is a director of the Controlling Shareholder. Dr. Cheng Chi-Kong, Adrian, Mr. Tsang On Yip, Patrick and Mr. Tang Sing Ming Sherman are familially related to two of the ultimate beneficial owners of the Controlling Shareholder. Accordingly, they will not be members of the committee
“%”	per cent or percentage

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

Hong Kong, 9 November 2018

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, Mr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman as independent non-executive Directors.

This announcement is made by order of the Board. All Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than in relation to the Controlling Shareholder and Celestial Pioneer Limited), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the Directors in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the directors of the Controlling Shareholder are Tan Sri Dato' David Chiu, Dr. Cheng Kar-Shun, Henry and Mr. Hoong Cheong Thard.

The directors of the Controlling Shareholder jointly and severally accept full responsibility for the accuracy of information in this announcement (other than those relating to the Company and Celestial Pioneer Limited) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the directors of the Controlling Shareholder in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the directors of Celestial Pioneer Limited are Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kam Biu, Wilson and Mr. Tsang On Yip, Patrick.

The directors of Celestial Pioneer Limited jointly and severally accept full responsibility for the accuracy of information in this announcement (other than those relating to the Company and the Controlling Shareholder) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the directors of Celestial Pioneer Limited in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.