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i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 1097

UPDATE ON THE ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Reference is made to the 2016 Final Results Announcement (“**2016 Results Announcement**”) of i-CABLE Communications Limited (the “**Company**”) dated 23 February 2017 and the announcement of the Company dated 9 March 2017 (“**Announcement**”).

As set out in the Announcement, the Company has received a notice from The Wharf (Holdings) Limited (“**Wharf**”) on 9 March 2017, the controlling shareholder of the Company, indicating that the board of Wharf had resolved:

- (i) not to provide any further funding commitments to any of the Company and its subsidiaries (the “**Group**”) for its business operations, other than the current funding commitments (which include the existing facility by Wharf Finance Limited of up to HK\$400 million pursuant to the facility agreement dated 12 December 2016);
- (ii) not to renew any of the current funding commitments when they expire; and
- (iii) Wharf has no intention to increase its shareholding interest in the Company.

As a result of this subsequent event, the board of Directors of the Company has reassessed and revised the basis of preparation of the consolidated financial statements for the year ended 31 December 2016 under the “Notes to the Financial Statements”, and the revised basis is attached in Annex 1 to this update on the Annual Results Announcement.

In light of the above reassessment of the basis of preparation, the Company’s auditor will include a paragraph of “emphasis of matter” in its report on the consolidated financial statements of the Group, which such paragraph is set out in Annex 2 to this update on the Annual Results Announcement.

For **i-CABLE COMMUNICATIONS LIMITED**

Kevin C. Y. Hui
Company Secretary

Hong Kong, 21 March 2017

As at the date of this announcement, the board of Directors of the Company comprises Mr. Stephen T. H. Ng, Mr. William J. H. Kwan and Mr. Paul Y. C. Tsui, together with four Independent Non-executive Directors, namely, Mr. Herman S. M. Hu, Mr. Roger K. H. Luk, Mr. Sherman S. M. Tang and Mr. Patrick Y. W. Wu.

Annex 1

2016 Financial Statements Extract of Revised Basis of Preparation

The consolidated financial statements for the year ended December 31, 2016, comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate. The measurement basis used in the preparation of the financial statements is the historical cost basis.

During the year ended December 31, 2016, the Group incurred a net loss of HK\$313 million (2015: HK\$233 million) and, as of that date, the Group had net current liabilities of HK\$892 million (2015: HK\$561 million).

The directors of the Company have taken steps to improve the Group’s liquidity and solvency position. Based on management estimation of the future cash flows of the Group, after taking into account (i) cash balance of HK\$106 million and continuous net cash inflows from operating activities; and (ii) the banking facility of HK\$400 million and a revolving loan facility of HK\$400 million given by Wharf Finance Limited, a fellow subsidiary, of which a total of HK\$590 million had been utilised at the end of the reporting period, the directors were of the opinion at the time of the Board’s approval and announcement of the Group’s preliminary 2016 results on February 23, 2017 that the Group would have sufficient working capital to finance its operations and remain as a going concern for the foreseeable future.

Subsequent to the Board’s approval and announcement of the Group’s preliminary 2016 results on February 23, 2017 and as described in the announcement issued by the Company on March 9, 2017, the Company received a notice from The Wharf (Holdings) Limited (“Wharf”) on March 9, 2017, the intermediate holding company and controlling shareholder of the Company, indicating that the board of Wharf had resolved:

- (i) not to provide any further funding commitments to any of the Company and its subsidiaries for its business operations, other than the current funding commitments (which include the existing facility by Wharf Finance Limited of up to HK\$400 million pursuant to the facility agreement dated December 12, 2016);
- (ii) not to renew any of the current funding commitments when they expire; and
- (iii) Wharf has no intention to increase its shareholding interest in the Company.

This subsequent event casts doubt on the Company’s ability to continue as a going concern, and therefore the Company’s ability to realize its assets and discharge its liabilities in the ordinary course of business for the foreseeable future has become materially uncertain.

In the light of the above, the Company has subsequently formed an executive committee and engaged professional external advisors to explore alternative sources of funding and/or advise on any business reorganisation and the continuance, directions and/or discontinuance of the Group's business operations.

As the Company is continuing to explore alternative sources of funding and other options open to the Company, the financial statements continue to be prepared on a going concern basis in accordance with Hong Kong Accounting Standard 1, *Presentation of Financial Statements*.

If in the future the Company ceases to be a going concern or the going concern assumption is no longer appropriate, adjustments may have to be made to the consolidated financial statements to reflect the situation that assets may need to be realized at amounts other than those at which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in the notes to the financial statements.

Annex 2

Extract of Emphasis of Matter from The Auditor's Report

Material uncertainty related to going concern

We draw attention to note 1(b) in the consolidated financial statements, which indicates the Group incurred a net loss of HK\$313 million during the year ended December 31, 2016 and, as of that date, the Group had net current liabilities of HK\$892 million. It also states that subsequent to the year end on March 9, 2017, the Company issued an announcement which described a decision made by its intermediate holding company and controlling shareholder, The Wharf (Holdings) Limited, on their funding commitments to the Company. As stated in note 1(b), these events or conditions, along with other matters as set forth in note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Note: Reference to note 1(b) to financial statements may be read as reference to the disclosure in Annex 1 of this announcement.