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## **i-CABLE COMMUNICATIONS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 1097)

- (1) PROPOSED OPEN OFFER OF 3,352,520,666 OFFER SHARES  
AT HK\$0.21 PER OFFER SHARE ON THE BASIS OF FIVE OFFER SHARES FOR EVERY  
THREE EXISTING SHARES HELD ON THE RECORD DATE**
- (2) APPLICATION FOR WHITEWASH WAIVER**
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- (7) NOTICE OF CLOSURE OF REGISTER OF MEMBERS**
- (8) APPLICATION FOR FURTHER EXTENSION OF DEADLINE FOR RENEWAL OF PAY TV  
LICENCE**

### **(1) PROPOSED OPEN OFFER**

The Company proposes, subject to fulfilment (or waiver, if applicable) of the conditions set out in the Underwriting Agreement, to raise approximately HK\$704 million, before expenses, by issuing 3,352,520,666 Offer Shares to the Qualifying Shareholders at the Offer Price of HK\$0.21 per Offer Share, on the basis of five (5) Offer Shares for every three (3) existing Shares held by each Qualifying Shareholder on the Record Date. No excess application for Offer Shares will be available to the Qualifying Shareholders under the Open Offer.

The Open Offer will only be available to the Qualifying Shareholders. After the fulfilment (or

waiver, if applicable) of certain conditions, the Company will send the Prospectus Documents to the Qualifying Shareholders, and will to the extent reasonably practicable send the Overseas Letter together with the Prospectus (without the Application Form) to the Non-Qualifying Shareholders for their information only. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

### **The Underwriting Agreement**

On 14 April 2017, the Company entered into the Underwriting Agreement with, among others, the Underwriter in relation to the underwriting and other related arrangements in respect of the Open Offer. The Open Offer will be fully underwritten by the Underwriter, subject to the terms and conditions of the Underwriting Agreement, details of which are set out in the paragraph headed "Underwriting Agreement" below.

### **The Undertaking of Wharf**

As at the date of this announcement, the Controlling Shareholder Companies hold 1,485,259,171 Shares, which represents approximately 73.8% of the issued share capital of the Company.

Wharf, being the controlling shareholder of the Company, has irrevocably undertaken to the Company and the Underwriter that, among other matters:

- (a) it will, and will procure the Shares held by the Controlling Shareholder Companies to, remain legally and beneficially owned by them from the date of the Undertaking to the close of business on the Record Date (or such other later date as the Company may agree in writing);
- (b) it will not, and will procure the Controlling Shareholder Companies not to, subscribe for any of the Offer Shares to which they will be entitled to under the Open Offer;
- (c) it will not, and will procure the Controlling Shareholder Companies not to, deal in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares until the Record Date (other than pursuant to the Loan Capitalisation or otherwise contemplated in the Undertaking);
- (d) it will procure the Loan Capitalisation according to the terms of the Loan Capitalisation Agreement, to be effected as soon as practicable immediately following completion of the Open Offer subject to the Company being able to comply with Rule 8.08(1)(a) of the Listing Rules;
- (e) it will procure the Facility Term Extension in accordance with the Facility Term Extension Agreement to be effected;
- (f) it will procure, subject to (i) none of the Underwriter and the directors of the Group (or their respective associates) increasing its/his/her shareholding interests in the Company during the Relevant Period; (ii) no buy-back of Shares by the Company during the Relevant Period, the maintenance of the Public Float Requirement to maintain the public float of the Shares to not less than 25% at all times during the Relevant Period, by procuring:
  - (i) the Initial Distribution in Specie as soon as practicable after the date the Open Offer has become unconditional and before completion of the Open Offer;
  - (ii) one or more Further Distribution in Specie to the shareholders of Wharf, as are sufficient to maintain the Public Float Requirement, and (if required) to undertake to the Stock Exchange to the same effect;
- (g) in the event that the Initial Distribution in Specie and the Further Distribution(s) in

Specie are not sufficient to ensure the maintenance of the Public Float Requirement, it will, subject to (i) none of the Underwriter and the directors of the Group (or their respective associates) increasing its/his/her shareholding interests in the Company during the Relevant Period; (ii) no buy-back of Shares by the Company during the Relevant Period, (iii) the maintenance of the Public Float Requirement during the Relevant Period, procure Wheelock to facilitate the maintenance of the Company's public float by disposing of an appropriate number of Shares held by Wheelock or any of its subsidiaries, through one or more distribution(s) in specie by Wheelock to its shareholders, or by on-market / off-market disposals, or a combination of them; and

(h) it will procure relevant member(s) of Wharf Group to enter into the Property Agreements.

The Undertaking is conditional upon:

(i) the despatch of the Prospectus on or before 16 August 2017 (or such other later date as may be agreed between the Company and the Underwriter in writing) upon the approval from the Stock Exchange; and

(ii) the Underwriting Agreement not having been terminated.

Prior to the completion of the Open Offer, as a measure to ensure full compliance by the Company of the Public Float Requirement at the time before and upon completion of the Open Offer, Wharf intends to effect the Initial Distribution in Specie, and intends to procure Wheelock to effect the Wheelock Distribution in Specie as soon as practicable after the completion of the Initial Distribution in Specie.

Further terms of the Undertaking are set out in the paragraph headed "The Undertaking from Wharf" below.

### **Listing Rules Implications**

As the Open Offer will increase the number of the issued Shares by more than 50%, in compliance with Rule 7.24(5)(a) of the Listing Rules, the Open Offer must be made conditional on approval of the Independent Shareholders by way of poll at the EGM, and any controlling shareholders of the Company and their associates, including the Controlling Shareholder Companies, shall abstain from voting on the resolution to approve the Open Offer.

### **(2) APPLICATION FOR WHITEWASH WAIVER**

Pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that it will fully underwrite all of the Offer Shares.

As at the date of this announcement, according to the Underwriter, none of the Underwriter, the Underwriter Guarantors and their respective parties acting in concert holds any shares of the Company.

Assuming no further Share will be issued or repurchased by the Company prior to the close of the Open Offer, and none of the Qualifying Shareholders takes up its entitlement under the Open Offer, the Underwriter will be required to take up all the Offer Shares and the shareholding of the Underwriter immediately upon completion of the Open Offer will be approximately 62.50% of the issued share capital of the Company (as enlarged by the allotment and issue of the Offer Shares). Under such circumstance, the Underwriter will be required to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Underwriter and parties acting in concert with it) under Rule 26.1 of the Takeovers Code, unless a Whitewash Waiver is granted to the Underwriter by the Executive.

The Underwriter will make its 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 Independent Shareholders at the EGM by way of poll. If the Whitewash Waiver is not granted or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed.

If the Open Offer, 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, the Company will endeavour to address such concerns to the satisfaction of the relevant authority as soon as reasonably practicable but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Open Offer and the transaction contemplated thereunder will result in the Company not being able to comply with applicable rules and regulations.

### **(3) LOAN CAPITALISATION AND FACILITY TERM EXTENSION**

Currently, Wharf Finance, a wholly owned subsidiary of Wharf, has provided the Wharf Facility, being a revolving loan facility of up to the principal amount of HK\$400 million to HKCTV, a subsidiary of the Company. The Wharf Facility, according to its existing terms, will expire on 31 December 2017.

#### **Loan Capitalisation Agreement**

The Company, HKCTV and Wharf Finance entered into the Loan Capitalisation Agreement on 14 April 2017 pursuant to which Wharf Finance has agreed to effect the Loan Capitalisation, whereby the Loan Capitalisation Amount in the principal sum of HK\$300 million under the Wharf Facility will be capitalised into 841,987,090 Loan Capitalisation Shares, at the issue price of one Share for approximately HK\$0.3563, to be issued to Wharf Finance or its nominee.

The Loan Capitalisation can be effected in tranches, in order for the Company to fulfil the Public Float Requirement at all times during the Relevant Period.

The issue price of approximately HK\$0.3563 per Loan Capitalisation Share was agreed among the parties to the Loan Capitalisation Agreement by reference to the theoretical ex-rights price per Share based on the price of HK\$0.21 for each Offer Share.

The Loan Capitalisation Agreement is conditional upon:

- (a) the approval thereof by the Independent Shareholder at the EGM by way of poll;
- (b) the grant by the Executive of its consent to the Loan Capitalisation as a special deal under Rule 25 of the Takeovers Code, and not having withdrawn or revoked such consent, of the transaction contemplated in the Open Offer, and the fulfilment of all conditions, if any, attached to it;
- (c) the Open Offer having been completed in accordance with its terms;
- (d) the Listing Committee of the Stock Exchange agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Loan Capitalisation Shares (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Loan Capitalisation Shares); and
- (e) the Public Float Requirement not being breached at any time.

### **Facility Term Extension Agreement**

The Company, HKCTV and Wharf Finance entered into the Facility Term Extension Agreement on 14 April 2017 pursuant to which Wharf Finance has agreed to revise the terms of the Wharf Facility as follows:

- (I) with effect from the completion of the Open Offer:
  - (i) the term of the Wharf Facility shall be revised from “1-year from 1 January 2017 to 31 December 2017” to “3-years from 1 January 2017 to 31 December 2019”; and
  - (ii) the Final Maturity as defined in the Wharf Facility Agreement shall be revised from “31 December 2017” to “31 December 2019”.
- (II) with effect from the completion date of the Loan Capitalisation Agreement, the principal loan amount under the Wharf Facility shall be revised from a “Revolving Loan of HKD400,000,000” to “Revolving Loan of HKD100,000,000”.

The Facility Term Extension Agreement is conditional upon:

- (a) approval by the Independent Shareholder at the EGM by way of poll;
- (b) the grant by the Executive of its consent to the Facility Term Extension as a special deal under Rule 25 of the Takeovers Code, and not having withdrawn or revoked such consent, of the transaction contemplated in the Open Offer, and the fulfilment of all conditions, if any, attached to it; and
- (c) the Open Offer having been completed in accordance with its terms.

### **Listing Rules and Takeovers Code Implications**

Wharf is an indirect controlling shareholder of the Company, and as a result the Loan Capitalisation and the Facility Term Extension constitute special deals under Rule 25 of the Takeovers Code and connected transactions under Chapter 14A of the Listing Rules, and require the consent of the Executive and the approval by the Independent Shareholders on a vote taken by way of poll at the EGM.

### **(4) PROPERTY AGREEMENTS**

The Relevant Properties currently used by the Group are leased from the Wharf Group or its associated companies.

#### **Property Agreements**

As a term of the Undertaking, Wharf has procured the relevant member(s)/associated companies of the Wharf Group to enter into the new formal lease agreements in respect of the Relevant Key Properties according to which the Group has been granted with options to renew the leases/licences to use the Relevant Key Properties according to the terms of the Property Agreements. The parties' rights and obligations under the Property Agreements are conditional upon the despatch of the Prospectus on or before 16 August 2017 (or such other later date as may be agreed between the Company and the Underwriter in writing) upon completion of the Open Offer.

### **Listing Rules and Takeovers Code Implications**

The Property Agreements constitute special deals under Rule 25 of the Takeovers Code as well as continuing connected transactions (for so long as Wharf is a connected person of the Company) under Chapter 14A of the Listing Rules, and require the consent of the Executive

and the approval by the Independent Shareholders on a vote taken by way of poll at the EGM.

## **(5) SPECIAL DEALS**

Given (a) Wharf is the indirect controlling shareholder of the Company; and (b) the Open Offer is conditional upon the granting of the Whitewash Waiver, each of the Loan Capitalisation, the Facility Term Extension and the transactions contemplated under the Property Agreements constitutes a special deal under the Takeovers Code. The Special Deals require (1) the Executive's consent pursuant to Rule 25 of the Takeovers Code, (2) approval by Independent Shareholders on a vote taken by way of poll at the EGM and (3) an Independent Financial Adviser publicly opining that the Special Deals are arm's length transactions on normal commercial terms and the terms of the Special Deals are fair and reasonable. An application will be made for the consent of the Executive in respect of the Special Deals.

### **Independent Shareholders' Approval**

Under the Listing Rules, the Open Offer, the Loan Capitalisation Agreement and the Property Agreements are required to be approved by the Independent Shareholders at the EGM, whereas under the Takeovers Code, the Whitewash Waiver and the Special Deals are conditional on, among other matters, approval by the Independent Shareholders at the EGM, in each case taken by way of poll.

The resolutions proposed to be approved by the Independent Shareholders at the EGM will therefore include the approval by the Independent Shareholders of (i) the Open Offer, (ii) the Whitewash Waiver and (iii) Special Deals, in accordance with the Listing Rules and the Takeovers Code, and such resolutions will be conducted by way of poll at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Open Offer, the Whitewash Waiver and the Special Deals are fair and reasonable and in the interests of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned, and to advise the Independent Shareholders on how to vote at the EGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Open Offer, the Whitewash Waiver and the Special Deals.

The Circular containing, among other matters, further details of (i) the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Special Deals; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Open Offer, the Whitewash Waiver and the Special Deals; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the Whitewash Waiver and the Special Deals; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Takeovers Code and the Listing Rules. The EGM is currently scheduled to take place on or before 31 May 2017, subject to approvals by the Stock Exchange to despatch the Circular and the notice of EGM therein by 12 May 2017.

Upon the approval by the Independent Shareholders of the proposed resolutions for the Open Offer, the Whitewash Waiver and the Special Deals, having been obtained at the EGM, and the granting of the Whitewash Waiver and the consents of the Special Deals by the Executive, and subject to the fulfilment of a number of conditions precedent under the Underwriting Agreement (which includes the obtaining of the HKCTV Waiver Approval and the FTV Waiver Approval by the Communications Authority) by the Key Conditions Fulfilment Date, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable. The Overseas Letter together with the Prospectus will be sent to the Non-Qualifying Shareholders (if any) for their information only.

## **(6) PROPOSED CHANGE IN BOARD LOT SIZE**

The Board announces that the board lot size of the Shares for trading on the Stock Exchange will be changed from 1,000 Shares to 10,000 Shares with effect from 9:00 a.m. on 21 August 2017. The Company will arrange for odd lot matching services in order to facilitate the trading of odd lots (if any).

#### **(7) NOTICE OF CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 23 May 2017 to Monday, 29 May 2017 (both days inclusive) to determine the eligibility of Shareholders to attend and vote at the EGM. No transfer of Shares will be registered during this period.

#### **(8) APPLICATION FOR FURTHER EXTENSION OF DEADLINE FOR RENEWAL OF PAY TV LICENCE**

Reference is made to the announcement issued by the Company on 15 March 2017 in which the Board announced that HKCTV has, on 3 March 2017, requested the SCED for, and the SCED has granted, an extension of the deadline for returning signed copies of the renewed Pay TV Licence from 15 March 2017 to 26 April 2017. The existing Pay TV Licence will expire on 31 May 2017. On 13 December 2016, the Chief Executive-in-Council has approved HKCTV's application for renewal of its Pay TV Licence for a period of 12 years from 1 June 2017, but such offer of renewal has not yet been accepted by the Company.

In light of the developments set out in this announcement, HKCTV has, on 18 April 2017, made a further request to the SCED to extend the deadline for accepting the offer of renewal of the Pay TV Licence to 31 May 2017. As at the date of this announcement, the SCED is still considering our request for extension.

#### **TRADING HALT AND RESUMPTION OF TRADING**

At the request of the Company, trading in existing Shares on the Stock Exchange has been halted from 9:00 a.m. on 18 April 2017 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in existing Shares on the Stock Exchange with effect from 9:30 a.m. on 21 April 2017.

#### **(1) PROPOSED OPEN OFFER**

##### **Issue Statistics**

Basis of the Open Offer : Five (5) Offer Shares for every three (3) existing Shares held on the Record Date

Offer Price : HK\$0.21 per Offer Share

Number of existing Shares in issue as at the date of this announcement : 2,011,512,400 Shares

Number of Offer Shares : 3,352,520,666 Offer Shares

Underwriter : Forever Top (Asia) Limited

Total number of Shares in : 5,364,033,066 Shares

issue upon the close of the Open Offer

The Shares proposed to be issued under the Open Offer represent:

- (a) approximately 166.67% of the issued share capital of the Company as at the date of this announcement assuming that no further Shares will be issued or repurchased by the Company prior to the close of the Open Offer; and
- (b) approximately 62.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares, assuming that no further Shares will be issued or repurchased by the Company prior to the close of the Open Offer.

As at the date of this announcement, the Company has no outstanding option, convertible securities, options, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Shares.

**The Open Offer is conditional upon fulfilment (or waiver, if applicable) of all conditions set out under the sub-paragraph headed “Conditions precedent” below. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms thereof. Please see “Termination of the Underwriting Agreement” under the paragraph headed “The Underwriting Agreement” below. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors’ attention is drawn to the section headed “Warning of the risks of dealings in the Shares” below.**

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders, and the invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. The Company will despatch (i) the Prospectus Documents to the Qualifying Shareholders and (ii) to the extent reasonably practicable, the Overseas Letter together with the Prospectus, for information only, to the Non-Qualifying Shareholders. The Application Forms will be sent to the Qualifying Shareholders only.

To qualify for the Open Offer, Shareholders must at the close of business on the Record Date be registered as a member of the Company. In order to be registered as members of the Company in its register of members in Hong Kong on the Record Date, Qualifying Shareholders must lodge any transfer of Shares (with the relevant title documents) for registration with the Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by 4:30 p.m. on 11 August 2017. Shareholders having an address in Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer. Shareholders having addresses outside Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer only if the Board, after making relevant enquiry with lawyers in the relevant jurisdictions, considers that the offer to these Shareholders would not contravene any legal restriction under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place and such offer will not require any relevant registration.

### **Record Date, Latest Time for Lodging Transfers and Closure of register of members**

Please refer to the discussions in the paragraph headed “Expected Timetable” below on the expected Record Date and the expected latest time for lodging transfer of Shares in order to qualify for the Open Offer.

## **Rights of the Overseas Shareholders**

The Board will make enquiries as to whether the issue of the Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange pursuant to the Listing Rules and include the relevant details in the Circular. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to any of the Overseas Shareholders, the Open Offer will not be available to the Non-Qualifying Shareholders. As such, the Open Offer will not be extended to the Non-Qualifying Shareholders.

The Company will, to the extent reasonably practicable, send the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only but will not send any Application Forms in respect of the Open Offer to the Non-Qualifying Shareholders. The basis of excluding the Non-Qualifying Shareholders, if any, from the Open Offer will be disclosed in the Prospectus.

## **Fractional entitlements**

The Company shall not allot any fractions of Offer Shares to the Qualifying Shareholders, and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Such fractional entitlements shall be aggregated and will be dealt with as Offer Shares not taken up and will be underwritten by the Underwriter.

## **Offer Price**

The Offer Price of HK\$0.21 per Offer Share is payable in full by a Qualifying Shareholder upon acceptance of the Offer Shares under the Open Offer. The Offer Price represents:

- (i) a discount of approximately 65.57% to the Last Closing Price;
- (ii) a discount of approximately 64.65% to the average closing price of approximately HK\$0.594 per Offer Share as quoted on the Stock Exchange for the 5 consecutive trading days ending on and including the Last Trading Day;
- (iii) a discount of approximately 64.94% to the average closing price of approximately HK\$0.599 per Offer Share as quoted on the Stock Exchange for the 10 consecutive trading days ending on and including the Last Trading Day;
- (iv) a discount of approximately 41.67% to the theoretical ex-entitlement price (calculated by dividing the aggregate of (i) the market value of the Shares at the closing price as quoted on the Stock Exchange on the Last Trading Day; and (ii) the gross proceeds from the Open Offer, by the number of Shares then in issue immediately after the close of the Open Offer) of approximately HK\$0.36 based on the Last Closing Price; and
- (v) a discount of approximately 16.00% to the audited consolidated net asset value per Share attributable to equity holders of the Company of approximately HK\$0.25 as at 31 December 2016.

The Directors consider that under the Open Offer, each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company and that the discount of the Offer Price will lower the further investment cost of the Qualifying Shareholders, and encourages them to participate in the Open Offer. The

Directors consider that the Offer Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Basis of price and ratio**

The Offer Price and ratio were arrived at after arm's length negotiations between the Company and the Underwriter primarily with reference to and the financial and business conditions of the Company, as disclosed in the Rule 13.09 Announcement published by the Company on 9 March 2017.

The Directors have taken into account the following factors:

- (i) the amount of new equity investment needed by the Company to put its financial position on a more stable footing;
- (ii) the need to develop proposal which stands the highest probability of approval by Independent Shareholders, Communications Authority and the SFC and the Stock Exchange (all of which being key conditions precedent to the new equity investment);
- (iii) the uncertainties in the competition environment in the Hong Kong media and communication industry, as well as sentiment of the financial market in Hong Kong;
- (iv) the current range of prevailing market discount to the theoretical ex-entitlement price in the context of Share price and trading volume history for the Shares;
- (v) the Open Offer is conducted on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the continuing business of the Company; and
- (vi) the Directors' consideration that it could be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Open Offer if the Offer Price was not set at an appropriate discount to the historical trading prices of the Shares.

On the basis of the above, the Directors consider that the Offer Price is fair and reasonable and in the interests of the Company and Shareholders as a whole.

### **Basis of the assured allotment of the Offer Shares**

Five (5) Offer Shares will be issued for every three (3) Shares held by a Qualifying Shareholder on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form.

### **Potential Dilutive Impact of the Open Offer**

Qualifying Shareholders who do not elect to subscribe for their respective entitlements to the Offer Shares under the Open Offer in full will have their shareholding interests in the Company being diluted for a maximum of approximately 62.50% upon completion of the Open Offer, and approximately 67.59% upon completion of the Open Offer and Loan Capitalisation.

Taking into account (i) the time constraints the Company is under, there is significant risk that if the proposed investment is not executed, the Company would not have any basis to renew its Pay TV Licence, which will lead to cessation of Pay TV service immediately after 31 May 2017 and therefore immediate loss of the Company's monthly revenue; (ii) the Open Offer would provide the fund for the Group to accept renewal of its Pay TV Licence for a period of 12 years and to continue to pursue its business operations; (iii) the Open offer would strengthen the capital base of the Group; (iv) the Open Offer is conducted on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in

the Company and allows the Qualifying Shareholders to participate in the continuing business of the Company; (v) the inherent dilutive nature of Open Offer in general if the existing Shareholder did not take up his/her/its entitlements under the Open Offer, the Board considered that raising funds by way of the Open Offer is more cost effective, efficient and beneficial to the Company and its Shareholders as a whole despite the potential dilution impact on existing Shareholders who do not participate in the Open Offer.

### **Status of the Offer Shares**

When issued and fully paid, the Offer Shares will rank *pari passu* in all respects with the Shares then in issue. Holders of the Offer Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

### **Share certificates and refund cheques**

Subject to the fulfilment of the conditions of the Open Offer, share certificates for all Offer Shares are currently expected to be posted to those entitled thereto by ordinary post at their own risk on 13 September 2017. If the Open Offer is terminated, refund cheques are expected to be posted to the respective Qualifying Shareholders by ordinary post at their own risk on 13 September 2017.

### **No excess application**

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/ its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders and (if any) the Offer Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement. The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro-rata shareholding in the Company and to participate in the future growth and development of the Group. After arm's length negotiations with the Underwriter, and taking into account that the related time and administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Investors whose Shares are held by a nominee company (or which are deposited in CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company.

Investor whose Shares are held by their nominee(s) (or which are deposited in CCASS) and who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on 11 August 2017.

### **Application for listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have a board lot size of 10,000 at the time when they will be issued. For details, please see "Change in Board Lot Size and Odd Lot Matching" in this announcement. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the grant of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Stamp duty**

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

### **THE UNDERTAKING FROM WHARF**

As at the date of this announcement, the Controlling Shareholder Companies together hold 1,485,259,171 Shares, representing approximately 73.84% of the issued share capital of the Company.

As a support to the Company on its proposal to raise capital through the Open Offer, Wharf, being the controlling shareholder of the Company, has irrevocably undertaken to the Company and the Underwriter that:

(a) it will, and will procure the Shares held by the Controlling Shareholder Companies to, remain legally and beneficially owned by them from the date of the Undertaking to the close of business on the Record Date (or such other later date as the Company may agree in writing);

(b) it will not, and will procure the Controlling Shareholder Companies not to, subscribe for any of the Offer Shares to which they will be entitled to under the Open Offer;

(c) it will not, and will procure the Controlling Shareholder Companies not to, deal in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares until the Record Date (other than pursuant to the Loan Capitalisation or otherwise contemplated in the Undertaking);

(d) it will use its best endeavours to provide such information (to the extent within its power) as required by the Communications Authority for the purpose of the Waiver Approval Applications (as defined under the Underwriting Agreement);

(e) it will procure the Loan Capitalisation according to the terms of the Loan Capitalisation Agreement, to be effected as soon as practicable immediately following completion of the Open Offer subject to the Company being able to comply with Rule 8.08(1)(a) of the Listing Rules;

(f) it will procure the Facility Term Extension in accordance with the Facility Term Extension Agreement to be effected;

(g) it will procure, subject to (i) none of the Underwriter and the directors of the Group (or their respective associates) increasing its/his/her shareholding interests in the Company during the Relevant Period; (ii) no buy-back of Shares by the Company during the Relevant Period, the maintenance of the Public Float Requirement at all times during the Relevant Period, by procuring:

(i) the Initial Distribution in Specie as soon as practicable after the date the Open Offer has become unconditional and before the completion of the Open Offer;

(ii) one or more Further Distribution in Specie to the shareholders of Wharf, as are sufficient to maintain the Public Float Requirement, and (if required) to undertake to the Stock Exchange to the same effect;

(h) it will procure, in the event that, the Initial Distribution in Specie and the Further Distribution(s) in Specie are not sufficient to ensure the Public Float Requirement, Wheelock to facilitate the maintenance of the Company's public float by disposing of an appropriate number of Shares held by Wheelock or any of its subsidiaries, through one or more distribution(s) in specie by Wheelock to its shareholders, or by on-market / off-market disposals, or a combination of them;

(i) it will procure with effect from the completion date of the Open Offer, the termination of the Management Services Agreement without penalty or other compensation for termination (if any);

(j) it will procure the relevant member(s) of the Wharf Group to enter into the Property Agreements;

(k) it will procure, the resignation of Mr. Stephen T. H. Ng and Mr. Paul Y. C. Tsui as directors of the Company and its subsidiaries with effect from the closing date of the Open Offer with no claims of any kind against the Company or its subsidiaries; and

(l) it will procure, the directors on the Board nominated by the Controlling Shareholder Companies to propose to the nomination committee of the Company, its subsidiaries and FTV the appointment of those persons nominated by the Underwriter not less than 10 business days prior to the closing date of the Open Offer as new directors of the Company, its subsidiaries and FTV with effect from the closing date of the Open Offer.

The Undertaking is conditional upon:

(a) the despatch of the Prospectus on or before 16 August 2017 (or such other later date as may be agreed between the Company and the Underwriter in writing) upon the approval from the Stock Exchange; and

(b) the Underwriting Agreement not having been terminated.

For further details regarding the Initial Distribution in Specie, the Wheelock Distribution in Specie and Further Distribution in Specie(s), please see the joint announcement issued by Wharf and Wheelock dated the even date of this Announcement.

## **THE UNDERWRITING AGREEMENT**

Principal Terms of the Underwriting Agreement:

Date : 14 April 2017

Issuer : The Company

Underwriter : Forever Top (Asia) Limited

Underwriter Guarantors : Mr. David Chiu (as to 24.5%)  
(on a several basis based on Dr. Cheng Kar-Shun Henry (as to 31.5%)  
and not exceeding their Chow Tai Fook Enterprises Limited (as to 14%)  
respective direct/ indirect Expand Ocean L.P. (as to 14%)  
shareholdings in the Underwriter as shown Mr. Li Sze Lim (as to 16%)  
opposite their names)

Total number of Offer Shares : 3,352,520,666 Offer Shares  
being underwritten

Commission : 2% of the total proceeds raised in the Open Offer (approximately HK\$704 million) is payable to the Underwriter. Such commission shall be deducted from the proceeds raised in the Open Offer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Underwriter, the Underwriter Guarantors and their respective ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, according to the Underwriter, none of the Underwriter, the Underwriter Guarantors and their respective parties acting in concert holds any Shares.

Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite the issue of Offer Shares, and the Underwriter Guarantors have agreed to severally guarantee the payment obligations of the Underwriter in the Underwriting Agreement, on the terms and subject to the conditions in the Underwriting Agreement. The guarantee obligations of each Underwriter Guarantor under the Underwriting Agreement are on a several basis, based on and not exceeding his/its direct or indirect shareholding in the Underwriter.

### **Conditions precedent**

The obligations of the Underwriter under the Underwriting Agreement are conditional on the fulfilment (or waiver, if applicable, by the Underwriter and subject as mentioned below) of the following conditions:

- (1) the Communications Authority granting: (i) to HKCTV, an HKCTV Waiver Approval; and (ii) to FTV, an FTV Waiver Approval, and if any of these waivers are granted with conditions upon the Company, such conditions having been fulfilled;
- (2) the grant by the Executive (and such grant not having been withdrawn or revoked) of the Whitewash Waiver, the Wheelock Waiver and the consent to Special Deals, and the fulfilment of all conditions, if any, attached to it;
- (3)
  - (a) the approval by the Independent Shareholders of (i) the Open Offer, (ii) the Whitewash Waiver, (iii) all Special Deals (other than the Special Deal relating to the Property Agreements and referred to in 3(b) below), in each case by way of poll at the EGM in accordance with the Listing Rules and the Takeovers Code by no later than the Posting Date; and
  - (b) the approval by the Independent Shareholders of the Property Agreements as a special deal under the Takeovers Code by way of poll at the EGM in accordance with the Listing Rules and the Takeovers Code by no later than the Posting Date;
- (4) the renewal of the Pay TV Licence of HKCTV on the terms of the existing offer set out in a letter from the SCED to HKCTV dated 13 December 2016 or on terms which are not materially different than those in such existing offer to HKCTV;
- (5) delivery by the Company to the Underwriter of the Property Agreements duly executed by the relevant member(s) of Wharf Group;
- (6) delivery by the Company to the Underwriter of the Undertaking duly executed by Wharf and having been complied with by Wharf;

- (7) the filing and registration of all documents relating to the Open Offer, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (WUMP) Ordinance not later than the Posting Date;
- (8) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus for information only to the Non-Qualifying Shareholders, if any, on the Posting Date;
- (9) compliance by the Company with all its obligations in relation to publication of this announcement and despatch of the Circular and the Prospectus Documents, the making of the Open Offer and the allotment and offer of Offer Shares under the Underwriting Agreement having taken place by the times specified;
- (10) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, all the Offer Shares by no later than the first day of their dealings as stated in the Prospectus Documents;
- (11) 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;
- (12) the Company having appointed, or procured the appointment of, such persons nominated by the Underwriter at least 10 business days prior to the Latest Time for Termination, as Directors and/or directors of members of the Group conditional upon and with effect from the Closing Date; and
- (13) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement.

All the above conditions precedent are required to be satisfied (or waived, if applicable) by the Conditions Fulfilment Date. None of the Company and the Underwriter may waive the conditions precedent in (1), (2), (3)(a), (7), (8), (9) and (10) set out in the above. The Underwriter may waive the Conditions precedent in (3)(b), (4), (5), (6), (11), (12) and (13) set out in the above in whole or in part by written notice to the Company. As at the date of this announcement, conditions precedent (5) and (6) (in respect of the delivery of the Undertaking) have been fulfilled. In the event that the above conditions have not been satisfied (or waived in whole or in part by the Underwriter, if applicable) by the Conditions Fulfilment Date, all obligations and liabilities of the parties under the Underwriting Agreement shall terminate and (save in respect of any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) none of the parties shall have any claim against the other. In such case, the Open Offer will not proceed.

In relation to condition precedent (4) in respect of the renewal of the Pay TV Licence of HKCTV, please see the “(8) Application for Further Extension of Deadline for Renewal of Pay TV Licence” below for further information.

### **Termination of the Underwriting Agreement**

The Open Offer is conditional upon the Underwriting Agreement becoming unconditional and not being terminated by the Underwriter in accordance with its terms.

The Underwriter may terminate the Underwriting Agreement if at any time prior to the Latest Time for Termination:

- (a) a Material Adverse Change occurs or becomes known;

- (b) any statement contained in the Prospectus is untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, at the time when the Prospectus was issued, constitute a material omission therefrom; or
- (c) permission to deal in and listing of all the Offer Shares has been withdrawn by the Stock Exchange;
- (d) the Company withdraws the Circular or the Prospectus (and/or any other documents issued or used in connection with the Open Offer) or the Open Offer;
- (e) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Open Offer or where such suspension is temporary or routine in nature for not more than 10 trading days);
- (f) order or petition (not withdrawn on or before the Latest Time for Termination) for the winding up being levied upon any of the Company, HKCTV, FTV, 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 these companies;
- (g) the revolving loan facility of up to HK\$400 million granted by The Hongkong and Shanghai Banking Corporation Limited to HKCTV is terminated pursuant to the term in the relevant facility agreement restricting a change of control of the Company; or
- (h) any of the (i) unified carrier license, (ii) domestic free television programme service licence or (iii) domestic pay television programme service licence granted to the Group by the Communications Authority is revoked,

then and in any such case, the Underwriter may terminate the Underwriting Agreement by giving notice in writing to the Company, served prior to the Latest Time for Termination.

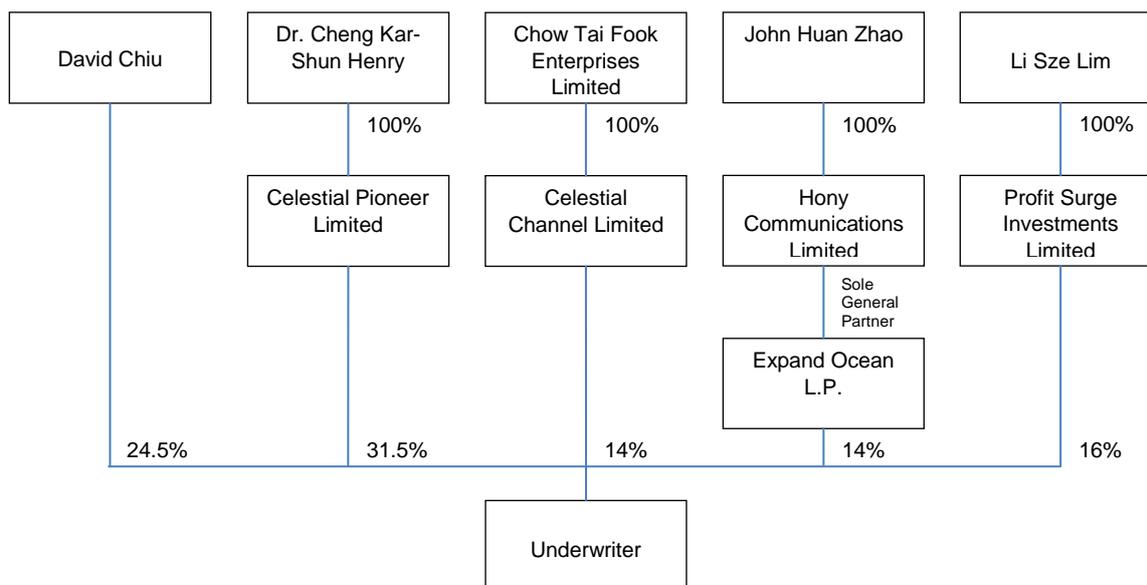
In relation to item (g) mentioned above, the Company has provided, and will continue to provide, the relevant requested information to The Hongkong and Shanghai Banking Corporation Limited (“HSBC”). Subject to provision of evidence satisfactory to HSBC that the Underwriter has become a majority shareholder of the Company, HSBC agrees to waive a breach of the covenant in relation to restrictions against the change of control of the Company arising as a result of the Underwriter becoming a new majority shareholder of the Company. The waiver will only take effect on the date that such satisfactory evidence is received by HSBC.

**If the Underwriter exercises such right of termination, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.**

## **INFORMATION ON THE UNDERWRITER AND THE UNDERWRITER GUARANTORS**

The Underwriter is a private company limited by shares incorporated in Hong Kong on 9 January 2015 whose principal business is investment holding, the ultimate beneficial owners of which are the Underwriter Guarantors.

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



The Underwriter Guarantors are Mr. David Chiu, Dr. Cheng Kar-Shun Henry, Chow Tai Fook Enterprises Limited, Expand Ocean L.P. and Mr. Li Sze Lim.

Mr. David Chiu is the chairman, an executive director and the chief executive officer of Far East Consortium International Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 35).

Dr. Cheng Kar-Shun Henry is the chairman and 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), Chow Tai Fook Jewellery Group Limited (Stock Code: 1929) and International Entertainment Corporation (Stock Code: 1009), the chairman and non-executive director of New World Department Store China Limited (Stock Code: 825), Newton Resources Ltd (Stock Code: 1231) and FSE Engineering Holdings Limited (Stock Code: 331), an independent non-executive director of HKR International Limited (Stock Code: 480) and Hang Seng Bank Limited (Stock Code: 11), and a non-executive director of SJM Holdings Limited (Stock Code: 880), all of which are companies listed on the Main Board of the Stock Exchange.

Chow Tai Fook Enterprises Limited is a company incorporated in Hong Kong and a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited, 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. Chow Tai Fook Enterprises Limited is a Hong Kong based conglomerate with a diversified global business portfolio and its principal activities include property holding and development, hotel investment and management, energy investment, transportation and infrastructure investment.

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 & Technology Development Co., Ltd. (Stock Code: 1157), all of which are companies listed on the Main Board of the Stock Exchange.

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 of the Stock Exchange (Stock Code: 2777).

According to the Underwriter, none of the Underwriter, the Underwriter Guarantors and their respective parties acting in concert holds any Shares, and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, they are Independent Third Parties as at the date of this announcement.

#### **WARNING OF THE RISKS OF DEALINGS IN THE SHARES**

**The Open Offer is conditional upon fulfilment (or waiver, if applicable) of the conditions set out under the sub-section headed "Conditions precedent" above. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.**

**Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons should exercise caution when contemplating any dealings in the Shares and are recommended to consult their own professional advisers.**

#### **SHAREHOLDING STRUCTURE OF THE COMPANY**

The Company will, upon completion of the Open Offer and the completion of the Loan Capitalisation, issue the Offer Shares and the Loan Capitalisation Shares respectively. Prior to the completion of the Open Offer, as a measure to ensure full compliance by the Company of the Public Float Requirement at the time before and upon completion of the Open Offer, Wharf will effect the Initial Distribution in Specie, and will procure Wheelock to effect the Wheelock Distribution in Specie as soon as practicable after the completion of the Initial Distribution in Specie. Shareholders who are the registered members of the Company as at the Record Date will be entitled to receive Offer Shares pursuant to the Open Offer in respect of the Shares they hold as at the Record Date. However, as the Initial Distribution in Specie and the Wheelock Distribution in Specie will only take place after the Record Date, holders of any Shares distributed through the Initial Distribution in Specie and the Wheelock Distribution in Specie ("**Distributed Shares**") will not be entitled to receive any Offer Shares in respect of these Distributed Shares.

Set out below is the shareholding structure of the Company immediately before and after the completion of the Initial Distribution in Specie (assuming that no Shares will be issued or repurchased by the Company after the date of this announcement and prior to the completion of the Initial Distribution in Specie):

	As at the date of this announcement		Upon completion of the Initial Distribution in Specie	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Underwriter</b>	Nil	Nil	Nil	Nil
<b>Wharf Group</b>	1,485,259,171	73.84	Nil	Nil

<b>Wheelock Group</b>	Nil	Nil	915,648,549	45.52
<b>Directors</b>				
Mr. Ng Tin Hoi Stephen	1,265,005	0.06	1,419,467	0.07
<b>Public Shareholders</b>	524,988,224	26.10	1,094,444,384	54.41
<b>TOTAL</b>	<b>2,011,512,400</b>	<b>100.00</b>	<b>2,011,512,400</b>	<b>100.00</b>

Set out below is the shareholding structure of the Company immediately before and after the completion of the Wheelock Distribution in Specie (assuming that no Shares will be issued or repurchased by the Company after the date of this announcement and prior to the completion of the Wheelock Distribution in Specie):

	Prior to the completion of the Wheelock Distribution in Specie		Upon completion of the Wheelock Distribution in Specie	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Underwriter</b>	Nil	Nil	Nil	Nil
<b>Wharf Group</b>	Nil	Nil	Nil	Nil
<b>Wheelock Group</b>	915,648,549	45.52	Nil	Nil
<b>Directors</b>				
Mr. Ng Tin Hoi Stephen	1,419,467	0.07	1,498,512	0.07
<b>HSBC Trustee (C.I.) Limited (Note 1)</b>	Nil	Nil	446,976,630	22.22
<b>Mr. Peter Woo and spouse</b>			117,875,685	5.86
<b>Public Shareholders</b>	1,094,444,384	54.41	1,445,161,573	71.85
<b>TOTAL</b>	<b>2,011,512,400</b>	<b>100.00</b>	<b>2,011,512,400</b>	<b>100.00</b>

Note:

(1) HSBC Trustee (C.I.) Limited is currently the controlling shareholder of Wheelock.

Set out below is the shareholding structure of the Company immediately before and after the close of the Open Offer, assuming that no Shares will be issued or repurchased by the Company after the date of this announcement and prior to the close of the Open Offer:

	Immediately prior to the close of the Open Offer		Upon the Close of the Open Offer			
			Assuming all Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares		Assuming no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Underwriter</b>	Nil	Nil	2,475,431,952	46.15	3,352,520,666	62.50
<b>Wharf Group</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Wheelock Group</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Directors</b>						
Mr. Ng Tin Hoi Stephen	1,498,512	0.07	3,606,853	0.07	1,498,512	0.03
<b>HSBC Trustee (C.I.) Limited</b>	446,976,630	22.22	446,976,630	8.33	446,976,630	8.33
<b>Mr. Peter Woo and spouse</b>	117,875,685	5.86	117,875,685	2.20	117,875,685	2.20
<b>Public Shareholders</b>	1,445,161,573	71.85	2,320,141,946	43.25	1,445,161,573	26.94
<b>TOTAL</b>	<b>2,011,512,400</b>	<b>100.00</b>	<b>5,364,033,066</b>	<b>100.00</b>	<b>5,364,033,066</b>	<b>100.00</b>

Assuming all Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares, upon completion of the Loan Capitalisation (i.e. full conversion of the Loan Capitalisation Amount), the public would hold 2,323,748,799 Shares, representing approximately 37.44% of the then issued Shares of the Company. As such, no further actions will be required to be conducted at Wharf or Wheelock for the purpose of maintaining the Public Float Requirement.

However, where no Offer Shares are taken up by the Qualifying and the Underwriter is required to take up the untaken Underwritten Shares, the full conversion of the Loan Capitalisation Amount would render the public float of the Company to fall to 23.31%, and therefore unable to maintain the Public Float Requirement. As such, the Loan Capitalisation will have to be carried out in different tranches (“**Partial Conversion**”) to ensure that the Company will be able to fulfil the Public Float Requirement at all times during the Relevant Period. In such case, it is expected that 422,607,275 Shares will be allotted and issued under the first tranche of the Loan Capitalisation.

Set out below is the shareholding structure of the Company illustrating the scenarios mentioned immediately above:

	Upon the completion of the Loan Capitalisation		Upon the completion of the Loan Capitalisation		Upon the completion of the first tranche of Loan Capitalisation	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
	Assuming all Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares		Assuming no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares		Assuming no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares	
<b>Underwriter</b>	2,475,431,952	39.89	3,352,520,666	54.02	3,352,520,666	57.94
<b>Wharf Group</b>	841,987,090	13.57	841,987,090	13.57	422,607,275	7.30
<b>Wheelock Group</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>HSBC Trustee (C.I.) Limited</b>	446,976,630	7.20	446,976,630	7.20	446,976,630	7.72
<b>Mr. Peter Woo and spouse</b>	117,875,685	1.90	117,875,685	1.90	117,875,685	2.04
<b>Public Shareholders (Note 1)</b>						
Mr. Ng Tin Hoi Stephen	3,606,853	0.06	1,498,512	0.02	1,498,512	0.03
Other Public Shareholders	2,320,141,946	37.38	1,445,161,573	23.29	1,445,161,573	24.97
<b>TOTAL</b>	<b>6,206,020,156</b>	<b>100.00</b>	<b>6,206,020,156</b>	<b>100.00</b>	<b>5,786,640,341</b>	<b>100.00</b>

Note:

(1) Upon the completion of the Open Offer and resignation of the Mr. Ng Tin Hoi Stephen as the director of the Company, his shareholding shall be counted as part of public float.

Following the completion of Partial Conversion of the first tranche of Loan Capitalisation, Further Distribution in Specie may be effected. The following table sets out the shareholding structure of the Company should a further Distribution in Specie be effected after the Partial Conversion of the first tranche of Loan Capitalisation:

	Upon the completion of the first tranche of Loan Capitalisation	Upon the completion of Further Distribution in Specie after the first tranche of Loan Capitalisation
	Assuming no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares	Assuming no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares

	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Underwriter</b>	3,352,520,666	57.94	3,352,520,666	57.94
<b>Wharf Group</b>	422,607,275	7.30	Nil	Nil
<b>Wheelock Group</b>	Nil	Nil	260,533,478	4.50
<b>HSBC Trustee (C.I.) Limited</b>	446,976,630	7.72	446,976,630	7.72
<b>Mr. Peter Woo and spouse</b>	117,875,685	2.04	117,875,685	2.04
<b>Public Shareholders (Note 1)</b>				
Mr. Ng Tin Hoi Stephen	1,498,512	0.03	1,542,462	0.03
Other Public Shareholders	1,445,161,573	24.97	1,607,191,420	27.77
<b>TOTAL</b>	<b>5,786,640,341</b>	<b>100.00</b>	<b>5,786,640,341</b>	<b>100.00</b>

Note:

(1) Upon the completion of the Open Offer and resignation of the Mr. Ng Tin Hoi Stephen as the director of the Company, his shareholding shall be counted as public float.

Following such Further Distribution in Specie, the second tranche of Loan Capitalisation will effect. The following table sets out the shareholding structure of the Company following the conversion of the second tranche of Loan Capitalisation:

	Upon the completion of Further Distribution in Specie after the first tranche of Loan Capitalisation		Upon the completion of the second tranche of Loan Capitalisation	
	Assuming no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares		Assuming no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Underwriter</b>	3,352,520,666	57.94	3,352,520,666	54.02
<b>Wharf Group</b>	Nil	Nil	419,379,815	6.76
<b>Wheelock Group</b>	260,533,478	4.50	260,533,478	4.20
<b>HSBC Trustee (C.I.) Limited</b>	446,976,630	7.72	446,976,630	7.20
<b>Mr. Peter Woo and Spouse</b>	117,875,685	2.04	117,875,685	1.90
<b>Public Shareholders (Note 1)</b>				
Mr. Ng Tin Hoi Stephen	1,542,462	0.03	1,542,462	0.02
Other Public Shareholders	1,607,191,420	27.77	1,607,191,420	25.90
<b>TOTAL</b>	<b>5,786,640,341</b>	<b>100.00</b>	<b>6,206,020,156</b>	<b>100.00</b>

Note:

(1) Upon the completion of the Open Offer and resignation of the Mr. Ng Tin Hoi Stephen as the director of the Company, his shareholding shall be counted as public float.

## MAINTENANCE OF PUBLIC FLOAT

The public float of the Shares will expected to be affected by the issue of the Offer Shares under the Open Offer, and the further issue of the Loan Capitalisation Shares under the Loan Capitalisation Agreement.

In order to ensure that the Company will be able to fulfil the Public Float Requirement at all times up to the completion of the Loan Capitalisation, the Company has taken the following measures.

The Company has obtained the Undertaking from Wharf. Pursuant to the Undertaking, subject to (i) none of the Underwriter and the directors of the Group (or their respective associates)

increasing its/his/her shareholding interests in the Company during the Relevant Period; (ii) no buy-back of Shares by the Company during the Relevant Period, to maintain the Public Float Requirement at all times during the Relevant Period, Wharf has undertaken that it will procure:

- (i) the Initial Distribution in Specie as soon as practicable after the date the Open Offer has become unconditional and before the completion of the Open Offer;
- (ii) one or more Further Distribution in Specie to the shareholders of Wharf, as are sufficient to maintain the Public Float Requirement, and (if required) to undertake to the Stock Exchange to the same effect.

Further, in the event that, the Initial Distribution in Specie and the Further Distribution(s) in Specie are not sufficient to ensure the Public Float Requirement, Wharf will request Wheelock, to facilitate the maintenance of the Company's public float by disposing of an appropriate number of Shares held by Wheelock or any of its subsidiaries, through one or more distribution(s) in specie by Wheelock to its shareholders, or by on-market / off-market disposals, or a combination of them.

As a result of the Initial Distribution in Specie, Wheelock (and parties acting in concert with it) will become interested in more than 30% of the issued Shares. In this connection, Wheelock will seek the Wheelock Waiver from the Executive that, in light that Wheelock and Wharf have all along been parties acting in concert, Wheelock will not be required to make any mandatory general offer for the Shares under Rule 26.1 of the Takeovers Code.

It is currently expected that as soon as practicable after the Latest Time for Termination and prior to the completion of the Open Offer, Wharf will effect the Initial Distribution in Specie, and will procure Wheelock to effect the Wheelock Distribution in Specie as soon as practicable after the completion of the Initial Distribution in Specie.

As set out in the section "Shareholding Structure of the Company" above:-

#### *Initial Distribution in Specie*

(i) assuming that no Shares will be issued or repurchased by the Company after the date of this announcement and prior to the completion of the Initial Distribution in Specie, upon the completion of Initial Distribution in Specie, Wharf Group will cease to have any interest in the Company and Wheelock Group (excluding Wharf Group) will hold 915,648,549 Shares in the Company, representing approximately 45.52% of the then issued Shares. The public Shareholders will hold 1,094,444,384 Shares, representing approximately 54.41% of the then issued Shares;

#### *Wheelock Distribution in Specie*

(ii) soon following (i) set out immediately above, the Wheelock Distribution in Specie will be effected. Assuming that no Shares will be issued or repurchased by the Company after the date of this announcement and prior to the completion of the Wheelock Distribution in Specie, upon the completion of the Wheelock Distribution in Specie, Wheelock Group will cease to have any interest in the Company and HSBC Trustee (C.I.) Limited, the current controlling shareholder of Wheelock, will become interested in 446,976,630 Shares, representing approximately 22.22 % of the then issued Shares. The public Shareholders will hold 1,445,161,573 Shares, representing approximately 71.85% of the then issued Shares;

#### *Close of Open Offer*

(iii) upon the close of the Open Offer, and assuming that all Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares, the Underwriter will become interested in 2,475,431,952 Shares, representing

approximately 46.15% of the then issued Shares. The public Shareholders will hold 2,320,141,946 Shares, representing approximately 43.25% of the then issued Shares;

(iv) upon the close of the Open Offer, and assuming that no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares, the Underwriter will become interested in 3,352,520,666 Shares, representing approximately 62.50% of the then issued Shares. The public Shareholders will hold 1,445,161,573 Shares, representing approximately 26.94% of the then issued Shares;

#### *Loan Capitalisation*

(v) Assuming all Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares, upon completion of the Loan Capitalisation (i.e. full conversion of the Loan Capitalisation Amount), the public would hold 2,323,748,799 Shares, representing approximately 37.44% of the then issued Shares. As such, no further actions will be required to be conducted at Wharf or Wheelock for the purpose of maintaining the Public Float requirement. However, where no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares, the full conversion of the Loan Capitalisation Amount would render the Company unable to fulfil the Public Float Requirement. As such, Partial Conversion will have to be carried out to ensure that the Company will be able to fulfil the Public Float Requirement at all times during the Relevant Period.

#### *Partial Conversion of First Tranche of Loan Capitalisation*

(vi) As mentioned above, following where no Offer Shares are taken up by the Qualifying Shareholders and the Underwriter is required to take up the untaken Underwritten Shares, upon completion the first tranche of Loan Capitalisation, Wharf would hold 422,607,275 Shares, representing approximately 7.30% of the then issued Shares. The public would hold 1,446,660,085 Shares, representing approximately 25.00% of the then issued Shares.

#### *Further Distribution in Specie*

(vii) A Further Distribution in Specie will be effected by Wharf upon the completion of the first tranche of Loan Capitalisation, upon which, Wharf will cease to hold any Shares and Wheelock will hold 260,533,478 Shares, representing approximately 4.50% of the then issued Shares. The public would hold 1,608,733,882 Shares, representing approximately 27.80% of the then issued Shares.

#### *Partial Conversion of Second Tranche of Loan Capitalisation*

(viii) Following the above, the Partial Conversion of the second tranche of Loan Capitalisation shall take place, upon completion of which, Wharf would hold 419,379,815 Shares, representing 6.76% and Wheelock would hold 260,533,478 Shares, representing approximately 4.20% of the then issued Shares. The public would hold 1,608,733,882 Shares, representing approximately 25.92% of the then issued Shares.

It is currently expected that, the Loan Capitalisation would be completed within 30 days after the close of the Open Offer.

Following the mechanism as set out above, the Company will be able to fulfil the Public Float Requirement at all times during the Relevant Period.

### **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD IMMEDIATELY BEFORE THE DATE OF THIS ANNOUNCEMENT**

The Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

The Group is principally engaged in the communications, media and entertainment business market in Hong Kong.

Reference is made to the Rule 13.09 Announcement, in which the Board announced that, among other matters, Wharf would not provide any further funding commitments to any member of the Group for its business operations, other than the current funding commitments (including the existing facility by Wharf Finance of up to HK\$400 million pursuant to the Wharf Facility).

Consequently, the Board had engaged professional external adviser(s) to explore alternative sources of funding and/or advise on any business reorganisation and the continuance, directions and/or discontinuance of the Company's business operations. The proposed Open Offer coupled with the Loan Capitalisation and Facility Term Extension is one funding proposal for the Group in order for our business to continue as usual. If this Open Offer does not proceed, then according to the reporting accountant of the Group, the business of the Group as a going concern will be at issue and will depend on whether the Group is able to seek alternative fund and/or scale down its business. If such risk materialises, announcements will be made as and when appropriate.

The estimated net proceeds from the Open Offer (after deducting the relevant expense including professional fees, printing charges and sundry expenses) will amount to approximately HK\$669 million. It is intended that the net proceeds will be used to fund the Company's operating and capital requirements as well as to turn around the Company and continue its business as a going concern. The proceeds of the equity injection and the improvement in the capital structure through the loan capitalization will be used to meet the Company's cash flow needs and Pay TV and Free TV license investment requirements in the coming years while the business undergoes a restructuring and turnaround of the operations. Apart from carrying out organisational restructuring targeting to achieve substantial savings in annual operating expenses, we intend to apply such estimated net proceeds in the following manner:

- (i) approximately HK\$170 million for investments in network related capital expenditure;
- (ii) approximately HK\$160 million for investments in TV capital expenditure;
- (iii) approximately HK\$90 million for investments in other capital expenditure; and
- (iv) approximately HK\$249 million as funding for the Company's operating requirements.

The Board considers that the Open Offer and the Loan Capitalisation, which together will amount to an aggregate of new equity capital of approximately HK\$1,004 million, will provide sufficient capital in a medium-term future to support the continuation of the Group's communication, media and entertainment business. The Board further considers that it is important for the Group to have committed funding to finance the Group's business operations, preferably in the form of equity which will not require repayment of compliance with the financial covenants, or increase the Group's finance costs.

The Board considers that the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interest in the Company. The Directors (excluding the independent non-executive Directors whose view will be disclosed in the Circular after taking into account the advice from the Independent Financial Adviser) are of the view that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

At the same time, the Company and the Underwriter have been working together to formulate an organisational restructuring targeting to achieve substantial savings of HK\$200 million in annual operating expenses. Such restructuring, after it is formulated and finalised, is currently expected to be implemented as soon as practicable after the completion of the Open Offer.

## EXPECTED TIMETABLE

The implementation of the Open Offer is subject to a number of approvals, which include the approval of the Communications Authority, the SFC and the Independent Shareholders. It is a term of the Underwriting Agreement that all conditions must be fulfilled (or waived, if applicable) by the Conditions Fulfilment Date, which is currently set on 14 October 2017 (or such later date as the Company and the Underwriter may agree in writing). Currently there are uncertainties if and when all the relevant approvals stipulated in the conditions precedent will be obtained, so the below expected timetable is only an estimation of the Board based on the current information, and is subject to changes according to circumstances and developments. The Company will issue announcement(s) to update the shareholders and investors on the expected timetable from time to time, when appropriate.

**The currently expected timetable for the Open Offer is set out below:**

	<b>2017</b>
Despatch of the Circular in relation to, among others, the Open Offer, the Whitewash Waiver and Special Deals	<b>Friday, 12 May</b>
Latest time for lodging transfer of Shares in order to qualify for attendance and voting at the EGM	<b>4:30 p.m. on Monday, 22 May</b>
Register of members closes (both days inclusive)	<b>Tuesday, 23 May to Monday, 29 May</b>
Record date for attendance and voting at the EGM	<b>Monday, 29 May</b>
Date of EGM	<b>Monday, 29 May</b>
Announcement of poll results of the EGM	<b>Monday, 29 May</b>
Key Conditions Fulfilment Date ( <i>the date on which all of the conditions precedent set out in sub-paragraphs (1), (2), (3)(a), (3)(b), (4), (5), (6) and (7) in the paragraph headed "Conditions precedent" of the Underwriting Agreement in this announcement are fulfilled (or waived, if applicable)</i> )	<b>Monday, 31 July</b>
Announcement of the Record Date for the Open Offer entitlement	<b>Monday, 31 July</b>
Last date of dealings in Shares on cum-entitlement basis	<b>Wednesday, 9 August</b>
First day of dealings in Shares on ex-entitlement basis	<b>Thursday, 10 August</b>
Latest time for lodging transfers of Shares in order to	<b>4:30 p.m. on Friday, 11 August</b>

qualify for the Open Offer	
Register of members of the Company closes (both dates inclusive)	<b>Monday, 14 August to Friday, 18 August</b>
Record Date of Open Offer	<b>Friday, 18 August</b>
Register of members re-opens	<b>Monday, 21 August</b>
Despatch of Prospectus Documents	<b>Monday, 21 August</b>
Effective date and time of change in board lot size from 1,000 Shares to 10,000 Shares	<b>Monday, 21 August</b>
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of Shares	<b>Monday, 21 August</b>
Latest time for acceptance of, and payment for, the Offer Shares	<b>4:00 p.m. on Monday, 4 September</b>
Latest time for Termination	<b>4:00 p.m. on Tuesday, 5 September*</b>
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of Shares	<b>Monday, 11 September</b>
Announcement of results of the Open Offer	<b>Monday, 11 September</b>
Open Offer and Underwriting Agreement expected to become unconditional on or before	<b>Tuesday, 12 September</b>
Despatch of certificates for Offer Shares and refund cheques	<b>Wednesday, 13 September</b>
Expected first day of dealings in Offer Shares	<b>9:00 a.m. on Thursday, 14 September</b>

*\* if the Latest Time for Termination falls on a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day*

If the Key Conditions are not fulfilled on or before 31 July 2017, the dates thereafter mentioned in the expected timetable above will be affected. In such event, the Company will notify the Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

All times and dates stated above refer to Hong Kong local times and dates. Dates stated in the timetable are indicative only and may be extended or varied. Any change to the expected timetable for the Open Offer will be announced by the Company as appropriate.

### **EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS OFFER SHARES**

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal number 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 4 September 2017. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 4 September 2017. Instead the Latest Time for Acceptance 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 does not take place on 4 September 2017, the dates mentioned in the section headed “Expected timetable” above in this announcement may be affected. In such event, the Company will notify the Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

### **LISTING RULES IMPLICATIONS**

As the Open Offer will increase the number of the issued Shares by more than 50%, in compliance with Rule 7.24(5)(a) of the Listing Rules, the Open Offer must be made conditional on approval of the Independent Shareholders by way of poll at the EGM and any controlling shareholders of the Company and their associates shall abstain from voting in favour of the resolution relating to the Open Offer.

In addition, since no excess application for the Offer Shares is available and the Open Offer is fully underwritten by the Underwriter, specific approval will be obtained from the Independent Shareholders in respect of the absence of excess application arrangement.

### **(2) APPLICATION FOR WHITEWASH WAIVER**

Assuming no further Shares will be issued or repurchased by the Company prior to the close of the Open Offer and all of the Qualifying Shareholders (except the Controlling Shareholder Companies) have taken up their respective entitlements under the Open Offer, the Underwriter will be required to take up the untaken Underwritten Shares and the total shareholding of the Underwriter immediately upon completion of the Open Offer would amount to approximately 46.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares.

Assuming no further Shares will be issued or repurchased by the Company prior to the close of the Open Offer and none of the Qualifying Shareholders (including the Controlling Shareholder Companies) have taken up their respective entitlements under the Open Offer, the Underwriter will be required to take up the Underwritten Shares and the total shareholding of the Underwriter immediately upon completion of the Open Offer would amount to approximately 62.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares.

Under both circumstances, the Underwriter would be required to make a mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Underwriter and parties acting in concert with it) under Rule 26.1 of the Takeovers Code, unless

a Whitewash Waiver is granted by the Executive. Immediately following completion of the Loan Capitalisation, the interest in the Company held by the Underwriter (assuming none of the Qualifying Shareholders have taken up their respective entitlements under the Open Offer) is expected to decrease from approximately 62.50% to approximately 54.02%.

The Underwriter will make its 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 Independent Shareholders at the EGM by way of poll. If any of the Whitewash Waiver is not granted or not approved by the Independent Shareholders, the Underwriting Agreement will not become unconditional and the Open Offer will not proceed.

If the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder would give rise to any concerns in relation to compliance with applicable rules or regulations (including the Listing Rules) by the Company, the Company will endeavour to address the concerns to the satisfaction of the relevant authority as soon as practicable but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Open Offer and the transaction contemplated thereunder will result in the Company not being able to comply with applicable rules and regulations.

### **(3) LOAN CAPITALISATION AND FACILITY TERM EXTENSION**

#### **Wharf Facility**

Currently, Wharf Finance, a wholly owned subsidiary of Wharf, has provided the Wharf Facility, being a revolving loan facility of up to the principal amount of HK\$400 million to HKCTV, a subsidiary of the Company. The Wharf Facility, according to its existing terms, will expire on 31 December 2017.

#### **Loan Capitalisation Agreement**

The Company, HKCTV and Wharf Finance entered into the Loan Capitalisation Agreement on 14 April 2017 pursuant to which Wharf Finance has agreed to effect the Loan Capitalisation, whereby the Loan Capitalisation Amount in the sum of HK\$300 million under the Wharf Facility will be capitalised into 841,987,090 Loan Capitalisation Shares, at the issue price of one Share for approximately HK\$0.3563, to be issued to Wharf Finance or its nominee).

The issue price of approximately HK\$0.3563 per Loan Capitalisation Share was agreed among the parties to the Loan Capitalisation Agreement by reference to the theoretical ex-rights price per Share based on the price of HK\$0.21 for each Offer Share.

The Loan Capitalisation Agreement is conditional upon:

- (a) the approval thereof by the Independent Shareholder at the EGM by way of poll;
- (b) the grant by the Executive of its consent to the Loan Capitalisation as a special deal under Rule 25 of the Takeovers Code, and not having withdrawn or revoked such grant, of the transaction contemplated in the Open Offer, and the fulfilment of all conditions, if any, attached to it;
- (c) the Open Offer having been completed in accordance with its terms;
- (d) the Listing Committee of the Stock Exchange agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Loan Capitalisation Shares (and such permission an listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Loan Capitalisation Shares); and

(e) the Public Float Requirement not being breached at any time.

The Loan Capitalisation can be effected in tranches, in order for the Company to fulfil the Public Float Requirement at all times during the Relevant Period, provided that:

(a) the Company shall be entitled to give notice in writing to the Wharf Finance, and Wharf Finance shall upon receipt of such notice effect and complete the Loan Capitalisation in tranches (if necessary) as soon as reasonably practicable, following satisfaction of certain conditions to ensure compliance with the Public Float Requirement;

(b) Wharf Finance shall, and shall procure its controlling shareholders (as defined in the Listing Rules, excluding any shareholders of Wheelock) to, distribute as many as possible the Loan Capitalisation Shares issued, distributed or otherwise transferred to them to their respective shareholders in order to ensure and facilitate completion of the Loan Capitalisation in accordance with paragraph (a) set out immediately above and subject to the Public Float Requirement; and

(c) notwithstanding that the Loan Capitalisation may take place in different tranches, commencing from the date of the first tranche of the Loan Capitalisation until completion of the Loan Capitalisation: (i) no interest shall accrue on any of the Loan Capitalisation Amount; and (ii) Wharf Finance shall not be entitled to exercise any of its rights in respect of any Loan Capitalisation Amount not capitalised in accordance with the Loan Capitalisation Agreement save and except for the right to capitalise the Loan Capitalisation Amount into the corresponding Loan Capitalisation Shares under the Loan Capitalisation Agreement.

Assuming that no further Shares will be issued or repurchased by the Company prior to the close of the Open Offer, the Loan Capitalisation Shares would be approximately 41.86% of the currently existing issued share capital of the Company, and approximately 15.70% of the enlarged issued share capital upon the completion of the Open Offer of the Company.

#### **Facility Term Extension Agreement**

The Company, HKCTV and Wharf Finance entered into the Facility Term Extension Agreement on 14 April 2017 pursuant to which Wharf Finance has agreed to revise the terms of the Wharf Facility as follows:

(I) with effect from the completion of the Open Offer:

(ii) the term of the Wharf Facility shall be revised from “1-year from 1 January 2017 to 31 December 2017” to “3-years from 1 January 2017 to 31 December 2019”; and

(ii) the Final Maturity as defined in the Wharf Facility Agreement shall be revised from “31 December 2017” to “31 December 2019”.

(II) with effect from the completion date of the Loan Capitalisation Agreement, the principal loan amount under the Wharf Facility shall be revised from a “Revolving Loan of HKD400,000,000” to “Revolving Loan of HKD100,000,000”.

The Facility Term Extension Agreement is conditional upon:

(a) the approval thereof by the Independent Shareholder at the EGM by way of poll;

(b) the grant by the Executive of its consent to the Facility Term Extension as a special deal under Rule 25 of the Takeovers Code, and not having withdrawn or revoked such grant, of the transaction contemplated in the Open Offer, and the fulfilment of all conditions, if any, attached to it; and

(c) the Open Offer having been completed in accordance with its terms.

## **Implications under the Listing Rules and the Takeovers Code**

Wharf is an indirect controlling shareholder of the Company. The Loan Capitalisation and the Facility Term Extension are arrangement with Wharf Group which could not be extended to all other Shareholders given that the Group did not enter into any lending arrangement with any other Shareholders. As such, the Loan Capitalisation and the Facility Term Extension shall constitute special deals under Rule 25 of the Takeovers Code and connected transactions (for so long as Wharf is a connected person of the Company) under Chapter 14A of the Listing Rules, and require the consent of the Executive and the approval by the Independent Shareholders on a vote taken by way of poll at the EGM.

It is currently expected that Wharf will cease to have any interest in the Company after the Initial Distribution in Specie and upon the completion of the Open Offer. Upon receipt of Loan Capitalisation Shares by Wharf (or its associates), Wharf will once again become interested in the Shares, but such interests are expected to be temporary given the obligations to effect Further Distribution(s) in Specie by Wharf pursuant to the terms of the Loan Capitalisation Agreement and the Undertaking. Once Wharf ceases to have any interest in the Company, the Loan Capitalisation and the Facility Term Extension (if they have not been consummated) will no longer be connected transactions for the Company. In any event, the Company will seek the approval of the Independent Shareholders on a vote taken by way of poll at the EGM in relation to these transactions pursuant to Chapter 14A of the Listing Rules.

## **Reasons for and benefits of the Loan Capitalisation and Facility Term Extension**

As discussed in the section “Reasons for the Open Offer and Use of Proceeds” above, the Loan Capitalisation will provide the Company with HK\$300 million new equity capital. The Facility Term Extension will also offer the Company with higher certainty on the length of available facility which it can deploy for its operational needs. Hence, the Loan Capitalisation and the Facility Term Extension would enhance the Company’s financial position, fund the Company’s operational and capital requirements as well as help turn around the Company and continue its business as a going concern. The Directors are of the view that both the Loan Capitalisation and the Facility Term Extension are in the interests of the Company and the Shareholders as a whole.

## **(4) PROPERTY AGREEMENTS**

The Relevant Properties currently used by the Group are either leased or licensed from members of the Wharf Group or its associated companies.

### **Relevant Properties**

The follow table sets out the list of Relevant Properties:-

- (1) Room 304, Wheelock House, 20 Pedder Street, Central, Hong Kong
- (2) Room 305-6, Wheelock House, 20 Pedder Street, Central, Hong Kong
- (3) Room B, Roof Viewing Deck, Central Pier 7, Star Ferry
- (4) Roof top of Marco Polo Hong Kong Hotel, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong
- (5) Portion of TBE Room B, Gateway II, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong
- (6) 40/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan
- (7) (a) Factory Unit 3 on ground floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan  
(b) Factory Units 1,2 & 4 on ground floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan  
(c) Floor 4-8, 10-11 Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan  
(d) Portion of 12/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan

- (e) Unit 1312 on 13/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan
- (f) Unit 4001 – 4007, 40/F Cable TV Tower, 9 Hoi Shing Road
- (g) Store room 3 on top roof, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan
- (8) Hoisting Platforms on 6/F & 10/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan
- (9) Lorry Space L1 on 2/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan
- (10) Lorry Space L1, L2 & L3 – L16 on 3/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan
- (11) Parking Space P54-P64, P67-P75, P77- P93 and P94-P96 on 3/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan
- (12) Flat E 13, 11/F, Block E, Tsing Yi Industrial Centre Phase II, Nos. 1-33 Cheung Tat Road, Tsing Yi

All Relevant Properties are currently under leasing or licensing arrangements with the Wharf Group or its associated companies. In light of the possible change of control of the Company as a result of the Open Offer, the Board has conducted a review of the current lease / licence arrangements with Wharf Group, and has identified the key premises among the Relevant Properties (namely the Relevant Properties (7) (except (e)), (10) and (11)) which the Board considers, from the operational stability perspective, it is beneficial to the Company to have renewal options in place.

As a term of the Undertaking, Wharf has procured the relevant member(s)/associated companies of the Wharf Group to enter into the new formal lease agreements in respect of the Relevant Key Properties according to which the Group has been granted with options to renew the leases/licences to use the Relevant Key Properties according to the terms of the Property Agreements. The parties' rights and obligations under the Property Agreements are conditional upon the despatch of the Prospectus on or before 16 August 2017 (or such other later date as may be agreed between the Company and the Underwriter in writing) upon completion of the Open Offer.

### **Key Terms of the Property Agreements**

The relevant parties (as described in the tables below) have entered into the Property Agreements on 14 April 2017, in respect of the Relevant Key Properties.

*Relevant Properties (7)(a), (7)(b), 5/F of 7(c) and 7(d)*

Parties	(1) New Tech Centre Limited (a wholly owned subsidiary of Wharf)  (2) Cable Network Communications Limited (a wholly owned subsidiary of the Company)
Term	1 January 2018 to 31 December 2020 with two options to renew, each for a three-year term, exercisable at the option of Cable Network Communications Limited no less than six months before commencement of their respective three-year term  If the first option to renew is not exercised at its relevant exercise time, the second option to renew will automatically lapse
Monthly Rent	1 January 2018 to 31 December 2020: The monthly rent under the existing tenancy agreement which is calculated with reference to the total gross floor area  1 January 2021 to 31 December 2023: Based on the prevailing open market rent to be mutually agreed between the parties

1 January 2024 to 31 December 2026:

Based on the prevailing open market rent to be mutually agreed between the parties which shall not be less 100% nor more than 120% of the monthly rent for the period from 1 January 2021 to 31 December 2023

Early termination

Early termination notice(s) could only be served by Cable Network Communications Limited on or before 31 December 2020 ("**Specified Period**")

Early termination could be effected by the service of a six months advanced written notice by the Cable Network Communications Limited within the Specified Period

Partial termination will only be acceptable if (i) for G/F to 11/F of Cable TV Tower, the premises surrendered is a whole multiple of an entire floor; (ii) for the other floors of Cable TV Tower, the premises surrendered may be a half floor or an entire floor

*Property (7)(c)(excluding 5/F), (7)(f) and (7)(g)*

Parties

(1) New Tech Centre Limited (a wholly owned subsidiary of Wharf)

(2) Cable Network Communications Limited (a wholly owned subsidiary of the Company)

Term

1 January 2018 to 31 December 2020 with two options to renew, each for a three-year term, exercisable at the option of Cable Network Communications Limited no less than six months before commencement of their respective three-year term

If the first option to renew is not exercised at its relevant exercise time, the second option to renew will automatically lapse

Monthly Rent

1 January 2018 to 31 December 2018:

The monthly rent under the existing tenancy agreement which is calculated with reference to the total gross floor area

1 January 2019 to 31 December 2020:

Based on prevailing open market rent to be mutually agreed between the parties

1 January 2021 to 31 December 2023:

Based on the prevailing open market rent to be mutually agreed between the parties which shall not be less than 100% nor more than 120% of the monthly rent for the period from 1 January 2019 to 31 December 2020

1 January 2024 to 31 December 2026:

Based on the prevailing open market rent to be mutually agreed between the parties which shall not be less than 100% nor more than 120% of the monthly rent for the period from 1 January 2021 to 31 December 2023

Early termination

Early termination notices could only be served by Cable Network Communications Limited on or before 31 December 2018 ("**Specified Period**")

Early termination could be effected by the service of a six months advanced written notice from the Cable Network Communications Limited within the Specified Period

Partial termination will only be acceptable if (i) for G/F to 11/F of Cable TV Tower, the premises surrendered is a whole multiple of an entire floor; (ii) for the other floors of Cable TV Tower, the premises surrendered may be a half floor or an entire floor

*Property (10)*

Parties	(1) New Tech Centre Limited (a wholly owned subsidiary of Wharf)  (2) Cable Network Communications Limited (a wholly owned subsidiary of the Company)
Term	1 August 2019 to 31 <sup>st</sup> December 2026 and automatically renewed on a monthly basis unless terminated by 1 month's advanced written notice by either party
Monthly License Fee	HK\$65,380 (subject to the discretion of New Tech Centre Limited to adjust such license fee), subject to any adjustment made in proportion of aggregate gross floor area of unit or units (excluding any carpark) in the said premises occupied by the licensee

In the event where the licensee shall have surrendered any part(s) of the main premises, the number of car parking space licensed to the licensee shall be adjusted with reference to the aggregate gross floor area in the premises occupied by the licensee at the end of the previous month and the gross floor area of the premises occupied by the licensee at the time of entering into the licence agreement.

The license fee payable by the licensee shall be adjusted in proportion to the adjusted car parking space in accordance with the abovementioned term.

*Property (11)*

Parties	(1) New Tech Centre Limited (a wholly owned subsidiary of Wharf)  (2) Cable Network Communications Limited (a wholly owned subsidiary of the Company)
Term	1 August 2019 to 31 <sup>st</sup> December 2026 and automatically renewed on a monthly basis unless terminated by 1 month's advanced written notice by either party
Monthly License Fee	HK\$ 126,170 (subject to the discretion of New Tech Centre Limited to adjust such license fee), subject to any adjustment made in proportion of aggregate gross floor area of unit or units (excluding any carpark) in the said premises occupied by the licensee

In the event where the licensee shall have surrendered any part(s) of the main premises, the number of car parking space licensed to the licensee shall be adjusted with reference to the aggregate gross floor area in the premises occupied by the licensee at the end of the previous month and the gross floor area of the premises occupied

by the licensee at the time of entering into the licence agreement.

The license fee payable by the licensee shall be adjusted in proportion to the adjusted car parking space in accordance with the abovementioned term.

### **Reasons for and benefits of the Property Agreements**

The Relevant Key Properties are considered by the Group to be material operation premises and supporting facilities necessary or critical for the operation of the Group. By entering into the Property Agreements, the Directors are of the view that the Group will have the options to extend the lease on favourable terms according to the provisions of the Property Agreements, which will provide stability as to the premises availability to continue the business operation of the Group.

### **Implications under the Listing Rules and the Takeovers Code**

Wharf is an indirect controlling shareholder of the Company, and as a result the Property Agreements constitute special deals under Rule 25 of the Takeovers Code and continuing connected transactions (for so long as Wharf is a connected person of the Company) under Chapter 14A of the Listing Rules, and require the consent of the Executive and the approval by the Independent Shareholders on a vote taken by way of poll at the EGM.

It is currently expected that Wharf will cease to have any interest in the Company after the Initial Distribution in Specie and upon the completion of the Open Offer. Upon receipt of Loan Capitalisation Shares by Wharf (or its associates), Wharf will once again become interested in the Shares, but such interests are expected to be temporary given the obligations to effect Further Distribution(s) in Specie by Wharf pursuant to the terms of the Loan Capitalisation Agreement and the Undertaking. Once Wharf ceases to have any interest in the Company, the Property Agreements (if they have not been consummated) will no longer be continuing connected transactions for the Company. In any event, the Company will seek the approval of the Independent Shareholders on a vote take by way of poll at the EGM in relation to these transactions pursuant to Chapter 14A of the Listing Rules.

In any event, if the Independent Shareholders voted against the Special Deal and connected transaction in relation to the Property Agreements, the existing lease or license agreements of the Relevant Properties will continue to be in place. Normal commercial negotiations between the relevant parties will take place at a time nearer to expiry in relation to the renewal or termination of the leasing/licencing arrangement of these Relevant Properties.

### **(5) SPECIAL DEALS**

As Wharf is the indirect controlling shareholder of the Company and in light that the Open Offer is conditional upon the granting of the Whitewash Waiver, each of the Loan Capitalisation, the Facility Term Extension and the Property Agreements constitutes a special deal under the Takeovers Code. The Special Deals require the Executive's consent pursuant to Rule 25 of the Takeovers Code, the approval of Independent Shareholders on a vote taken by way of poll at the EGM and an Independent Financial Adviser publicly opines that the Special Deals are arm's length transactions on normal commercial terms and the terms of the Special Deals are fair and reasonable. An application will be made for the consent of the Executive in respect of the Special Deals.

### **DEALINGS AND INTEREST OF UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT IN THE SECURITIES OF THE COMPANY**

As at the date of this announcement, according to the Underwriter, neither the Underwriter nor any parties acting in concert with it:

(a) 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 the Open Offer, the Underwriting Agreement and 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, 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 Open Offer, the Underwriting Agreement and the Whitewash Waiver, with any other persons;

(e) save for the Underwriting Agreement, 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 Open Offer, the Underwriting Agreement and the Whitewash Waiver; or

(f) 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.

## **GENERAL**

Subsequent to the publication of the Rule 13.09 Announcement, the Board had engaged professional external adviser(s) to explore alternative sources of funding and/or advise on any business reorganisation and the continuance, directions and/or discontinuance of the Company's business operations.

Through the professional advisors of the Company, interests in investing in or otherwise funding the Company were solicited from a range of potential investors/financial institutions. Potentially interested parties were allowed to submit their initial proposals without any restriction on deal type or structure there by allowing the board to consider all options that interested parties proposed. Over 50 parties were contacted to ascertain interest including, (i) banks/specialized lenders; (ii) strategic investors (those currently within the technology, media and telecommunications industry or have an interest in the industry); and (iii) private equity investors.

The key considerations for the Board included but not limited to the following:

- The type of deal structure, i.e. equity injection, business/asset sale or debt financing
- Funding available to execute the deal in a short timeframe
- Execution timing and risk
- Potential deal value
- Regulatory approval requirements

Given the capital structure of the Company and the funding need of the Company in the short term, the Board formed the view, based on the interests received from different proposers, that the optimal option was for the Company to seek an equity investor who would be prepared to work with the Company's management to restructure the business operations and address the Group's long term capital and funding needs.

The Board considers that it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The

Board has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing and rights issue. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. Although rights issue can provide a way out to those Shareholders who do not wish to take up the entitlements by selling nil-paid rights, rights issue will expose the Company to longer market uncertainty, as well as involve additional time and administrative work and cost for the trading arrangements in relation to the nil-paid rights. In addition, in view of the general downward trend of the historical trading price of the Shares, there is uncertainty of the existence of a market to trade the nil-paid rights. If a rights issue is to be adopted, additional time would be involved by the Company for arranging the nil-paid rights trading, reviewing relevant documents, liaison with the parties involved such as the Company's share registrar in Hong Kong, the underwriter and other professional advisers, it is expected that such additional time to be incurred and the estimated additional cost would be approximately HK\$600,000. Moreover, as disclosed in the Rule 13.09 Announcement, Wharf has informed the Company that it would not provide any further funding commitments to any members of the Group for its business operations and as a result of, such cessation of funding support casts doubt on the financial stability of the Group. The Board considers it critical to improve the financial condition as soon as possible, and the Open Offer would be a relatively more expedient way to achieve such purpose.

Under the Listing Rules, the Open Offer, the Loan Capitalisation and the Property Agreements are required to be approved by the Independent Shareholders at the EGM, whereas under the Takeovers Code, the Whitewash Waiver and the Special Deals are conditional on, among other matters, approval by the Independent Shareholders at the EGM, in each case taken by way of poll.

The resolutions proposed to be voted by the Independent Shareholders at the EGM will therefore include the approval by the Independent Shareholders of (i) the Open Offer, (ii) the Whitewash Waiver and (iii) Special Deals at the EGM in accordance with the Listing Rules and the Takeovers Code, and such resolutions to be voted at the EGM will be conducted by way of poll.

The Independent Board Committee comprising independent non-executive directors of the Company, namely Mr. Herman S. M. Hu, Mr. Roger K. H. Luk and Mr. Patrick Y. W. Wu. Mr. Sherman S.M. Tang is not member of the Independent Board Committee as he is familiarly related to one of the shareholders of the Underwriter. The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Open Offer, the Whitewash Waiver and the Special Deals are fair and reasonable and in the interest of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned, and to advise the Independent Shareholders on how to vote at the EGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Open Offer, the Whitewash Waiver and the Special Deals.

The Circular containing, among other matters, further details of (i) the Open Offer, the Underwriting Agreement, the Whitewash Waiver and the Special Deals; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Open Offer, the Whitewash Waiver and the Special Deals; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the Whitewash Waiver and the Special Deals; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Takeovers Code and the Listing Rules. The EGM is currently scheduled to take place on or before 31 May 2017, subject to approvals by the regulators to issue the Circular by 12 May 2017.

Upon the approval by the Independent Shareholders of the proposed resolution for the Open Offer, the Whitewash Waiver and the Special Deals, at the EGM having been obtained and the granting of the Whitewash Waiver and the consents of the Special Deals by the Executive, and subject to the fulfilment of a number of conditions precedent under the Underwriting Agreement

(which includes, among others, the obtaining of the HKCTV Waiver Approval and the FTV Waiver Approval by the Communications Authority, the consents of the Executive on the Whitewash Waiver and the Special Deals) by the Key Conditions Fulfilment Date, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable. The Overseas Letter and the Prospectus will be sent to the Non-Qualifying Shareholders (if any) for their information only.

## **(6) CHANGE IN BOARD LOT SIZE AND ODD LOT MATCHING**

The Board announces that the board lot size for trading in the Shares on the Stock Exchange will be changed from 1,000 Shares to 10,000 Shares with effect from 9:00 a.m. on 21 August 2017. The Shares are currently traded in board lots of 1,000 Shares each and the market value of each board lot was HK\$610 (based on the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading of the Shares from 1,000 to 10,000 with effect from 9:00 a.m. on 21 August 2017. Upon the change in board lot size becoming effective, the Shares will be traded in board lot of 10,000 Shares and the estimated market value per board lot of the Shares will be HK\$6,100 (based on the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day).

Based on the theoretical ex-rights price of HK\$0.36 per Share, the value of each board lot of 10,000 Shares would be HK\$3,600. The Offer Shares will be traded in the board lot of 10,000 Shares.

The change in board lot size will not result in any change in the relative rights of the Shareholders. The Directors consider that the change in board lot size is in the interest of the Company and the Shareholders as a whole.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company will appoint an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on 21 August 2017 to 4:00 p.m. on 11 September 2017 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

## **(7) NOTICE OF CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 23 May 2017 to Monday, 29 May 2017 (both days inclusive) to determine the eligibility of Shareholders to attend and vote at the EGM. No transfer of Shares will be registered during this period. In order to be registered as members of the Company in its register of members in Hong Kong on the Record Date, Qualifying Shareholders must lodge any transfer of Shares (with the relevant title documents) for registration with the Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Monday, 22 May, 2017.

The dates of closure of the register of members of the Company to determine the eligibility of Qualifying Shareholders to the Open Offer will be announced by the Company.

## **(8) APPLICATION FOR FURTHER EXTENSION OF DEADLINE FOR RENEWAL OF PAY TV LICENCE**

Reference is made to the announcement issued by the Company on 15 March 2017 in which the Board announced that HKCTV has, on 3 March 2017, requested the SCED for, and the SCED has granted, an extension of the deadline for returning signed copies of the renewed Pay TV Licence from 15 March 2017 to 26 April 2017. The existing Pay TV Licence is expiring on 31 May 2017, and on 13 December 2016, the Chief Executive-in-Council approved HKCTV's application for renewal of its Pay TV Licence for a period of 12 years from 1 June 2017.

In light of the recent developments set out in this announcement, including the proposed Open Offer, HKCTV has, on 18 April 2017, requested the SCED for a further extension of deadline for returning signed copies of the renewed Pay TV Licence from 26 April 2017 to 31 May 2017. As at the date of this announcement, the SCED is still considering our request for extension.

Further announcement(s) will be made by the Company in this respect as and when appropriate or as required in accordance with the Listing Rules.

## **TRADING HALT AND RESUMPTION OF TRADING**

At the request of the Company, trading in Existing Shares on the Stock Exchange has been halted from 9:00 a.m. on 18 April 2017 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Existing Shares on the Stock Exchange with effect from 9:30 a.m. on 21 April 2017.

## **DEFINITIONS**

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

<b>“acting in concert”</b>	has the meaning ascribed to it under the Takeovers Code
<b>“Application Form(s)”</b>	the application form(s) to be used by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
<b>“Board”</b>	the board of Directors
<b>“Business Day(s)”</b>	for the purpose of the Underwriting Agreement, a day (excluding Saturdays) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
<b>“CCASS”</b>	the Central Clearing and Settlement System established and operated by HKSCC
<b>“Circular”</b>	the shareholder circular to be issued by the Company in relation to the EGM
<b>“Closing Date”</b>	the first day of dealings in Offer Shares on the Stock Exchange, which is expected to be 9:00 a.m. on Thursday, 14 September, 2017 (or such other date as the Company and the Underwriter will agree in writing)
<b>“Companies (WUMP) Ordinance”</b>	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as

	amended from time to time
<b>“Company”</b>	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
<b>“Conditions Fulfilment Date”</b>	14 October 2017, or such later date or dates as the Company and the Underwriter may agree in writing, which is the last day permissible under the Underwriting Agreement for the fulfilment (or waiver, if applicable) of all conditions precedent of the Underwriting Agreement
<b>“controlling shareholder(s)”</b>	shall have the meaning as ascribed to it under the Listing Rules
<b>“Controlling Shareholder Companies”</b>	WF Investment Partners Limited, Wharf Limited, Wheelock Corporate Services Limited, Wheelock Nominees Limited, Wharf Communications Limited, Corrington Securities & Investment Limited and Instinet Pacific Limited
<b>“Director(s)”</b>	director(s) of the Company
<b>“EGM”</b>	the extraordinary general meeting of the Company to be convened to approve, among others, the Open Offer, the Whitewash Waiver and the Special Deals
<b>“Excluded Event”</b>	<p>In respect of the right of the Underwriter to terminate the Underwriter Agreement on the ground of Material Adverse Change, any event, circumstance, matter or thing that is resulted from:</p> <p>(a) general economic or political conditions or changes in those conditions (including financial market fluctuations, changes in currency or exchange markets, changes in interest rates and changes in tax, securities or other applicable laws);</p> <p>(b) the execution, performance or announcement of the Underwriting Agreement (including as a result of the change of control of the Company);</p> <p>(c) conditions affecting any or all of the free or pay domestic television broadcasting services generally on account of changes in law, regulation or the policies of the Communications Authority; or</p> <p>(d) any matters disclosed in the Rule 13.09 Announcement</p>

<b>“Executive”</b>	The Executive Director of the Corporate Finance Division of the SFC or any of his delegate
<b>“Facility Term Extension”</b>	the extension of the term of the Wharf Facility to 31 December 2019, which such extension will become effective immediately after completion of the Loan Capitalisation Agreement
<b>“Facility Term Extension Agreement”</b>	the facility term extension agreement dated 14 April 2017 entered into among the Company, HKCTV and Wharf Finance in relation to the Facility Term Extension
<b>“Final Acceptance Date”</b>	the last date for acceptance and payment in respect of the Offer Shares, which is currently scheduled to be on 4 September 2017 or such later date as the Company and the Underwriter may agree
<b>“Free TV Licence”</b>	domestic free television programme service licence issued to Fantastic Television Limited
<b>“FTV”</b>	Fantastic Television Limited, a private company incorporated in Hong Kong, a wholly owned subsidiary of the Company
<b>“FTV Waiver Approval”</b>	a notice of waiver from FTV’s compliance with its current shareholding structure under Condition 10.2 of its domestic free television programme service licence in respect of the revised shareholding structure on account of the Open Offer, the Underwriting Agreement and the Loan Capitalisation
<b>“Further Distribution in Specie(s)”</b>	one or more further distribution in specie of certain number of Shares, out of the Shares to be held by the Wharf Group pursuant to the Loan Capitalisation, which such distribution(s) may take place in various tranches in order for the Company to comply with the requirement under Rule 8.08(a) of the Listing Rules), to the shareholders of Wharf
<b>“Group”</b>	the Company and its subsidiaries and, for the purpose of the Underwriting Agreement, FTV
<b>“HKCTV”</b>	Hong Kong Cable Television Limited, a private company incorporated in Hong Kong and a wholly owned subsidiary of the Company
<b>“HKCTV Waiver Approval”</b>	a notice of waiver from HKCTV’s compliance with its current shareholding structure under

	its domestic pay television programme service licence in respect of the revised shareholding structure on account of the Open Offer, the Underwriting Agreement and the Loan Capitalisation
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of Hong Kong
<b>“HKSCC”</b>	Hong Kong Securities Clearing Company Limited
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Board Committee”</b>	the independent committee of the Board comprising all independent non-executive Directors (except Mr. Sherman S. M. Tang), namely, Mr. Herman S. M. Hu, Mr. Roger K. H. Luk and Mr. Patrick Y. W. Wu, which is established to give recommendations to the Independent Shareholders on, among others, the Open Offer, the Whitewash Waiver and the Special Deals. Mr. Sherman S. M. Tang is familiarly related to one of the shareholders of the Underwriter
<b>“Independent Financial Adviser”</b>	Lego Corporate Finance Limited, the independent financial adviser appointed to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer, the Whitewash Waiver and the Special Deals
<b>“Independent Shareholders”</b>	Shareholders other than Wharf Communications Limited and parties acting in concert with it, and persons who are involved or interested in the Open Offer, the Underwriting Agreement, the Whitewash Waiver and/or the Special Deals
<b>“Independent Third Party(ies)”</b>	any person or company and their respective shareholders, ultimate beneficial owners (if applicable) and associates which, to the best of the Directors’ knowledge, information and belief, are third parties independent of the Company and its connected persons
<b>“Initial Distribution in Specie”</b>	a distribution in specie of all Shares currently held by the Controlling Shareholder Companies to the shareholders of Wharf
<b>“Key Conditions”</b>	the conditions precedent set out in subparagraphs (1), (2), (3)(a), (3)(b), (4), (5), (6) and (7) in the paragraph headed “Conditions precedent” in this announcement
<b>“Key Conditions Fulfilment Date”</b>	the date on which all of the Key Conditions

	are fulfilled (or waived, if applicable)
<b>“Last Closing Price”</b>	the closing price of HK\$0.61 per Share as quoted on the Stock Exchange on the Last Trading Day
<b>“Last Day for Transfer”</b>	the last date for lodging transfer of Shares prior to the closure of register of members of the Company for ascertaining the rights to attend and vote at the EGM, which is currently scheduled to be on 22 May 2017 or such later date as the Company and the Underwriter may agree
<b>“Last Trading Day”</b>	13 April 2017, being the last full trading day for the Shares before the release of this announcement
<b>“Latest Time for Acceptance”</b>	a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date
<b>“Latest Time for Termination”</b>	4:00 p.m. (Hong Kong time) on the business day immediately after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
<b>“Listing Committee”</b>	has the meaning ascribed thereto in the Listing Rules
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Loan Capitalisation”</b>	the conversion of the Loan Capitalisation Amount to the Loan Capitalisation Shares in accordance with the Loan Capitalisation Agreement
<b>“Loan Capitalisation Agreement”</b>	the conditional loan capitalisation agreement dated 14 April 2017 among Wharf Finance, HKCTV and the Company in relation to the Loan Capitalisation
<b>“Loan Capitalisation Amount”</b>	the sum of HK\$300 million, being part of the outstanding principal loan currently owing by HKCTV to Wharf Finance under the Wharf Facility
<b>“Loan Capitalisation Shares”</b>	a total of 841,987,090 new Shares to be issued to Wharf Finance or its nominee), at the issue price of one Share for approximately HK\$0.3563, pursuant to the Loan Capitalisation Agreement
<b>“Main Board”</b>	the main board of the Stock Exchange
<b>“Management Services Agreement”</b>	the management services agreement dated 1

November 1999 (as supplemented by the supplemental agreement dated 2 March 2006, second supplemental agreement dated 11 July 2007, third supplemental agreement dated 24 November 2009, fourth supplemental agreement dated 14 December 2012 and fifth supplemental agreement dated 19 December 2014 between the Company and Wharf Limited) (and all supplemental agreements thereto), in relation to the provisions of management and administrative services from the Wharf Group to the Group

**“Material Adverse Change”**

any matter, event, condition or change in circumstances or thing (including any breach of warranty of the Company or the obligations of the Company under the Underwriting Agreement) which, individually or when aggregated with all such other matters, events, conditions, changes in circumstances or things, occurs or becomes known before the Latest Time for Termination, and which is not an Excluded Event or which does not result from an Excluded Event, and which materially adversely affects or impacts upon the continuation of the regulatory licences of the Group or the conditions to which they are issued, the continuation of the business and/or operations of the Group in the manner substantially the same as they are currently being conducted as at the date of the Underwriting Agreement, including the right to own, operate or deploy the assets (tangible and intangible) of the Group for the purpose of its existing business and operations

**“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 Open Offer, 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

**“Offer Price”**

the Offer Price of HK\$0.21 per Offer Share

**“Offer Shares”**

3,352,520,666 new Shares proposed to be offered to the Qualifying Shareholders at the Offer Price pursuant to the Open Offer

**“Open Offer”**

the proposed offer of the Offer Shares to the Qualifying Shareholders at the Offer Price, on the basis of five (5) Offer Shares for every three (3) existing Shares held by each Qualifying Shareholder on the Record Date

<b>“Overseas Letter”</b>	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 Open Offer
<b>“Overseas Shareholder(s)”</b>	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
<b>“Pay TV Licence”</b>	the domestic pay television programme service licence issued to HKCTV
<b>“Posting Date”</b>	currently expected to be 21 August 2017 or such other date as the Underwriter may agree in writing with the Company as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Overseas Letter and the Prospectus, for information only, to the Non-Qualifying Shareholders (as the case may be)
<b>“Property Agreements”</b>	the three legally-binding memoranda of understanding dated 14 April 2017 and entered into by the relevant members / associated companies of the Wharf Group (as landlord / licensor) on the one hand and the relevant members of the Group (as tenant / licensee) on the other hand (or any subsequent formal lease agreement(s) / licence agreement(s) which supersedes the relevant memorandum of understanding) in relation to the Relevant Key Properties
<b>“Prospectus”</b>	the prospectus to be issued by the Company in relation to the Open Offer
<b>“Prospectus Documents”</b>	the Prospectus and Application Forms
<b>“Public Float Requirement”</b>	the requirement to maintain not less than 25% public float of the Company according to Rule 8.08(1)(a) of the Listing Rules
<b>“Qualifying Shareholder(s)”</b>	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
<b>“Record Date”</b>	the date by reference to which entitlements to the Open Offer are expected to be determined, which is currently scheduled to be on 18 August 2017 or such later date as the Company and the Underwriter may agree
<b>“Registrar”</b>	The share registrar of the Company in Hong Kong, being Tricor Tegnig Limited at Level 22,

Hopewell Centre, 183 Queen's Road East,  
Hong Kong

<b>“Relevant Key Properties”</b>	the Relevant Properties (7) (except (e)), (10) and (11) set out under the paragraph headed “Property Agreements”
<b>“Relevant Period”</b>	between the closing date of the Open Offer and the completion date of the Loan Capitalisation
<b>“Relevant Properties”</b>	those properties currently owned by the Wharf Group and used by the Group, which are set out under the paragraph headed “Property Agreements”
<b>“Rule 13.09 Announcement”</b>	the announcement issued by the Company on 9 March 2017 pursuant to Rule 13.09 of the Listing Rules
<b>“SCED”</b>	the Secretary for Commerce & Economic Development
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“Share(s)”</b>	ordinary share(s) of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Shares
<b>“Special Deals”</b>	the (i) Loan Capitalisation; (ii) Facility Term Extension; and (iii) the Property Agreements
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Takeovers Code”</b>	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs
<b>“Undertaking”</b>	the Undertaking provided by Wharf to the Underwriter dated 14 April 2017
<b>“Underwriter”</b>	Forever Top (Asia) Limited, a company incorporated in Hong Kong with limited liability on 9 January 2015, the ultimate beneficial owners of which are the Underwriter Guarantors, which is an Independent Third Party as at the date of this announcement
<b>“Underwriter Guarantors”</b>	Mr. David Chiu, Dr. Cheng Kar-Shun Henry, Chow Tai Fook Enterprises Limited, Expand Ocean L.P. and Mr. Li Sze Lim, each of them is an Independent Third Party as at the date of this announcement
<b>“Underwriting Agreement”</b>	the underwriting agreement dated 14 April 2017 entered into between the Company, the Underwriter and the Underwriter Guarantors in relation to the Open Offer

<b>“Underwritten Share(s)”</b>	the Offer Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement, being all 3,352,520,666 Offer Shares
<b>“Wharf”</b>	The Wharf (Holdings) Limited, a company incorporated in Hong Kong whose shares are listed in the Main Board of the Stock Exchange (Stock Code: 4)
<b>“Wharf Facility”</b>	a revolving loan facility granted by Wharf Finance to HKCTV, a subsidiary of the Company, of up to the principal amount of HK\$400 million pursuant to the Wharf Facility Agreement, which based on the existing terms will expire on 31 December 2017
<b>“Wharf Facility Agreement”</b>	the facility agreement dated 12 December 2016 made between HKCTV and Wharf Finance
<b>“Wharf Finance”</b>	Wharf Finance Limited, a wholly owned subsidiary of Wharf, and the provider of the Wharf Facility
<b>“Wharf Group”</b>	Wharf and its subsidiaries
<b>“Wheelock”</b>	Wheelock and Company Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 20). Wheelock is a controlling shareholder of Wharf
<b>“Wheelock Group”</b>	Wheelock and its subsidiaries, and for the purpose of information presentation under “Shareholding Structure of the Group” in this Announcement, excludes Wharf Group
<b>“Wheelock Distribution in Specie”</b>	a distribution in specie of all Shares to be held by Wheelock through the Initial Distribution in Specie, to the shareholders of Wheelock
<b>“Wheelock Waiver”</b>	where applicable, the waiver to be granted by the Executive Director of the Corporate Finance Division of the SFC under Note 6(a)(i) to Rule 26.1 of the Takeovers Code dispensing Wheelock, from the obligation to make a mandatory general offer for all the Shares in issue and not already owned or agreed to be acquired by them
<b>“Whitewash Waiver(s)”</b>	the whitewash waiver(s) to be granted by the SFC and approved by the Independent Shareholders dispensing the Underwriter from the obligation to make a mandatory general offer for all the Shares currently in issue and

not already owned or agreed to be acquired by them, respectively, under Rule 26 of the Takeovers Code

“%”

per cent

By Order of the Board  
**i-CABLE COMMUNICATIONS LIMITED**  
**Kevin C. Y. Hui**  
**Company Secretary**

Hong Kong, 20 April 2017

*As at the date of this announcement, the board of Directors of the Company comprise 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.*

*This announcement is made by order of the board of Directors. All Directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than in relation to the Underwriter and the Underwriter Guarantors), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the 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 Underwriter are Mr. David Chiu, Dr. Cheng Kar-Shun Henry and Mr. Hoong Cheong Thard.*

*The directors of the Underwriter jointly and severally accept full responsibility for the accuracy of information in this announcement (other than those relating to the Company and the Wheelock Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the directors of the Underwriter 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 Wheelock Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the directors of the Underwriter 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.*