

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares of i-CABLE Communications Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1097)

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF MASTER SALES AGREEMENT
AND
NOTICE OF GENERAL MEETING**

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

ALTUS CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as defined in this circular unless otherwise specified.

A notice convening the EGM of the Company to be held on Friday, 16 June 2023 at 3:30 p.m. (or so soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 3:00 p.m. on the same day and at the same place) at Regency Ballroom I, Lobby Floor, Hyatt Regency Hong Kong, Tsim Sha Tsui, 18 Hanoi Road, Tsim Sha Tsui, Kowloon, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular and a form of proxy for the EGM is despatched together with this circular.

Whether or not you intend to attend and vote at the EGM in person, you are requested to complete, sign and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment meeting (as the case may be). The completion of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish, and in such case, the authority of your proxy will be revoked.

25 May 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Advertising Services”	comprising collectively, (i) the sale of commercial airtime at the Group’s free television channels and related digital platforms; (ii) provision of integrated value-added marketing solutions; (iii) provision of pre- and post-production of commercial events, TV programme, TV segment, product placement services and television commercials services including but not limited to creative, shooting, script writing, talents assignment, editing, subtitling; and (iv) production of advertising materials for display, exhibitions and free give away
“Announcement”	the announcement of the Company dated 10 May 2023
“Annual Caps”	the maximum aggregate annual value for the continuing connected transactions under the Master Sales Agreement for each of the years ending on 31 December 2023, 31 December 2024 and 31 December 2025
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Celestial Pioneer”	Celestial Pioneer Limited, a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Dr. Cheng, and a substantial shareholder of the Company
“Company”	i-CABLE Communications Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1097)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transactions”	the continuing connected transactions as contemplated under the Master Sales Agreement
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“cost-per-time”	the advertising pricing model, which is charged according to the length of duration of the commercial airtime
“CTF Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability and is a connected person of the Company

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“CTF Jewellery”	Chow Tai Fook Jewellery Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1929) and is a connected person of the Company
“CTF Nominee”	Chow Tai Fook Nominee Limited, a company incorporated in Hong Kong with limited liability and is a connected person of the Company
“CTFE Group”	CTF Enterprises and its subsidiaries from time to time
“CTFJ Group”	CTF Jewellery and its subsidiaries from time to time
“CTFN Group”	CTF Nominee and its subsidiaries from time to time
“Director(s)”	the director(s) of the Company
“Dr. Cheng”	Dr. Cheng Kar-Shun, Henry <i>GBM, GBS</i> , the chairman of the Board, a non-executive Director and a substantial shareholder of the Company
“EGM”	the general meeting of the Company other than the annual general meeting to be held on Friday, 16 June 2023 at 3:30 p.m. (or so soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 3:00 p.m. on the same day and at the same place) at Regency Ballroom I, Lobby Floor, Hyatt Regency Hong Kong, Tsim Sha Tsui, 18 Hanoi Road, Tsim Sha Tsui, Kowloon, Hong Kong for the purpose of considering and, if appropriate, to approve the resolution contained in the notice of EGM which is set out on pages EGM-1 to EGM-2 of this circular, or any adjournment thereof
“Forever Top”	Forever Top (Asia) Limited, a limited liability company incorporated in Hong Kong and is owned as to 72% by Celestial Pioneer, and a substantial shareholder of the Company
“FTL”	Fantastic Television Limited, a limited liability company incorporated in Hong Kong and is a consolidated structured entity under the Group
“Group”	the Company, its subsidiaries and consolidated structured entities from time to time
“HKFRSs”	Hong Kong Financial Reporting Standards

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising Dr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman, all of whom are independent non-executive Directors, formed to advise the Independent Shareholders as to the Master Sales Agreement and the related Annual Caps
“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Master Sales Agreement and the related Annual Caps
“Independent Shareholders”	Shareholders other than Celestial Pioneer and Forever Top and their respective associates
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owners(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, who is/are independent of, and not connected with the Company and its connected persons
“Latest Practicable Date”	19 May 2023, being the latest practicable date prior to the printing of this circular, for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Sales Agreement”	the agreement in relation to the Advertising Services entered into between the Company (for itself and on behalf of the Group), CTF Enterprises (for itself and on behalf of CTFE Group), CTF Jewellery (for itself and on behalf of CTFJ Group) and CTF Nominee (for itself and on behalf of CTFN Group) on 10 May 2023
“Mr. Lam”	Mr. Lam Kin Fung Jeffrey, an independent non-executive Director

DEFINITIONS

“Mr. Lie Ken Jie”	Mr. Lie Ken Jie Remy Anthony Ket Heng, an executive Director
“Mr. Tsang”	Mr. Tsang On Yip, Patrick, the vice-chairman of the Board and an executive Director
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Registrar”	the share registrar of the Company, being Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	percentages

LETTER FROM THE BOARD



i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1097)

Dr. Cheng Kar-Shun, Henry *GBM, GBS*
(Chairman, Non-executive Director)
Mr. Tsang On Yip, Patrick
(Vice-chairman, Executive Director)
Mr. Lie Ken Jie Remy Anthony Ket Heng
(Executive Director)
Mr. To Chi Hak *(Executive Director)*
Dr. Luk Wai Ki Elvis *(Executive Director)*
Ms. Ng Yuk Mui Jessica *(Non-executive Director)*
Mr. Lam Kin Fung Jeffrey *GBS, JP*
(Independent non-executive Director)
Dr. Hu Shao Ming Herman *SBS, JP*
(Independent non-executive Director)
Mr. Luk Koon Hoo, Roger *BBS, JP*
(Independent non-executive Director)
Mr. Tang Sing Ming Sherman
(Independent non-executive Director)

Registered office:
7th Floor, Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
Hong Kong

25 May 2023

To the Shareholders,

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF MASTER SALES AGREEMENT
AND
NOTICE OF GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to the Master Sales Agreement and the Annual Caps, which are subject to the reporting, announcement, circular, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

The purpose of this circular is to, among others, provide you with (i) further information on the details of the Master Sales Agreement, the transactions contemplated thereunder and the Annual Caps; (ii) the letter of recommendation from the Independent Board Committee which

LETTER FROM THE BOARD

contains its recommendation to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser which contains its recommendation to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) the notice of the EGM to the Shareholders on convening the EGM.

CONTINUING CONNECTED TRANSACTIONS AND THE ANNUAL CAPS

Sale of the Advertising Services to CTFE Group, CTFJ Group and CTFN Group

As stated in the Announcement, on 10 May 2023, the Company (for itself and on behalf of the Group) entered into the Master Sales Agreement with CTF Enterprises (for itself and on behalf of CTFE Group), CTF Jewellery (for itself and on behalf of CTFJ Group) and CTF Nominee (for itself and on behalf of CTFN Group) for the sale of the Advertising Services by the Group to the respective members of CTFE Group, CTFJ Group and CTFN Group for three financial years commencing from 1 January 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the Master Sales Agreement.

Set out below is a summary of the principal terms of the Master Sales Agreement:

Date	:	10 May 2023
Parties	:	(i) the Company (for itself and on behalf of the Group); (ii) CTF Enterprises (for itself and on behalf of CTFE Group); (iii) CTF Jewellery (for itself and on behalf of CTFJ Group); and (iv) CTF Nominee (for itself and on behalf of CTFN Group).
Term	:	Three financial years commencing from 1 January 2023 to 31 December 2025
Nature of transactions	:	Pursuant to the Master Sales Agreement, the Group has agreed to sell the Advertising Services to the respective members of CTFE Group, CTFJ Group and CTFN Group

LETTER FROM THE BOARD

- Consideration : The fees payable by the respective members of CTFE Group, CTFJ Group and CTFN Group under the Master Sales Agreement will be determined after arm's length negotiations with reference to prevailing market price and in accordance with the pricing policy of the Group from time to time:
- (i) in respect of sale of commercial airtime, a pre-emptive pricing mechanism on the basis of cost-per-time at the standard charging price set for different timeslot of the day, which pricing mechanism is the same as those charged by the Group to its Independent Third Party customers for similar services. The fees to be paid by the respective members of CTFE Group, CTFJ Group and CTFN Group will be accumulated and billed by the Group to the respective members of CTFE Group, CTFJ Group and CTFN Group at the end of every month.
 - (ii) in respect of provision of integrated value-added marketing solutions and production related services, at the rate that is comparable to, and no more favourable than that offered to its Independent Third Party customers for similar services. The fees to be paid by the respective members of CTFE Group, CTFJ Group and CTFN Group for such services will be billed by the Group upon completion of different production phases of such marketing solutions and production related services being rendered to the respective members of CTFE Group, CTFJ Group and CTFN Group. The phases of fee payment shall be agreed between the Group and the respective members of CTFE Group, CTFJ Group and CTFN Group on a case by case basis.

- Annual Caps : The parties have agreed that the aggregate annual transaction amount for the continuing connected transactions under the Master Sales Agreement shall not exceed the following annual caps:

For the year ending 31 December	Annual Caps (HK\$'000)
2023	20,000
2024	25,000
2025	30,000

LETTER FROM THE BOARD

Historical transaction amount for the Advertising Services provided by the Group to CTFE Group, CTFJ Group and CTFN Group

FTL under the Group obtained a free television licence in May 2016 and was officially approved by the government to use the Free-to-Air TV spectrum as an additional means of transmission in February 2022. FTL operates three free television channels namely, Hong Kong International Business Channel (Channel 76), HOY TV (Channel 77) and HOY Infotainment (Channel 78) which was launched in the fourth quarter of 2022.

In addition, the Group via its indirect wholly-owned subsidiary, Hong Kong Cable Television Limited, held a domestic pay television programme service licence and such licence will terminate with effect from 1 June 2023.

The historical transaction amount for the sale of commercial airtime and provision of integrated value-added marketing solutions by the Group to the respective members of CTFE Group, CTFJ Group and CTFN Group for the three years ended 31 December 2022 and the four months ended 30 April 2023 were as follows:

Period	Actual transaction amount (HK\$)
For the year ended 31 December 2020	Nil
For the year ended 31 December 2021	117,300
For the year ended 31 December 2022	50,000
For the four months ended 30 April 2023	50,000

The Directors confirmed that the historical transaction amount for the sale of commercial airtime and provision of integrated value-added marketing solutions by the Group to CTFE Group, CTFJ Group and CTFN Group for the three years ended 31 December 2022 and the four months ended 30 April 2023 was de minimis and not subject to announcement requirements under Chapter 14A of the Listing Rules. Notwithstanding the above, the Directors considered that given the different nature of business and population of audience of pay television and free television, the former being received by subscribers only and the latter being received by approximately 99% of the population of Hong Kong, the historical transaction amount should not be comparable to the Annual Caps under the Master Sales Agreement, as further elaborated below.

Basis of the Annual Caps for the Master Sales Agreement

The Annual Caps for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 are determined with reference to the anticipated demand from CTFE Group, CTFJ Group and CTFN Group for the Advertising Services and the recent development of the Group, having regard to:

- (a) the revision of the charging rates by the Group for different categories of the Advertising Services effective in 2023 to reflect the prevailing market rates charged by other market players in the industry for similar services;

LETTER FROM THE BOARD

- (b) the expected increase in quantity and frequency of the sale of commercial airtime and production related services to the members of CTFE Group, CTFJ Group and CTFN Group following the continuous efforts and development of the Group to strengthen its media business and expand its free television influence via rebranding of the free television channels, and enhancing and upgrading the Group's programme line-up to bring new identity, new experience and new enjoyment to audience. As of April 2023, the signal coverage of the free television channels has reached approximately 99% of Hong Kong population;
- (c) the expected increase in quantity and frequency of the sale of commercial airtime and production related services, during special broadcasting event where the Group has secured exclusive broadcasting rights. For example, the Group has secured the exclusive broadcasting rights in Hong Kong of "The 19th Asian Games Hangzhou 2022" to be held this year in Hangzhou, the PRC from 23 September to 8 October 2023 and the FIVB Women's Volleyball Nations League in 2023. It is expected that during these events, the Group will also strive to cooperate with various sectors in Hong Kong to promote such important events in order to bring an Asian Games or FIVB fever to Hong Kong;
- (d) the increase in production capacity of the Group's production team and enhance its service offerings of the integrated value-added marketing solutions and production related services including the expected increase in the number of self-produced media programmes; and
- (e) the expected increase in advertising budgets of the members of CTFE Group, CTFJ Group and CTFN Group with the gradual rebound of their revenue as a result of the lifting of all travel restrictions in Hong Kong and the continuous improvement of the novel coronavirus pandemic (the "COVID-19") situation.

Pricing policy

For sale of commercial airtime, the Group adopts a pre-emptive pricing mechanism on the basis of cost-per-time at the standard charging prices set for different timeslot of the day, which varies for different programme or event or under sponsorship package (where pricing will vary for different episodes, timeslots, casting, categories and seasonality). Those pricing offered to customers are determined with reference to (1) the daily volume and quantity of advertisements to be displayed on the Group's three free television channels; and (2) the prevailing market rate and industry practice for similar services offered in the market as charged by other free television channels service providers. The same pricing mechanism is applicable to all customers of the Group. These standard charging prices may be adjusted according to prevailing market conditions.

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In respect of the integrated value-added marketing solutions and production related services, the pricing offered to all customers who desire similar services is determined with reference to:

- (a) the credit evaluation by the Group on each customer in terms of its size, reputation and industry;
- (b) the level of complexity and specific specifications of the integrated value-added marketing solutions listed in the quotations;
- (c) the prevailing market rate and industry practice of similar services offered in the market by other marketing solutions service providers; and
- (d) the potential future business opportunities from the customer.

Reasons for and benefits of the Master Sales Agreement

Each of CTFE Group and CTFN Group has a diversified investment portfolio. CTFJ Group has profound experience and reputation in jewellery business. As part of their promotion activities to create their brand awareness, the Group will provide the Advertising Services through various free television channels and digital platforms. The Master Sales Agreement will enable the Group to achieve greater synergies with CTFE Group, CTFJ Group and CTFN Group.

The Directors (excluding the Directors who abstained from voting on the relevant resolutions in respect of the Advertising Services, the independent non-executive Directors whose view is set out in the “Letter from the Independent Board Committee” of this circular after taking into account the advice of the Independent Financial Adviser) are of the view that (i) the terms of the Master Sales Agreement have been negotiated and arrived at on an arm’s length basis and in the ordinary and usual course of businesses of the Group and on normal commercial terms or better, between the Group, CTFE Group, CTFJ Group and CTFN Group, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole and are in line with, and with reference to, the industry practice and prevailing market prices; and (ii) the proposed Annual Caps for the three consecutive financial years ending in 31 December 2025 under the Master Sales Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

As a general principle, the price and terms of the individual sale or service contract in respect of the Master Sales Agreement will be determined in the ordinary course of business, on normal commercial terms or better, negotiated on arm’s length basis, on similar basis as the Group transacts business with other Independent Third Party customers and shall be on terms which are no less favourable to the Group than those offered to other Independent Third Party customers.

LETTER FROM THE BOARD

To ensure that all the continuing connected transactions are conducted on normal commercial terms or better and in accordance with the pricing policies of the Group and will not be prejudicial to the interests of the Company and the Shareholders as a whole, and the annual caps under the Master Sales Agreement will not exceed the Annual Caps, the Group has adopted the following internal control measures:

- (i) before entering into individual sale or service contracts contemplated under the continuing connected transactions, the sales department or the project team will be responsible for preparing the relevant contracts in accordance with the Group's management systems on connected transaction, so as to ensure that the standard charging price conforms to the prevailing market rate and industry practice. The sales department or the project team will review the pricing on a yearly basis before the end of each year, and make adjustments to the standard charging price if required. In the event that there have been significant changes in the market conditions, the standard charging price will be adjusted accordingly to reflect such changes in the market;
- (ii) the Group's finance department headed by the chief financial officer is responsible to conduct a yearly review on the pricing mechanism for the transactions under the Master Sales Agreement to ensure that the prices are determined in accordance with the pricing policies adopted by the Group on normal commercial terms or better. The chief financial officer will report to the Board, the audit committee of the Board and the independent non-executive Directors at the end of each review period;
- (iii) all individual sale or service contracts contemplated under the continuing connected transactions must be or will be entered into prior to the provision of such services. The Group's finance department is responsible to review the pricing mechanism for the transactions under the Master Sales Agreement to ensure that the prices charged for a specific transaction are determined in accordance with the applicable pricing policy and on normal commercial terms or better, and do not exceed the Annual Caps;
- (iv) the finance department will be responsible to consistently record the transaction amounts of all continuing connected transactions and will report to the Board on a half yearly basis regarding the amounts conducted during the period to facilitate the Board to monitor the actual amount of transaction amount, assess whether the Annual Caps will be exceeded. In the event that the Annual Caps are exceeded, the Group shall enter into supplemental agreement with the relevant connected persons to agree on the revised annual caps and comply with the relevant requirements of the Listing Rules prior to the entering into further transactions with the connected persons in this regard;
- (v) the finance department will monitor the credit terms granted to members of CTFE Group, CTFJ Group and CTFN Group to ensure the terms are strictly adhered to and there are no payments which are overdue; and

LETTER FROM THE BOARD

- (vi) the independent non-executive Directors will review the transactions contemplated under the Master Sales Agreement and the external auditors of the Company will also conduct an annual review on the pricing terms and Annual Caps thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Master Sales Agreement have been and will be conducted on normal commercial terms or better and not prejudicial to the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES INVOLVED

The Company and the Group

The Company is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1097). The Group engages in television subscription business, domestic free television programme service, advertising, channel carriage, television relay service, programme licensing, theatrical release, other television related businesses, broadband internet access services, portal operation, telephony services, network leasing, network construction, mobile service and mobile agency service as well as other internet access related businesses.

CTF Enterprises

CTF Enterprises is a company incorporated in Hong Kong with limited liability. CTF Enterprises is principally engaged in investment holding. As at the Latest Practicable Date, CTF Enterprises is a direct subsidiary of Chow Tai Fook (Holding) Limited. Chow Tai Fook (Holding) Limited is an approximately 81.03% owned subsidiary of Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited.

CTF Jewellery

CTF Jewellery is a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1929). CTFJ Group is principally engaged in the business of manufacturing and selling of jewellery products, including gemset, platinum and k-gold jewellery, and gold jewellery and products, as well as the distribution of various watch brands. As at the Latest Practicable Date, Chow Tai Fook Capital Limited is interested in approximately 72.39% of the total issued share capital of CTF Jewellery.

CTF Nominee

CTF Nominee is a company incorporated in Hong Kong with limited liability. CTF Nominee is principally engaged in investment holding. As at the Latest Practicable Date, CTF Nominee is a direct subsidiary of Chow Tai Fook (Holding) Limited. Chow Tai Fook (Holding) Limited is an approximately 81.03% owned subsidiary of Chow Tai Fook Capital

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Limited. Chow Tai Fook Capital Limited is owned as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited.

LISTING RULES IMPLICATIONS

Dr. Cheng, who is the chairman of the Board, a non-executive Director and a substantial shareholder of the Company, is a member of the Cheng family which holds or controls each of CTFE Group, CTFJ Group and CTFN Group. As such, each of CTFE Group, CTFJ Group and CTFN Group is treated as a connected person of the Company. Accordingly, the Advertising Services contemplated under the Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding profits ratio) as defined under Rule 14.07 of the Listing Rules for the continuing connected transactions under the Master Sales Agreement are, on an annual basis, over 5% and the related Annual Caps is more than HK\$10,000,000, the Advertising Services contemplated under the Master Sales Agreement are subject to reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for Celestial Pioneer and Forever Top which held an aggregate of 3,567,311,760 Shares, representing 50.0% of the total number of issued shares of the Company as at the Latest Practicable Date, will be required to abstain from voting at the EGM, no other Shareholder has a material interest and will be required to abstain from voting at the EGM in respect of the resolutions in relation to the Master Sales Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date:

- (i) Dr. Cheng, the chairman of the Board and a non-executive Director, is the sole shareholder of Celestial Pioneer, which holds 72% interests in Forever Top. He is also the chairman and executive director of CTF Jewellery, and a director of each of CTF Enterprises, CTF Nominee, Forever Top and Celestial Pioneer;
- (ii) Mr. Tsang, the vice-chairman of the Board and an executive Director, is the chief executive officer and director of CTF Enterprises, and a director of each of Forever Top and Celestial Pioneer;
- (iii) Mr. Lie Ken Jie, an executive Director, is a director of Forever Top; and
- (iv) Mr. Lam, an independent non-executive Director, is an independent non-executive director of CTF Jewellery.

LETTER FROM THE BOARD

All of Dr. Cheng, Mr. Tsang, Mr. Lie Ken Jie and Mr. Lam therefore abstained from voting on the Board resolutions in respect of the continuing connected transactions under the Master Sales Agreement between the Company (for itself and on behalf of the Group), CTF Enterprises (for itself and on behalf of CTFE Group), CTF Jewellery (for itself and on behalf of the CTFJ Group) and CTF Nominee (for itself and on behalf of the CTFN Group).

The Board confirms that except for Dr. Cheng, Mr. Tsang, Mr. Lie Ken Jie and Mr. Lam, none of the Directors has any material interest in the continuing connected transactions between the Group, CTFE Group, CTFJ Group and CTFN Group under the Master Sales Agreement. Accordingly, none of the Directors (except for Dr. Cheng, Mr. Tsang, Mr. Lie Ken Jie and Mr. Lam who abstained as mentioned above) was required to abstain from voting on the Board resolutions in relation to the continuing connected transactions under the Master Sales Agreement.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors (except for Mr. Lam), namely Dr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman, has been established to advise the Independent Shareholders as to (i) whether the terms of the Master Sales Agreement and the related Annual Caps of the underlying transactions contemplated thereunder, are fair and reasonable; (ii) whether the transactions contemplated under the Master Sales Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions contemplated under the Master Sales Agreement are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolutions to be proposed at the EGM. No member of the Independent Board Committee has any material interest in the Master Sales Agreement or the continuing connected transactions contemplated thereunder.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions as to whether the terms of the Master Sales Agreement and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, whether the transactions contemplated under the Master Sales Agreement are conducted on normal commercial terms or better, in the ordinary and usual course of businesses of the Group and in the interests of the Company and the Shareholders as a whole, as well as how to vote on the Master Sales Agreement and the transactions contemplated thereunder.

GENERAL MEETING

The Company will convene the EGM or any adjourned meeting hereof at Regency Ballroom I, Lobby Floor, Hyatt Regency Hong Kong, Tsim Sha Tsui, 18 Hanoi Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 16 June 2023 at 3:30 p.m. (or so soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 3:00 p.m. on the same day and at the same place) to approve matters referred to in this circular at which relevant resolution will be proposed to the

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Shareholders to consider, and if thought fit, approve the Master Sales Agreement, the continuing connected transactions as contemplated thereunder and the Annual Caps. The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you intend to be present and vote at the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). The completion and delivery of a form of proxy will not preclude you from attending and voting at the EGM (or any adjourned meeting thereof) in person should you so wish, and in such case, the authority of your proxy will be revoked.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in Master Sales Agreement and the transactions contemplated thereunder is required to abstain from voting on the relevant resolution at the EGM. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save for Celestial Pioneer and Forever Top and its associates which held an aggregate of 3,567,311,760 Shares, representing 50.0% of the total number of issued shares of the Company as at the Latest Practicable Date, will be required to abstain from voting at the EGM, no other Shareholder has a material interest and will be required to abstain from voting at the EGM in respect of the resolutions in relation to the Master Sales Agreement and the transactions contemplated thereunder.

Pursuant to the Rule 13.39(4) of the Listing Rules, any votes of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith and in compliance with the Listing Rules, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The register of members of the Company will be closed, for the purpose of determining the Shareholders' entitlement to attend and vote at the EGM, from Tuesday, 13 June 2023 to Friday, 16 June 2023 (both days inclusive), during this period no transfer of shares will be registered. In order to attend and vote at the meeting, unregistered Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 June 2023.

RECOMMENDATION

The Board considers that the terms of the Master Sales Agreement and the continuing connected transactions are entered into after arm's length negotiation in the ordinary course of businesses of the Group and on normal commercial terms or better, and the Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM.

LETTER FROM THE BOARD

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on pages 17 to 18 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 19 to 32 of this circular in connection with the Master Sales Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps) and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Master Sales Agreement and the continuing connected transactions contemplated thereunder (including the proposed Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms or better and in the ordinary and usual course of businesses of the Group and in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is drawn to additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
i-CABLE COMMUNICATIONS LIMITED
Kwok Chi Kin
Company Secretary



i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1097)

25 May 2023

To the Independent Shareholders,

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF MASTER SALES AGREEMENT**

We refer to the circular of the Company dated 25 May 2023 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you (i) whether the terms of the Master Sales Agreement and the related Annual Caps of the underlying transactions contemplated thereunder, are fair and reasonable; (ii) whether the transactions contemplated under the Master Sales Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions contemplated under the Master Sales Agreement are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolutions to be proposed at the EGM.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Master Sales Agreement and the continuing connected transactions contemplated thereunder and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Shareholders as a whole. Details of the Independent Financial Adviser’s advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 19 to 32 of the Circular.

We wish to draw your attention to the letter from the Board set out on pages 5 to 16 of the Circular and the additional information set out in the appendix of the Circular.

Having taken into account (i) the terms and conditions of the Master Sales Agreement; and (ii) the advice and recommendations of the Independent Financial Adviser as set out from pages 19 to 32 of the Circular, we are of the opinion that the terms of the Master Sales Agreement and the continuing connected transactions contemplated thereunder are entered into after arm’s length negotiation in the ordinary course of businesses of the Group on normal commercial terms or better and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Master Sales Agreement and the continuing connected transactions contemplated thereunder and the Annual Caps.

Yours faithfully,
Independent Board Committee
i-CABLE COMMUNICATIONS LIMITED

Dr. Hu Shao Ming Herman

*Independent non-executive
Director*

Mr. Luk Koon Hoo, Roger

*Independent non-executive
Director*

**Mr. Tang Sing Ming
Sherman**

*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Sales Agreement and the transactions contemplated thereunder (including the Annual Caps), which has been prepared for the purpose of incorporation into this Circular.

ALTUS

Altus Capital Limited

21 Wing Wo Street

Central

Hong Kong

25 May 2023

To the Independent Board Committee and the Independent Shareholders

i-CABLE Communications Limited

7/F Cable TV Tower

9 Hoi Shing Road

Tsuen Wan

Hong Kong

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF MASTER SALES AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Master Sales Agreement and the transactions contemplated thereunder (including the Annual Caps), details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 25 May 2023 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Company (for itself and on behalf of the Group) entered into the Master Sales Agreement with CTF Enterprises (for itself and on behalf of CTFE Group), CTF Jewellery (for itself and on behalf of CTFJ Group) and CTF Nominee (for itself and on behalf of CTFN Group) for the sale of the Advertising Services by the Group to the respective members of CTFE Group, CTFJ Group and CTFN Group for the three financial years commencing from 1 January 2023 to 31 December 2025, unless terminated earlier in accordance with the terms of the Master Sales Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

LISTING RULES IMPLICATIONS

Dr. Cheng, who is the chairman of the Board, a non-executive Director and a substantial shareholder of the Company, is a member of the Cheng family which holds or controls each of CTFE Group, CTFJ Group and CTFN Group. As such, each of CTFE Group, CTFJ Group and CTFN Group is treated as a connected person of the Company. Accordingly, the Advertising Services contemplated under the Master Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (excluding profits ratio) as defined under Rule 14.07 of the Listing Rules for the continuing connected transactions under the Master Sales Agreement are, on an annual basis, over 5% and the related Annual Caps is more than HK\$10,000,000, the Advertising Services contemplated under the Master Sales Agreement are subject to reporting, announcement, circular, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors (except for Mr. Lam), namely Dr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman, has been established to advise the Independent Shareholders as to whether (i) the terms of the Master Sales Agreement; and (ii) the related Annual Caps of the underlying transactions contemplated thereunder, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Master Sales Agreement and the related Annual Caps of the underlying transactions contemplated thereunder, are fair and reasonable; (ii) whether the transactions contemplated under the Master Sales Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions contemplated under the Master Sales Agreement are in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the relevant resolutions to be proposed at the EGM.

Save for having acted as the independent financial adviser of the Company in relation to the conditional mandatory cash offers which details can be found in the composite document of the Company dated 27 January 2022, we have not acted as independent financial adviser or financial adviser for other transactions of the Company in the last two years prior to the date of the Circular; and we do not have any other relationship with the Company nor its connected persons which would affect our independence. Pursuant to Rule 13.84 of the Listing Rules, and given that the remuneration for our engagement to opine on the Master Sales Agreement and the Annual Caps is at market level and not conditional upon successful passing of the resolution to be proposed at the EGM, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Master Sales Agreement; (ii) the annual report of the Company for the year ended 31 December 2022 (“**Annual Report**”); and (iii) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the EGM.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading at the time they were made or will be untrue, inaccurate or misleading as at the date of the EGM, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Company contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

Information of parties to the Master Sales Agreement

Information of the parties to the Master Sales Agreement, being the Company and the Group, CTF Enterprises, CTF Jewellery and CTF Nominee can be found in the section headed “Information of the Parties Involved” in the “Letter from the Board” of the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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Historical financial performance of the Group

Set out below is a summary of the audited consolidated financial information of the Group for the financial years ended 31 December 2021 (“**FY2021**”) and 2022 (“**FY2022**”), which has been extracted from the Annual Report.

	FY2022	FY2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(audited)	(audited)
Revenue	895,199	989,197
Total cost of services	(1,136,793)	(1,025,565)
— <i>Programming costs</i>	(594,504)	(583,057)
— <i>Network expenses</i>	(386,841)	(292,870)
— <i>Cost of sales</i>	(155,448)	(149,638)
Selling, general & administrative (“ SG&A ”) and other operating expenses	(346,591)	(272,261)
Loss from operations	(588,185)	(308,629)
Loss before taxation	(698,091)	(352,215)
Income tax	(187,627)	(11,437)
Loss for the year	(885,718)	(363,652)
	As at 31 December	
	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(audited)	(audited)
Non-current assets	620,917	1,135,105
— <i>Property, plant and equipment</i>	457,567	650,140
— <i>Deferred tax assets</i>	102,144	289,501
Current assets	258,577	350,487
— <i>Financial assets at fair value through profit or loss</i>	40,081	95,736
— <i>Cash and bank balances</i>	41,587	70,162
Non-current (liabilities)	(871,268)	(579,494)
— <i>Interest-bearing borrowings</i>	(296,035)	—
Current (liabilities)	(747,755)	(760,009)
Total assets	879,494	1,485,592
Total (liabilities)	(1,619,023)	(1,339,503)
Net (liabilities)/assets	(739,529)	146,089

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2022 as compared to FY2021

The Group's revenue decreased by 9.5% from HK\$989.2 million in FY2021 to HK\$895.2 million in FY2022. Such decrease was mainly due to the decrease in revenue generated from the media segment (FY2022: HK\$496.5 million; FY2021: HK\$572.5 million) as a result of lower subscription revenue and decline in advertising revenue due to keen competition in the market.

Due to the fierce competition among global paid television content provider and pay television operators, the Group had obtained approval from the Government of the HKSAR for the termination of the domestic pay television programme service licence with effect from 1 June 2023 ("**Licence Termination**"). As a result of the Licence Termination, various operating expenses of the Group increased in FY2022 due to the recognition of impairment losses in its consolidated financial statements.

All components of the Group's total costs of services (FY2022: HK\$1,136.8 million; FY2021: HK\$1,025.6 million), being programming costs, network expenses and cost of sales, had gone up in FY2022 as compared to FY2021. The Group's SG&A and other operating expenses also increased from HK\$272.3 million in FY2021 to HK\$346.6 million in FY2022. Such increases were primarily due to the recognition of non-cash impairment losses on property, plant and equipment, programming library, other related intangible assets, right-of-use assets, and contract acquisition cost, amounting to a total of HK\$240.9 million.

During FY2022, write down of previously recognised deferred tax assets of HK\$176.3 million was recognised primarily as a result of the Licence Termination, resulting in the increase in income tax from HK\$11.4 million in FY2021 to HK\$187.6 million in FY2022.

As a result of the above, the Group's loss for the year increased from HK\$363.7 million in FY2021 to HK\$885.7 million in FY2022.

As at 31 December 2022 compared to 31 December 2021

The decrease in the Group's non-current assets from approximately HK\$1,135.1 million as at 31 December 2021 to HK\$620.9 million as at 31 December 2022 was primarily due to the decrease in the book values of its property, plant and equipment and deferred tax assets. Such decreases were mainly resulted from the abovementioned impairment losses recognised due to the Licence Termination.

The Group's current assets decreased by H\$91.9 million, from HK\$350.5 million as at 31 December 2021 to HK\$258.6 million as at 31 December 2022. Such decrease was due to the combined effects of (i) the decrease in the Group's financial assets at fair value through profit or loss, resulting from the recognition of fair value losses of approximately HK\$55.7 million in FY2022; and (ii) the decrease in cash and bank balances from approximately HK\$70.2 million as at 31 December 2021 to HK\$41.6 million as at 31 December 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's current liabilities remained relatively stable at HK\$760.0 million as at 31 December 2021 and HK\$747.8 million as at 31 December 2022 respectively, while non-current liabilities increased substantially from HK\$579.5 million as at 31 December 2021 to HK\$871.3 million as at 31 December 2022. The increase in non-current liabilities was mainly due to the drawdown of new borrowings during FY2022.

As a result of the above changes in the consolidated financial position of the Group, the Group recorded net liabilities of HK\$739.5 million as at 31 December 2022 as compared to net assets of HK\$146.1 million as at 31 December 2021.

Overall, we noted that the operating condition of the Group had remained challenging in FY2022. In particular, the transitioning from pay television to free television platform had negatively impacted its financial position. Its financial performance has also been affected by keen competition for advertising revenue from various other media. The Master Sales Agreement, which will potentially bring in new sources of advertising revenue, would be beneficial to the financial performance of the Group.

2. Rationale for entering into the Master Sales Agreement

As disclosed in the "Letter from the Board" of the Circular, the Board noted that each of CTFE Group and CTFN Group has a diversified investment portfolio while CTFJ Group has profound experience and reputation in jewellery business, and they regularly conduct promotional activities to create their brand awareness. The Board believes the Master Sales Agreement will enable the Group to achieve greater synergies with them as the Group is able to provide the Advertising Services through its various free television channels and digital platforms.

The Group was officially approved by the government to use Free-to-Air television spectrum as an additional means of transmission in February 2022, enhancing its coverage to almost all areas in Hong Kong. Transitioning from a pay television operator into providers of free television channels, the Group had respectively commenced to use the spectrum for Hong Kong International Business Channel (Channel 76) and HOY TV (Channel 77) in April 2022 and thereafter, HOY Infotainment (Channel 78) in November 2022.

We are of the view that the Group's ability to serve most Hong Kong audience and provide more diversified programme choices to Hong Kong households has directly enhanced its attractiveness and competitiveness to various advertisers, including CTFE Group, CTFN Group and CTFJ Group which own various well-known household brand names. There are therefore natural synergies between the Group and them and it is advantageous for the Group to enter into the Master Sales Agreement to govern the expected increase in businesses among them in future. Meanwhile, the Annual Caps allow the Group to streamline the process and reduce the relevant administrative burden and costs in complying with the relevant requirements under the Listing Rules as business volume increases between the Group and CTFE Group, CTFN Group and CTFJ Group.

Based on the above, we concur with the Management that the entering into of the Master Sales Agreement and the adoption of the Annual Caps are in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Master Sales Agreement

Set out below is a summary of the principal terms of the Master Sales Agreement, the details of which are set out in the “Letter from the Board” of the Circular.

3.1 Parties

- (i) The Company (for itself and on behalf of the Group)
- (ii) CTF Enterprises (for itself and on behalf of CTFE Group)
- (iii) CTF Jewellery (for itself and on behalf of the CTFJ Group)
- (iv) CTF Nominee (for itself and on behalf of the CTFN Group)

3.2 Terms

Three financial years commencing from 1 January 2023 to 31 December 2025.

3.3 Nature of transactions

The Group has agreed to sell the Advertising Services to the respective members of CTFE Group, CTFJ Group and CTFN Group.

3.4 Consideration

The fees payable by the respective members of CTFE Group, CTFJ Group and CTFN Group under the Master Sales Agreement will be determined after arm’s length negotiations with reference to prevailing market price and in accordance with the pricing policy of the Group from time to time:

- (i) in respect of sale of commercial airtime, a pre-emptive pricing mechanism on the basis of cost-per-time at the standard charging price rate for different timeslot of the day, which pricing mechanism is the same as those charged by the Group to its Independent Third Party customers for similar services.

The fees to be paid by the respective members of CTFE Group, CTFJ Group and CTFN Group will be accumulated and billed by the Group to the respective members of CTFE Group, CTFJ Group and CTFN Group at the end of every month.

- (ii) in respect of provision of integrated value-added marketing solutions and production related services, at the rate to be agreed that is comparable to and no more favourable than, those charged by the Group to its other Independent Third Party customers for similar services.

The fees to be paid by the respective members of CTFE Group, CTFJ Group and CTFN Group for such services will be billed by the Group upon completion of different production phases of such marketing solutions and production

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

related services being rendered to the respective members of CTFE Group, CTFJ Group and CTFN Group. The phases of fee payment shall be agreed between the Group and the respective members of CTFE Group, CTFJ Group and CTFN Group on a case by case basis.

We noted that the Group already has in place policies governing connected transactions under the Listing Rules and the procedures had been properly observed when commercial airtime sale and sponsorship transactions were conducted between the Group and members of CTFE Group, CTFJ Group and CTFN Group in the past in 2021, 2022 and the four months ended 30 April 2023. In light of the entering into of the Master Sales Agreement, the Group has further established the internal control measures to specifically govern the terms and conditions of the Master Sales Agreement to ensure that the Master Sales Agreement are on an arm's length basis, on normal commercial terms or on terms better to the Group than those terms which the Group offered to Independent Third party customers.

In particular, we noted the below pricing policy and credit terms for (i) sale of commercial airtime; and (ii) provision of integrated value-added marketing solutions and production related services, and have had discussions with the Management on its implementation under the Master Sales Agreement.

Pricing policy for sale of commercial airtime

The Group adopts a pre-emptive pricing mechanism on the basis of cost-per-time at the standard charging prices set for different timeslot of the day, which varies for different programme or event or under sponsorship package (where pricing will vary for different episodes, timeslots, casting, categories and seasonality).

Those pricing offered to customers are determined with reference to (1) the daily volume and quantity of advertisements to be displayed on the Group's three free television channels; and (2) the prevailing market rate and industry practice for similar services offered in the market as charged by other free television channels service providers. The same pricing mechanism is applicable to all customers of the Group. These standard charging prices may be adjusted according to prevailing market conditions.

We have obtained the Group's rate cards for its three television channels as well as three examples of sponsorship packages and noted that they are consistent with the pricing mechanisms described above. Management also confirms that the standard charging prices (including any adjustments) under these rate cards and sponsorship packages are applicable to all customers and will similarly be applied to CTFE Group, CTFJ Group and CTFN Group. In summary, the pricing offered to CTFE Group, CTFJ Group and CTFN Group for any particular airtime slot will be the same with those offered to Independent Third Party customers. In the event there is excess demand for particular time slots, the Group has a transparent bidding process where slots will be allocated to bidders offering the highest prices. In the event that there is available airtime slot not taken up by any Independent Third Party customer, the Group may offer discounted pricing from the rate cards to CTFE

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group, CTFJ Group or CTFN Group as well as to Independent Third Party customers for such slot. The Group is not disadvantaged in this case as without which, the Group will generate no revenue at all from such airtime slot not taken up.

In order to assess whether the above measures had been applied in the past and can in future be applied to transactions under the Master Sales Agreement, we have obtained and reviewed (i) all past commercial airtime sales agreements between the Group (under its previous pay television platform) with members of CTFE Group, CTFJ Group and CTFN Group during 2020, 2021 and 2022; as well as (ii) sample commercial airtime sales agreements with Independent Third Party customers. Our review showed that the pricing of these airtime sales agreements were generally based on the then prevailing rate cards.

Pricing policy for integrated value-added marketing solutions and production related services

The pricing offered to all customers who desire similar services is determined with reference to:

- (a) the credit evaluation by the Group on each customer in terms of its size, reputation and industry;
- (b) the level of complexity and specific specifications of the integrated value-added marketing solutions listed in the quotations;
- (c) the prevailing market rate and industry practice of similar services offered in the market by other marketing solutions service providers; and
- (d) the potential future business opportunities from the customer.

Given the varied scope of integrated value-added marketing solution services which, for example, may range from advice on media placements, creative ideas to script and slogan writings, there may not be identical services being provided to Independent Third Party customers that could be used for comparison of pricing. As safeguards, the Management explained that the Group will follow a series of procedures which include preparing detailed breakdown of the costs and specifications of services rendered and items used to ensure that the prices charged to CTFE Group, CTFJ Group and CTFN Group are not below costs and command reasonable profit margins.

Production related services may vary according to the complexity, length or quality required of the production output. The work and costs relating to rendering production related services may range from internal and external production crew, equipment rental and post-production services. Similar to integrated value-added marketing solution services above, detailed breakdown of costs incurred and specifications of items produced will be recorded for monitoring and review purposes.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subjective considerations such as customer credit evaluations on CTFE Group, CTFJ Group and CTFN Group will be documented for comparison of the eventual pricing offered to them with those offered to Independent Third Party customers of similar credit standing.

The Group had not in the past provided integrated value-added marketing solution services nor production related services to CTFE Group, CTFJ Group and CTFN Group. We have however reviewed sample marketing solution and production service agreements between the Group and Independent Third Party customers and noted that they contained detailed breakdown of cost items.

Credit Terms

The Group intends to grant credit period of up to 30 days to members of CTFE Group, CTFJ Group and CTFN Group for payments relating to the Group's sales of commercial airtime and provision of integrated value-added marketing solutions as well as production related services. Based on our review of contracts entered into between the Group and Independent Third Party customers, we noted that the Group has generally granted payment terms ranging from 0 to 30-day credit period. The credit period for members of CTFE Group, CTFJ Group and CTFN Group is within this range. We understand from the Management that when determining the credit period to be granted, the Group will typically consider factors such as number of years of relationship, credit standing as well as business volume with the relevant customer.

Based on the above, we consider that the policies and measures for determining the pricing and credit terms of the services under the Master Sales Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We are also of the view that the Group's internal control measures as further detailed below can be implemented and adhered to, and these measures are adequate to ensure that the Advertising Services will be carried out on normal commercial terms or better. Accordingly, the transactions to be conducted under the Master Sales Agreement will be fair and reasonable.

4. Proposed Annual Caps

4.1 Historical transactions

The Group had in the past conducted nominal amount of sales of commercial airtime with the respective members of CTFE Group, CTFJ Group and CTFN Group. They were de minimis amounts of HK\$117,300 and HK\$50,000 in 2021 and 2022 and HK\$50,000 during the four months ended 30 April 2023. The Management explained that past transactions with CTFE Group, CTFJ Group and CTFN Group had been nominal as their advertising strategy was to reach large number of mass market audience while at that time, the Group's subscription-only pay television platform might not have suited the aforesaid strategy.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the contracts for the aforesaid historical transactions with members of CTFE Group, CTFJ Group and CTFN Group and noted the pricing of the commercial airtime sales was based on published rate cards applicable to all customers. Based on settlement records, the payments for the transactions in 2021 and 2022 had been made, while the amount for the transaction during the four months ended 30 April 2023 of HK\$50,000 remains outstanding. The Management explained that as there has been a payee name change in the invoice from HK Open TV Company Limited to HOY TV Limited after the rebranding of the free television channels, CTFJ Group is currently processing the Group's new vendor application. Settlement will be made once the application completes.

4.2 Annual Caps

The Annual Caps for the year ended 31 December 2023, 2024 and 2025 are HK\$20.0 million, HK\$25.0 million and HK\$30.0 million respectively.

In determining the Annual Caps, we understand from the Management that the Group has considered the potential demand from members of CTFE Group, CTFJ Group and CTFN Group for the Advertising Services and its own recent development, having regard to factors (a) to (e) below, which we have analysed. We have also obtained and reviewed the Group's underlying calculations to arrive at the Annual Caps.

- (a) the revision of the charging rates by the Group for different categories of the Advertising Services effective in 2023 to reflect the prevailing market rates charged by other market players in the industry for similar services.

In this respect, we have compared the rates of current rate cards with those in previous years and noted a general upwards revision of rates.

- (b) the expected increase in quantity and frequency of the sale of commercial airtime and production related services to members of CTFE Group, CTFJ Group and CTFN Group following the continuous efforts and development of the Group to strengthen its media business and expand its free television influence via rebranding of the free television channels, and enhancing and upgrading the Group's programme line-up to bring new identity, new experience and new enjoyment to audience.

We understand from the Management that the expanded signal coverage of the Group's free television channels reaching almost all of Hong Kong population as well as the wider variety of programmes fit the advertising strategy of members of CTFE Group, CTFJ Group and CTFN Group, in contrast to the limited reach of the Group's previous pay television platform.

- (c) the expected increase in quantity and frequency of the sale of commercial airtime and production related services, during special broadcasting event where the Group has secured exclusive broadcasting rights.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted the Group has secured exclusive broadcasting rights in Hong Kong of “The 19th Asian Games Hangzhou 2022” from 23 September to 8 October 2023 and the FIVB Women’s Volleyball Nations League in 2023. In anticipation of the broadcasting of these major events, sponsorship packages have been launched where sponsorship pricing can reach several million HK\$.

- (d) the increase in production capacity of the Group’s production team and its enhanced service offerings of integrated value-added marketing solutions and production related services including the expected increase in the number of self-produced media programmes.

In line with the above and in order to strengthen its in-house marketing and production capabilities, the Group had substantially increased its number of marketing and production staff in the past year from around 13 persons to 36 persons currently.

- (e) the expected increase in advertising budgets of the members of CTFE Group, CTFJ Group and CTFN Group with the gradual rebound of their revenue as a result of the lifting of all travel restrictions in Hong Kong and the continuous improvement of the novel coronavirus pandemic (COVID-19) situation.

We noted that members of CTFE Group, CTFJ Group and CTFN Group include a vast array of businesses including well-known brand names such as Rosewood Hotels and Chow Tai Fook Jewellery which revenue are closely linked to retail sentiments. For example, Chow Tai Fook Jewellery has reported an increase of 54.2% in its advertising and promotion expenses during the six-month period ended 30 September 2022 and its annual advertising and promotion expenses were at level of hundreds of million HK\$.

In light of our analysis above, we are of the view that the proposed Annual Caps have been reasonably derived and are fair and reasonable.

Internal control measures

As discussed above, the Group already has in place policies governing connected transactions under the Listing Rules and the procedures had been properly observed when commercial airtime sale and sponsorship transactions were conducted between the Group and members of CTFE Group, CTFJ Group and CTFN Group in the past in 2021, 2022 and the four months ended 30 April 2023. In light of the entering into of the Master Sales Agreement; as elaborated in the section headed “Internal Control Measures” in the “Letter from the Board” of the Circular, the Group has further adopted a series of internal control measures to ensure the Group adheres to the general principle that the price and terms of individual sale or service contract in respect of the Master Sales Agreement will be determined in the ordinary course of business, on normal commercial terms or better, negotiated on arm’s length basis, on similar basis as the Group transacts business with other independent customers and shall be on terms which are no less favourable to the Group than those offered to other independent customers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Details of these internal control measures can be found in the section headed “Internal Control Measures” in the “Letter from the Board” of the Circular where in summary, (i) the sales department or project team shall prepare the contracts according to the Group’s management systems on connected transactions; (ii) the finance department will conduct yearly reviews on the pricing mechanism to ensure that the transactions have been conducted on normal commercial terms or better, and thereafter report to, among others, the Board; (iii) the finance department will monitor and ensure that the Annual Caps are not exceeded; (iv) the finance department shall on a continuous basis, assess if the Annual Caps will likely be exceeded and if so, to enter into supplemental agreement to revise the annual caps and comply with the relevant requirements of the Listing Rules; (v) the finance department will monitor and ensure the credit terms granted to members of CTFE Group, CTFJ Group and CTFN Group are strictly adhered to; and (vi) the pricing, terms and Annual Caps under the Master Sales Agreement shall be reviewed by the independent non-executive Directors and external auditors of the Company at least annually.

Having considered the above, we are of the view that the Group’s existing policies governing connected transactions and the internal control measures further adopted in relation to the Master Sales Agreement are adequate and effective for monitoring the transactions thereunder for ensuring these transactions are entered into in the interests of Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors, we are of the view that the terms of the Master Sales Agreement and the continuing connected transactions contemplated thereunder are entered into after arm’s length negotiation in the ordinary course of business of the Group on normal commercial terms or better, and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Master Sales Agreement and the continuing connected transactions contemplated thereunder and the Annual Caps.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Mr. Chang Sean Pey (“**Mr. Chang**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information as contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

(a) Directors' interest or short positions in shares and underlying shares of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executive of the Company or their respective associates had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules:

Long position in shares and underlying shares of the Company

Name of Director	Number of Shares held through controlled corporation	Approximate percentage of holding
Dr. Cheng ^(Note)	11,052,488,230	154.91%

Note: Celestial Pioneer was wholly-owned by Dr. Cheng and held 72.0% interests in Forever Top. Accordingly, both Celestial Pioneer and Forever Top were controlled corporations of Dr. Cheng. Forever Top was interested in 10,568,899,364 Shares, which represented (i) 3,083,722,894 Shares owned by Forever Top; (ii) 4,544,000,000 new Shares to be issued by the Company upon full exercise of the conversion rights under the unlisted long-term convertible bonds issued in June 2019; and (iii) 2,941,176,470 new Shares to be issued by the Company upon full exercise of the conversion rights under the unlisted long-term convertible bonds issued in March 2021. Celestial Pioneer was interested in 11,052,488,230 Shares, which represented (i) 483,588,866 Shares owned by Celestial Pioneer; and (ii) the deemed interests 10,568,899,364 Shares held by Forever Top under the SFO. Therefore, Dr. Cheng was deemed to be interested in such 11,052,488,230 Shares under the SFO.

As at the Latest Practicable Date, save for Dr. Cheng, none of the Directors or chief executive of the Company is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as was known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, persons other than a Director or chief executive of the Company who had interests or short positions in the Shares and underlying Shares which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, were as follows:

Name	Number of Shares			Total	Approximate percentage of the number of issued Shares (%)
	Beneficial owner	Interest of spouse	Interest of a controlled corporation		
Celestial Pioneer	483,588,866	—	10,568,899,364 ⁽¹⁾	11,052,488,230	154.91
Forever Top	10,568,899,364 ⁽¹⁾	—	—	10,568,899,364	148.14
Mr. Ng Hung Sang	156,169,500	98,502,500 ⁽²⁾	464,376,000 ⁽³⁾	719,048,000	10.08
Ms. Ng Lai King Pamela	98,502,500	620,545,500 ⁽⁴⁾	—	719,048,000	10.08
South China Securities Limited	463,000,000 ⁽³⁾	—	—	463,000,000	6.49

Notes:

- (1) These 10,568,899,364 Shares represent (i) 3,083,722,894 Shares owned by Forever Top; (ii) 4,544,000,000 new Shares to be issued by the Company upon full exercise of the conversion rights under the unlisted long-term convertible bonds issued in June 2019; and (iii) 2,941,176,470 new Shares to be issued by the Company upon full exercise of the conversion rights under the unlisted long-term convertible bonds issued in March 2021. As at the Latest Practicable Date, Celestial Pioneer holds 72.0% of Forever Top and is deemed to be interested in all the interests held by Forever Top under the SFO. Celestial Pioneer was wholly-owned by Dr. Cheng. Accordingly, both Celestial Pioneer and Forever Top were controlled corporations of Dr. Cheng, and Dr. Cheng was therefore deemed to be interested in these 10,568,899,364 Shares under the SFO. For details of Dr. Cheng's interests in the Shares, please refer to the paragraph headed "Directors' interest or short positions in shares and underlying shares of the Company" above.
- (2) Mr. Ng Hung Sang, the spouse of Ms. Ng Lai King Pamela, was deemed to be interested in 98,502,500 Shares which Ms. Ng Lai King Pamela was interested in under the SFO.
- (3) Mr. Ng Hung Sang was deemed to be interested in 464,376,000 Shares in which his controlled corporations are interested under the SFO. South China Finance and Management Limited directly held 1,376,000 Shares, while South China Securities Limited directly held 463,000,000 Shares. Both of these companies were wholly-owned by South China Financial Holdings Limited. Based on the information available to the Company, South China Financial Holdings Limited was held

as to approximately 29.52% by Mr. Ng Hung Sang, among which approximately 25.66% was held through his wholly-owned corporations, while according to publicly available information, approximately 3.86% was held by him as beneficial owner.

- (4) Ms. Ng Lai King Pamela, the spouse of Mr. Ng Hung Sang, was deemed to be interested in 620,545,500 Shares which Mr. Ng Hung Sang is interested in under the SFO.

Save as disclosed above, so far as was known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, no persons other than a Director or chief executive of the Company had any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which would not expire or would not be determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTOR'S INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors has or had any interest, either directly or indirectly, in any assets which have since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, save for:

- (a) the unlisted long-term convertible securities subscription agreement dated 25 January 2019 between the Company and Forever Top in relation to the subscription of the unlisted long-term convertible bonds with the principal amount of HK\$568 million by Forever Top, which was completed in June 2019;
- (b) the unlisted long-term convertible securities subscription agreement dated 27 January 2021 between the Company and Forever Top in relation to the subscription of the unlisted long-term convertible bonds with the principal amount of HK\$200 million by Forever Top, which was completed in March 2021;

- (c) the loan agreement dated 21 January 2022 between Hong Kong Cable Television Limited (“HKC”) as borrower and Celestial Pioneer as lender for an unsecured loan with the principal amount of HK\$70 million for a term of three years with an interest rate of 2.5% per annum;
- (d) the loan agreement dated 4 April 2022 between HKC as borrower and Celestial Pioneer as lender for an unsecured loan with the principal amount of HK\$50 million for a term of three years with an interest rate of 3.0% per annum;
- (e) the loan agreement dated 28 June 2022 between HKC as borrower and Celestial Pioneer as lender for an unsecured loan with the principal amount of HK\$50 million for a term of three years with an interest rate of 3.0% per annum;
- (f) the loan agreement dated 24 August 2022 between HKC as borrower and Celestial Pioneer as lender for an unsecured loan with the principal amount of HK\$80 million for a term of three years with an interest rate of 3.0% per annum;
- (g) the loan agreement dated 8 November 2022 between HKC as borrower and Celestial Pioneer as lender for an unsecured loan with the principal amount of HK\$50 million for a term of three years with an interest rate of 3.0% per annum;
- (h) the loan agreement dated 9 January 2023 between HKC as borrower and Celestial Pioneer as lender for an unsecured loan with the principal amount of HK\$80 million for a term of three years with an interest rate of 5.0% per annum; and
- (i) the loan agreement dated 3 April 2023 between HKC as borrower and Celestial Pioneer as lender for an unsecured loan with the principal amount of HK\$80 million for a term of three years with an interest rate of 5.0% per annum,

none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

7. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in any business (apart from the Group’s business) which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder) or have or may have any other conflict of interest with the Group pursuant to the Listing Rules.

8. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against any member of the Group.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Altus Capital Limited did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) any direct or indirect interest in any assets which had, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group; (iii) beneficially been interested in the share capital of any member of the Group and had no right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which it appears.

10. DOCUMENTS ON DISPLAY

Electronic copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.i-cablecomm.com) from the date of this circular up to and including the date of the EGM:

- (a) the Master Sales Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

- (d) the letter of consent referred in the paragraph headed “Expert’s Qualification and Consent” in this appendix; and
- (e) this circular.

11. MISCELLANEOUS

- (a) The Registrar is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (b) The company secretary of the Company is Mr. Kwok Chi Kin. Mr. Kwok is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, a Chartered Secretary, a Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.
- (c) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

NOTICE OF GENERAL MEETING



i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1097)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting other than the annual general meeting (“**EGM**”) of the shareholders of i-CABLE Communications Limited (the “**Company**”) will be held at 3:30 p.m. (or so soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 3:00 p.m. on the same day and at the same place) on Friday, 16 June 2023 at Regency Ballroom I, Lobby Floor, Hyatt Regency Hong Kong, Tsim Sha Tsui, 18 Hanoi Road, Tsim Sha Tsui, Kowloon, Hong Kong to consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the Master Sales Agreement (as defined in the circular of the Company dated 25 May 2023 (the “**Circular**”)) dated 10 May 2023 entered into between the Company (for itself and on behalf of the Group), Chow Tai Fook Enterprises Limited (for itself and on behalf of its subsidiaries), Chow Tai Fook Jewellery Group Limited (for itself and on behalf of its subsidiaries) and Chow Tai Fook Nominee Limited (for itself and on behalf of its subsidiaries), a copy of which has been produced at the EGM marked “**A**” and signed by the chairman of the EGM for the purpose of identification, and the execution thereof and implementation of the transactions contemplated thereunder, as well as the annual caps in relation to such transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) the directors of the Company are authorised to do all such acts and/or things and/or execute for and on behalf of the Company all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Master Sales Agreement and all transactions contemplated thereunder as they may in their absolute discretion consider necessary, desirable or expedient to give effect to the Master Sales Agreement and the implementation of all transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interest of the Company.”

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

Hong Kong, 25 May 2023

NOTICE OF GENERAL MEETING

Registered office:

7th Floor, Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
Hong Kong

Notes:

1. Any shareholder entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend and vote on the same occasion.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude members from attending and voting at the EGM or any adjournment thereof (as the case may be) should they so wish and in such event, the form of proxy shall be deemed to be revoked.
3. A form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must be either executed under seal or under the hand of an officer or attorney duly authorised to sign the same.
4. Where there are joint holders of any share(s), any one of such persons may attend and vote at the EGM, either in person or by proxy in respect of such share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM or any adjournment thereof (as the case may be), the more senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. On a poll, every shareholder present at the EGM shall be entitled to one vote for every fully paid-up share of which he/she is the holder. The result of such poll shall be deemed to be the resolution of the EGM at which the poll was so required or demanded.
6. The register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of the shareholders who are entitled to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 12 June 2023.
7. If a Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or “extreme conditions caused by a super typhoon” announced by the Government is/are in force after 1:00 p.m. on the date of the meeting, the meeting will be postponed or adjourned. The Company will post an announcement on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company’s website (www.i-cablecomm.com) to notify the Shareholders of the date, time and venue of the rescheduled meeting.

As at the date of this notice, the Board comprises ten Directors, namely Dr. Cheng Kar-Shun, Henry (Chairman) as non-executive Director; Mr. Tsang On Yip, Patrick (Vice-chairman), Mr. Lie Ken Jie Remy Anthony Ket Heng, Mr. To Chi Hak and Dr. Luk Wai Ki Elvis as executive Directors; Ms. Ng Yuk Mui Jessica as non-executive Director; and Mr. Lam Kin Fung Jeffrey, Dr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman as independent non-executive Directors.