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## **i-CABLE COMMUNICATIONS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 1097)

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **FINANCIAL HIGHLIGHTS**

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<b>493,483</b>	524,893
Loss from operations	<b>(154,061)</b>	(155,053)
Depreciation	<b>108,860</b>	111,793
Amortisation of other intangible assets	<b>2,016</b>	2,009
Loss from operations before depreciation and amortisation of other intangible assets <sup>(Note 1)</sup>	<b>(43,185)</b>	(41,251)
Loss for the period	<b>(175,216)</b>	(176,223)
	<b>HK cents</b>	<b>HK cents</b>
Basic loss per share	<b>(2.5)</b>	(2.5)
Diluted loss per share	<b>(2.5)</b>	(2.5)
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Total assets	<b>1,663,800</b>	1,608,280
Total liabilities	<b>(1,329,279)</b>	(1,243,113)
Total equity	<b>334,521</b>	365,167
Net gearing ratio <sup>(Note 2)</sup>	<b>179%</b>	136%

- The financial performance of i-CABLE Communications Limited (the “Company” or “i-CABLE”), its subsidiaries and consolidated structured entities (collectively the “Group”) for the six months ended 30 June 2021 was slightly improved as compared to the last corresponding period.
- Since Forever Top (Asia) Limited (“Forever Top” or the “Controlling Shareholder”) became the controlling shareholder of i-CABLE in September 2017, with the implementation of efficacious cost controls and reallocation of resources among business units to maximise the value of the resources devoted, the operating expenses shrank during the last three consecutive years and during the six months ended 30 June 2021. The operating expenses decreased from approximately HK\$680 million for the six months ended 30 June 2020 to approximately HK\$648 million for the six months ended 30 June 2021.
- The number of broadband customers in June 2021 increased by approximately 5% as compared to June 2020. Revenue generated from the telecommunications segment increased by approximately HK\$13 million from approximately HK\$191 million for the six months ended 30 June 2020 to approximately HK\$204 million for the six months ended 30 June 2021. The increase was contributed by the revenue streams from the various collaborations with China Mobile Hong Kong Company Limited (“CMHK”).
- On the pay television (“Pay TV”) subscription business front, the customer base contracted during the six months ended 30 June 2021, which led to a decrease in the revenue generated from the Pay TV subscription for the six months ended 30 June 2021. However, the revenue generated from the airtime sales on the Hong Kong Open TV (“Open TV”) platform during the six months ended 30 June 2021 has improved as compared to the last corresponding period.
- Segment loss before depreciation and amortisation of other intangible assets of the media segment increased and segment profit before depreciation and amortisation of other intangible assets of the telecommunications segment dropped during the six months ended 30 June 2021 as compared to the last corresponding period.

*Notes:*

1. *The Group presents the loss from operations before depreciation and amortisation of other intangible assets, a non-HKFRS financial measure, which is a supplemental information in relation to the operating performance of the Group to enable the stakeholders to evaluate and compare the performance across the same industry.*
2. *Net gearing ratio represents total interest-bearing borrowings and convertible bonds less cash and bank balances and restricted bank balances divided by total equity.*

## BUSINESS REVIEW

### OPERATING ENVIRONMENT

The financial performance of the Group in the first half of 2021 was slightly improved as compared to the last corresponding period. The Group implemented the cost-saving initiatives, and the revenue generated from telecommunications segment and advertising revenue generated from Open TV increased but the subscription revenue generated from Pay TV reduced during the six months ended 30 June 2021. On the subscription business front, keen competition has continued to contract the subscription customer base of Pay TV service while the number of subscribers of the broadband service continued to grow as a result of network upgrades and the launch of new sales and marketing strategies. With efficacious sales and marketing campaign and the introduction of diverse contents, the advertising revenue generated from Open TV improved during the period, while advertising revenue generated from Pay TV declined due to the intensified competition among the multimedia platforms.

<b>Customers</b>	<b>June 2021 (’000)</b>	<b>June 2020 (’000)</b>
Television	<b>731</b>	754
Broadband	<b>200</b>	190
Telephony	<b>74</b>	78

With severe disruption to global social and economic activities as well as the keen competition from other multimedia players, the Pay TV subscription customer base continued to contract and the subscription average revenue per user (“ARPU”) decreased during the period.

For the broadband service, the Group recorded an increase in customer base as at 30 June 2021 as compared to that as at 30 June 2020. The growth was attributable to the timely adoption of effective sales and marketing strategies, recognition from the market for the Group’s quality of network service, as well as the continuous network upgrade to high speed Gigabit-capable Passive Optical Network (“GPON”) services. Diverse service subscription packages with new contents and combination were also launched to enhance customer retention of broadband service.

### Media

As an established and popular horse-racing content channel in the Pay TV market, Channel 18 has maintained enormous popularity in horse-racing circle due to its professional production and commentaries. Immense vibrant programmes were produced to widen and retain the Group’s customer base. “Race Card Talk” (排位拆局) and “Simulcast Forecast” (海外預測) were the brand new series that provide professional information and forecast of local and simulcast races.

On the sports front, the Group continued to deliver exclusive sports events to viewers such as Copa America 2021 (2021美洲國家盃), FIVB Women's Volleyball Nations League 2021 (2021世界女排聯賽), 2022 European Qualifiers (2022世界盃歐洲區外圍賽), J.League (日本職業足球聯賽), German Cup (德國盃足球賽), FIFA Club World Cup 2020 (2020世界冠軍球會盃) as well as ISU World Figure Skating Championships 2021 (2021世界花樣滑冰錦標賽) and so forth. The Group was committed to produce and deliver local sports competitions and news to audience, including Loving Sports (愛•體育) which focused on local sports and local athletes, and Inter-school Sports STEM Challenge (學屆體育常識大比併) which focused on academic circle and collaborated with Volleyball Association of Hong Kong, China (香港排球總會) for the broadcasting of Hong Kong Volleyball League (香港排球聯賽).

The Group continued to bring new contents to its subscribers by acquiring new channels including France 24 English, France 24 French, DW English and Sky News.

As most of the travelogue programmes were not able to be filmed due to the persistent coronavirus pandemic ("COVID-19"), Open TV endeavoured to produce new variety programmes within Hong Kong and focus on local production. Programme highlights included "Fung Shui Home Maker" (搵陣), "Lunch Time" (夠鐘食晏) and "Guru's Travel in HK" (旅遊達人滯遊香港).

During the six months ended 30 June 2021, the Group observed a visible growth of demand for airtime sales. As a result, the advertising revenue generated from Open TV, MTR Corporation Limited ("MTR") In-train TV and digital and social media multi-platforms increased in the first half of 2021. As the exclusive commercial airtime sales distributor and content provider for the MTR In-train TV of MTR, the Group continued to provide exciting contents, including instant local and international news, financial news, sports news, entertainment news and infotainment, to passengers throughout the day. Affected by the closure of Lo Wu and Lok Ma Chau stations due to the COVID-19, the flow of people across the border dropped significantly. However, the new advertising formats on the MTR Mobile App created new interests of potential advertisers and thus helped to drive new business revenue.

The Group consolidated its advantages and reinforced its strength across media platforms by introducing the i-CABLE News over-the-top ("OTT") App which successfully reached audiences from multiple platforms. The Group has always set its sight on delivering first-hand news, finance, sports as well as lifestyle content. Newly launched quality programmes in the first half of 2021 included "HK Special Career" (香港特工) and "Talking Ethnicity HK" (族個講).

The Group has implemented several ways to optimise its resources throughout the period, including reinforcing collaboration with various strategic partners, enriching media content and refining channel line-up to highlight its unique strength of genres. The Group will continue to create wider synergies by introducing premium content for multiple platforms and expanding revenue streams in overseas markets.

## **Telecommunications**

The Group currently owns and operates a territory-wide telecommunications network which covers over two million households in Hong Kong. In the first half of 2021, the Group continued to expand its core network of fibre coverage and increase its core network capacity to cater for both residential and commercial markets to drive for business growth. The Group invested in the network coverage extension of GPON in order to provide fibre to the home (“FTTH”) high-speed internet services to subscribers and will start to deploy 10G GPON broadband service to major residential areas.

Leveraging on the Group’s well-established network coverage and technology, the Group expands its services to data centre connectivity business and develops commercial broadband and enterprise solutions for its data centre customers, which opens a new source of income to the Group.

One of the Group’s major sources of revenue was generated from the various collaborations with CMHK including content provisions, network consultation and rollout, and mobile business. The Group keeps utilising its network development expertise and strength to facilitate the design, planning and installation work of CMHK’s infrastructure work in Hong Kong. To strengthen the Group’s competitiveness in the market, it introduced the mobile service, iMobile, in December 2020, which uplift the Group’s subscription revenue by up-selling different kinds of bundling services.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **(A) REVIEW OF RESULTS**

Revenue of the Group for the six months ended 30 June 2021 decreased by approximately HK\$32 million or 6% to approximately HK\$493 million (for the six months ended 30 June 2020: HK\$525 million).

Cost of services of the Group for the six months ended 30 June 2021, including programming costs, network expenses and cost of sales, decreased by approximately HK\$10 million to approximately HK\$513 million (for the six months ended 30 June 2020: HK\$523 million). Programming costs and network expenses decreased by approximately 9% and 4% respectively, while cost of sales increased by approximately 54% as compared to the last corresponding period, which was mainly due to the increase in revenue derived from the telecommunications segment. Selling, general and administrative and other operating expenses of the Group decreased by approximately 14% as compared to the last corresponding period.

Loss from operations of the Group for the six months ended 30 June 2021 was approximately HK\$154 million, representing a decrease of approximately 1%, as compared with the loss from operations of approximately HK\$155 million for the corresponding period in 2020.

After recognising the interest income, finance costs, non-operating income and income tax, the Group recorded a net loss of approximately HK\$175 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: HK\$176 million). Basic and diluted loss per share for the six months ended 30 June 2021 were approximately HK2.5 cents (basic and diluted loss per share for the six months ended 30 June 2020: HK2.5 cents).

## **(B) SEGMENTAL INFORMATION**

The principal activities of the Group include media and telecommunications operations.

### **Media**

The media segment includes operations related to the television subscription business, domestic free television programme service, advertising, channel carriage, television relay service, programme licensing, theatrical release and other related businesses.

Revenue derived from the media segment for the six months ended 30 June 2021 decreased by approximately 13% to approximately HK\$289 million (for the six months ended 30 June 2020: HK\$334 million) on lower subscription revenue.

Operating expenses before depreciation and amortisation of other intangible assets incurred from the media segment for the six months ended 30 June 2021 decreased by approximately 10% to approximately HK\$387 million (for the six months ended 30 June 2020: HK\$429 million). As referred to the section headed “Segment Information” in Note 7 to the condensed consolidated interim financial information of this interim results announcement, media segment loss before depreciation and amortisation of other intangible assets for the six months ended 30 June 2021 increased to approximately HK\$98 million (for the six months ended 30 June 2020: a loss of HK\$95 million) mainly due to the net effect of the decrease in revenue and the decrease in programming costs.

### **Telecommunications**

The telecommunications segment includes operations related to broadband internet access services, portal operation, mobile content licensing, telephony services, network leasing, network construction, mobile service and mobile agency service as well as other related businesses.

Revenue derived from the telecommunications segment for the six months ended 30 June 2021 increased by approximately 7% to approximately HK\$204 million (for the six months ended 30 June 2020: HK\$191 million).

Operating expenses before depreciation and amortisation of other intangible assets incurred from the telecommunications segment for the six months ended 30 June 2021 increased by approximately 18% to approximately HK\$123 million (for the six months ended 30 June 2020: HK\$104 million). As referred to the section headed “Segment Information” in Note 7 to the condensed consolidated interim financial information of this interim results announcement, telecommunications segment profit before depreciation and

amortisation of other intangible assets for the six months ended 30 June 2021 decreased by approximately 7% to approximately HK\$81 million (for the six months ended 30 June 2020: HK\$87 million).

## **(C) LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 June 2021, the Group had cash and bank balances and restricted bank balances of approximately HK\$195 million and HK\$11 million respectively as compared to approximately HK\$157 million and HK\$11 million respectively as at 31 December 2020. The cash and bank balances and restricted bank balances of the Group as at 30 June 2021 and 31 December 2020 were mainly denominated in Hong Kong Dollar (“HK\$”). The net gearing ratio, measured in terms of the total interest-bearing borrowings and convertible bonds less cash and bank balances and restricted bank balances divided by total equity, was approximately 179% (31 December 2020: 136%). The capital structure of the Group was approximately 71% debt and approximately 29% equity as at 30 June 2021, representing an increase of approximately 6% and a decrease of approximately 6% respectively as compared with approximately 65% debt and approximately 35% equity as at 31 December 2020.

Consolidated net asset value of the Group as at 30 June 2021 was approximately HK\$335 million, representing a decrease of approximately 8%, as compared with consolidated net asset value of the Group as at 31 December 2020 of approximately HK\$365 million.

The carrying amount of interest-bearing borrowings denominated in HK\$ as at 30 June 2021 was HK\$295 million (31 December 2020: HK\$295 million), which carries interest at variable rates and was repayable on demand. The committed borrowing facilities available to the Group but not drawn as at 30 June 2021 amounted to HK\$105 million (31 December 2020: HK\$105 million).

### **Rights issue and 2019 LCS**

On 4 June 2019, the rights issue on the basis of three (3) new ordinary shares of the Company (the “Rights Shares”) for every four (4) existing shares of the Company (the “Shares”) then held at the subscription price of HK\$0.1 per Rights Share (the “Rights Issue”) was completed and 928,603,364 Rights Shares have been allotted and issued by the Company to the shareholders of the Company (the “Shareholders”) who accepted and validly applied and paid for the Rights Shares. The net proceeds raised from the Rights Issue amounted to approximately HK\$84.5 million. Besides, on 4 June 2019, the issuance of unlisted long-term convertible bonds (the “2019 LCS”) with the principal amount of HK\$568 million by the Company to the Controlling Shareholder was completed. The 2019 LCS would be convertible into 4,544,000,000 new Shares upon full conversion of the 2019 LCS based on the initial conversion price of HK\$0.125 per conversion share and the coupon rate of the 2019 LCS is 2.0% per annum and payable quarterly. During the six months ended 30 June 2021, there had not been any conversion of the 2019 LCS. Details of the Rights Issue were set out in the announcements of the Company dated 25 January 2019, 27 May 2019, 31 May 2019 and 4 June 2019, the circular of the Company dated 8 April 2019 (the “2019 Circular”) and the prospectus of the Company dated 9 May 2019 (the “Prospectus”). Details of the 2019 LCS were set out in the announcements of the Company dated 25 January 2019 and 4 June 2019 and the 2019 Circular.

The purposes for the Rights Issue and issuance of the 2019 LCS are to improve the liquidity of the Group, strengthen the Group's capital base, provide additional funding for the Group's capital expenditure, meet the cash flow needs of the Group and provide additional funding to fulfill the investment requirements under the regulatory licences.

The carrying amount of the 2019 LCS denominated in HK\$ as at 30 June 2021 was approximately HK\$377 million (31 December 2020: HK\$369 million). Details of the 2019 LCS were set out in the section headed "Convertible Bonds" in Note 15 to the condensed consolidated financial information in this interim results announcement.

The net proceeds raised from the Rights Issue and the issuance of the 2019 LCS have all been utilised as at 31 December 2020 according to the intended use of proceeds as disclosed in the 2019 Circular and the Prospectus.

## **2021 LCS**

On 31 March 2021, the issuance of unlisted long-term convertible bonds (the "2021 LCS") with the principal amount of HK\$200 million by the Company to the Controlling Shareholder was completed. The 2021 LCS would be convertible into 2,941,176,470 new Shares upon full conversion of the 2021 LCS based on the initial conversion price of HK\$0.068 per conversion share and the coupon rate of the 2021 LCS is 2.0% per annum and payable quarterly. The Company may at any time on or after the date of issue of the 2021 LCS by giving not less than 10 business days' written notice to the holder(s) of the 2021 LCS to redeem all or part of the 2021 LCS at the outstanding principal amount of the 2021 LCS together with all accrued but unpaid interest. During the six months ended 30 June 2021, there had not been any conversion or redemption of the 2021 LCS. Details of the 2021 LCS are set out in the announcements of the Company dated 27 January 2021 and 31 March 2021 and the circular of the Company dated 2 March 2021 (the "2021 Circular").

The purpose for the issuance of the 2021 LCS is to ensure the Group has sufficient funds to operate and for business expansion including the enhancement of the network infrastructure, the acquisition of programmes and programmes production in order to recapitalise the business to allow sufficient time for the restructuring initiatives to be fully implemented.

The carrying amount of the 2021 LCS denominated in HK\$ as at 30 June 2021 was approximately HK\$133 million (31 December 2020: Nil). Details of the 2021 LCS were set out in the section headed "Convertible Bonds" in Note 15 to the condensed consolidated financial information in this interim results announcement.



The following table sets forth the information in relation to the use of the net proceeds raised from the issuance of the 2021 LCS:

Intended use of net proceeds raised from the issuance of the 2021 LCS as disclosed in the 2021 Circular	Actual use of net proceeds during the six months ended 30 June 2021 as originally intended	Intended use of unutilised net proceeds raised from the issuance of the 2021 LCS as at 30 June 2021 and expected timeline
Approximately HK\$198 million comprising:	Approximately HK\$76 million	Approximately HK\$122 million
(i) Approximately HK\$100 million for investments in capital expenditure for the enhancement of network infrastructure and other relevant capital expenditures;	(i) Approximately HK\$22 million;	(i) Approximately HK\$78 million for investment in capital expenditure within 18 months from the completion of the issuance of the 2021 LCS (the “Completion”);
(ii) Approximately HK\$80 million for acquisition of programmes and programme production including:	(ii) Approximately HK\$36 million;	(ii) Approximately HK\$44 million for acquisition of programmes and programme production within 18 months from the Completion; and
(ii)(a) approximately HK\$40 million for the funding requirements of acquired channels;	(ii)(a) approximately HK\$16 million;	
(ii)(b) approximately HK\$20 million for the funding requirements of live programmes, movies and dramas, and other entertainment programmes;	(ii)(b) approximately HK\$10 million;	
(ii)(c) approximately HK\$20 million for the funding requirements of self-produced programmes; and	(ii)(c) approximately HK\$10 million; and	
(iii) Approximately HK\$18 million for general working capital including but not limited to salaries and benefits, rental and utilities, government/music licence fees, other general and administrative expenses	(iii) Approximately HK\$18 million	(iii) HK\$Nil

The net proceeds raised from the issuance of the 2021 LCS that have been utilised were used according to the intentions as disclosed in the 2021 Circular.

The Group takes a centralised approach to the Group's funding and treasury management as well as optimisation of the funding cost-efficiency. The management (i) maintains a balanced debt and capital financing structure; (ii) ensures secure and optimum return on the investment of surplus funds within an agreed risk profile; (iii) oversees treasury-related financial risks, including but not limited to interest rate risk, currency risk, liquidity risk and credit risk; (iv) strives to diversify source of funding and maintain a balanced maturity profile; and (v) maintains an appropriately controlled environment to protect the financial return under the fluid financial market conditions.

The Group's assets and liabilities are mainly denominated in HK\$ and United States Dollars ("US\$") and it earns its revenue and incurs costs and expenses mainly in HK\$ and US\$. As HK\$ is pegged to US\$, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the US\$/HK\$ or HK\$/US\$ exchange rates.

During the six months ended 30 June 2021, capital expenditure on property, plant and equipment amounted to approximately HK\$53 million (for the six months ended 30 June 2020: HK\$56 million), the additions to right-of-use assets was approximately HK\$2 million (for the six months ended 30 June 2020: HK\$9 million) and the additions to programming library was approximately HK\$23 million (for the six months ended 30 June 2020: HK\$22 million).

The Group generally financed its operations with internally generated cash flows, the available credit facilities and the net proceeds raised from the issuance of the 2021 LCS.

#### **(D) CONTINGENT LIABILITIES**

As at 30 June 2021, the Group did not have any contingent liabilities.

#### **(E) GUARANTEES**

As at 30 June 2021, a corporate guarantee had been provided by the Company to a bank of HK\$400 million (31 December 2020: HK\$400 million) in respect of the facility of borrowing up to HK\$400 million (31 December 2020: HK\$400 million) to a wholly-owned subsidiary of the Company, of which HK\$295 million (31 December 2020: HK\$295 million) was utilised by the subsidiary of the Company.

As at 30 June 2021, the Group had made an arrangement with a bank to provide a performance bond to a counterparty amounting to approximately HK\$34 million (31 December 2020: HK\$34 million), of which approximately HK\$4 million (31 December 2020: HK\$4 million) was secured by bank deposits. The performance bond is to guarantee in favour of the counterparty the Group's performance in fulfilling the obligations under a contract.

## **(F) HUMAN RESOURCES**

The Group had 1,187 employees as at 30 June 2021 (30 June 2020: 1,365). Total gross salaries and related costs before capitalisation and incurred for the six months ended 30 June 2021 amounted to approximately HK\$206 million (for the six months ended 30 June 2020: HK\$229 million). The remuneration of the directors of the Company (the “Directors”) and the employees of the Group is determined with reference to their qualifications, experience, duties and responsibilities with the Group, as well as the Group’s performance and the prevailing market conditions. Besides, the Group regularly provides training courses for the employees of the Group to meet their needs. Pursuant to the share option scheme of the Company adopted on 24 May 2018 (the “Share Option Scheme”), share options of the Company (the “Share Options”) may be granted to the Directors and eligible employees of the Group to subscribe for Shares.

## **(G) OPERATING ENVIRONMENT**

In view of the intensifying competition from the multimedia platforms, the Group’s revenue in the first half of 2021 was mainly affected by the decline in subscription revenue generated from Pay TV.

Keen business competition in the market has continued to contract the subscription customer base of Pay TV service and the subscription ARPU was affected while the Open TV advertising revenue demonstrated an improvement during the period under review.

For broadband service, despite a saturated market with price war triggered by the incumbents, there was an increase of approximately 5% compared with approximately 190,000 for the ending subscriber base of the first half of 2020. This improvement was mainly due to the upgrade of network to provide high speed GPON services, and further enhancement in churn management.

## **(H) CHARGE ON GROUP ASSETS**

As at 30 June 2021, restricted bank balances of approximately HK\$11 million (31 December 2020: HK\$11 million) were made by the Group to secure certain banking facilities granted to the Group.

## **(I) MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS**

There was no material acquisition or disposal of subsidiaries, associated companies and joint ventures or significant investments of the Group, which would have been required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), for the six months ended 30 June 2021.

## **(J) FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group will continue to invest in property, plant and equipment and programming library as required by its business operations, and explore the market and identify any business opportunities which will be beneficial to its growth and development, enhance its profitability, and strive for better return to the Shareholders.

The Group's ongoing capital expenditure will be funded by internal cash flows generated from operations, the available credit facilities and the net proceeds raised from the issuance of the 2021 LCS.

## **(K) OUTLOOK**

Since Forever Top became the Controlling Shareholder in September 2017, the Group has been consistently focusing on formulating and implementing an organisational restructuring which included, among other things, (i) identifying cost-saving initiatives through automation and process re-engineering; (ii) promoting more locally-produced high quality content and introducing new overseas contents and channels; (iii) exploring new television content co-operation models for free television and other digital media platforms in view of the increasing competition from alternative media platforms; and (iv) performing strategic reviews on possible restructuring of the Group to enhance business performance and management efficiency, to promote synergies, and to improve cost efficiency and profitability. As part of a strategic review, the Group has been and will continue to evaluate potential partnerships and opportunities for disposing any loss-making operations to improve the financial position of the Group.

In the second half of 2021, the Group will continue to prepare for the use of the spectrum as an additional means of transmission for the delivery of free television service by Fantastic Television Limited under an approval-in-principal granted by the Communications Authority of Hong Kong. A new channel with high-quality programmes will also be added in order to better reach and retain a larger population of television audience via the spectrum. The Group aims to expand its audience coverage in Hong Kong. The Group will continue to invest in locally created and produced content, to retain and attract more audience and to better compete with new and alternative media platforms such as on-demand online content providers.

The Government of the Hong Kong Special Administrative Region has acquired the broadcasting rights to the Olympic Games Tokyo 2020. Although the Olympic Games Tokyo 2020 was postponed due to the COVID-19, the games commenced on 23 July 2021 and ran until 8 August 2021. The Group has deployed a team of dedicated staff and contractors and invited professional sports commentators and speakers to prepare for the live broadcasting of the Olympic Games Tokyo 2020. Although it was the first time the Group broadcasted the Olympic Games on its free television channels, the Group received positive comments from the audience. The Group has encountered certain technical issues on its digital platforms but it endeavored to minimise disruptions to the audience. To ensure a wider audience coverage, the Group has utilised all of its digital platforms, including the mobile applications, i-CABLE Mobile App, Hong Kong Open TV Mobile

App, and i-CABLE News OTT App, and rallied all of the Group's allocated resources to produce quality programmes in order to bring and deliver this important and world-focused event to the audience in Hong Kong. The Group has been continuously utilising its resources and creating synergies by delivering content on different platforms and upgrading its customer experience on the new digital platform.

The media segment of the Group has been and is expected to continue to experience intense competition in a crowded marketplace from multimedia platforms. The proliferation of online content (many of which were offered free of charge) provides an abundance of choice to users, changes their viewing behavior and poses extra threat to the Group's Pay TV subscription and free television business. The Group has been and will continue to devote resources to promote high quality and diversified programmes and to improve the video streaming services through digital platforms for the viewers. To enhance the competitiveness, the Group will continue to explore the opportunities to acquire more content to capture and engage more customers as well as opportunities to invest in streaming technologies and other digital and new media platforms to meet the changing preferences and habits of viewers.

Following the successful bid for the multi-year contract with MTR for the exclusive commercial airtime sales distributor and content provider for the MTR In-train TV for the period from 2019 to 2023, the Group expects the commencement of the service of the entire Tuen Ma line of the MTR system on 27 June 2021 linking the eastern and the western regions of the New Territories and eastern Kowloon will lead to an potential increase of revenue generated from the MTR In-train TV in the second half of 2021, as a result of the expected increase in passengers.

Meanwhile, the Greater Bay Area ("GBA") represents a significant area of opportunities for the Group to shape and expand its business by collaborating with major media and operators within the region. The partnership with Guangdong Radio and Television marks the Group's first step of expansion in the region. With the growing business and job opportunities in the GBA, the Group will continue to explore opportunities where it can leverage its competitive advantages in the GBA.

The Group entered into the network development agreement in December 2018 in relation to a strategic collaboration with CMHK in telecommunications and value-added media-related services. The cross-platform collaboration could dynamically integrate the strengths and creativity of the two companies, develop top quality, diversified telecommunication services, and strengthen sales channels. The two companies will continue to work together in taking the development of the local telecommunications and media market to a new level in the 5G era.

The Group believes 5G, internet of things, edge computing, artificial intelligence ("AI") and cloud service will change the world and create unlimited business opportunities. The Group will further enhance its fiber network to enable data center providers, mobile operators, cloud service providers and AI solution providers to deliver their services to end users more easily and cost effectively, and the Group will continue to explore opportunities in the market.

With the new page of mobile service, the Group will take the opportunities to further increase the new subscriber numbers by cross-selling within the in-base customers including broadband, telephony and Pay TV services.

Leveraging on its well-established infrastructure, the Group continues to enhance its broadband internet access services through expanding its network coverage. The Group will start to deploy 10G GPON broadband service and will offer commercial broadband and enterprise solutions, which will create new revenue stream to the Group.

Looking ahead, the second half of 2021 remains challenging, as the market has yet to fully recover from the macroeconomic downturn brought on by the COVID-19. The Group is optimistic that this situation will gradually improve. It is the Group's plan to deliver high speed broadband services through network upgrades, offer commercial broadband and enterprise solutions and continue to explore new business opportunities from the proliferation of 5G mobile communication network and devices, as well as the emerging market in the GBA. The Group will continue to explore collaboration opportunities with retailers in the e-commerce industry. The Group will also continue to look for and seize opportunities to enhance shareholder value, depending on the business and market conditions. At the same time, the Group will diligently monitor and review its spending on programming library, contents enrichment, and new media development to ensure the competitiveness of the Group.

#### **(L) EVENTS AFTER THE REPORTING PERIOD**

The Group does not have any material events affecting the Group's financial performance and/or financial position significantly that have occurred since 30 June 2021 and up to the date of this interim results announcement.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the six months ended 30 June 2021 – unaudited*

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6, 7	<b>493,483</b>	524,893
Cost of services			
— Programming costs		<b>(297,541)</b>	(325,489)
— Network expenses		<b>(146,562)</b>	(152,655)
— Cost of sales		<b>(68,583)</b>	(44,672)
Selling, general and administrative and other operating expenses		<b>(134,858)</b>	(157,130)
<b>Loss from operations</b>		<b>(154,061)</b>	(155,053)
Interest income		<b>378</b>	360
Finance costs		<b>(21,952)</b>	(21,544)
Non-operating income		<b>4,123</b>	243
<b>Loss before taxation</b>	8	<b>(171,512)</b>	(175,994)
Income tax	9	<b>(3,704)</b>	(229)
<b>Loss for the period</b>		<b>(175,216)</b>	(176,223)
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(175,216)</b>	(176,223)
<b>Loss per share</b>	10		
Basic		<b>(2.5) HK cents</b>	(2.5) HK cents
Diluted		<b>(2.5) HK cents</b>	(2.5) HK cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021 – unaudited

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(175,216)</b>	<b>(176,223)</b>
<b>Other comprehensive income for the period</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation difference	<u>(40)</u>	<u>(205)</u>
<b>Total comprehensive income for the period</b>	<b><u>(175,256)</u></b>	<b><u>(176,428)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b><u>(175,256)</u></b>	<b><u>(176,428)</u></b>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2021*

		Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		669,586	704,304
Right-of-use assets		90,999	112,203
Programming library		65,042	70,888
Other intangible assets		13,721	15,737
Contract acquisition costs		7,009	7,071
Interest in an associate		–	–
Deferred tax assets	11	297,043	300,525
Deposits, prepayments and other receivables		27,474	26,525
		1,170,874	1,237,253
<b>Current assets</b>			
Inventories		9,000	9,980
Trade receivables and contract assets	12	100,474	112,299
Deposits, prepayments and other receivables		68,237	67,153
Contract acquisition costs		11,180	13,622
Financial assets at fair value through profit or loss		98,258	–
Restricted bank balances		10,550	10,550
Cash and bank balances		195,227	157,423
		492,926	371,027
<b>Total assets</b>		1,663,800	1,608,280

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	7,928,975	7,928,975
Reserves		<u>(7,594,454)</u>	<u>(7,563,808)</u>
<b>Total equity</b>		<u>334,521</u>	<u>365,167</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Convertible bonds	15	510,382	368,881
Lease liabilities		48,084	68,051
Other non-current liabilities		<u>21,746</u>	<u>22,068</u>
		<u>580,212</u>	<u>459,000</u>
<b>Current liabilities</b>			
Trade payables	13	51,123	69,126
Accrued expenses and other payables		239,142	246,319
Receipts in advance and customers' deposits		124,083	132,065
Interest-bearing borrowings		295,000	295,000
Lease liabilities		39,553	41,535
Current tax liabilities		<u>166</u>	<u>68</u>
		<u>749,067</u>	<u>784,113</u>
<b>Total liabilities</b>		<u>1,329,279</u>	<u>1,243,113</u>
<b>Total equity and liabilities</b>		<u>1,663,800</u>	<u>1,608,280</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL

i-CABLE Communications Limited is a limited liability company incorporated in Hong Kong. The address of its registered office in Hong Kong is 7th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group is engaged in television subscription business, domestic free television programme services, advertising, channel carriage, television relay service, programme licensing, theatrical release, other television related businesses, broadband internet access services, portal operation, mobile content licensing, telephony services, network leasing, network construction, mobile services and mobile agency service as well as other internet access related businesses.

The condensed consolidated interim financial information for the six months ended 30 June 2021 (the “Interim Financial Information”) is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. The Interim Financial Information has been approved for issue by the board (the “Board”) of Directors of the Company on 20 August 2021.

The financial information relating to the year ended 31 December 2020 that is included in the Interim Financial Information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

## 2 BASIS OF PREPARATION

This Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This Interim Financial Information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

During the six months ended 30 June 2021, the Group incurred a net loss of HK\$175 million (2020: HK\$176 million) and as at 30 June 2021, the Group’s current liabilities exceeded its current assets by HK\$256 million (31 December 2020: HK\$413 million). Included in its current liabilities was an interest-bearing borrowing of HK\$295 million drawn from a banking facility of HK\$400 million which is immediately repayable on demand and subject to review at any time from the date of this interim results announcement.

In preparing the Interim Financial Information, the Directors have given careful consideration of the liquidity requirement for the Group’s operations, the performance of the Group and available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The Directors have reviewed the Group’s cash flow projections prepared by management which covers a period of not less than twelve months from 30 June 2021. The Directors have taken into account the following plans and measures in assessing the sufficiency of working capital requirements in the foreseeable future:

1. The banking facility was renewed in mid-March 2019. As the facility is subject to review at any time from the date of this interim results announcement, the Directors expect the revolving bank loan facility will be successfully renewed such that the outstanding loan balance of HK\$295 million will be rolled over with substantially the same terms as the current facility, which also include the bank’s overriding right to demand repayment.
2. There have been continuing progress and achievements of the organisational restructuring which include cost saving initiatives, introduction of new contents, cooperation model with other partners and strategic review of its business portfolio.
3. Forever Top has also confirmed its intention to provide further financial support, from time to time as and when is necessary to the Group in the next twelve months from 30 June 2021. Taking into account the fact that (i) Forever Top has provided continuous financial support to the Group since it became the largest shareholder of the Company in September 2017; and (ii) based on the documents and information currently available and having made all necessary enquiries, nothing came to the attention of the Directors to cause them to believe that Forever Top is unable to provide financial support as and when is required by the Group in the next twelve months from 30 June 2021.

Based on the cash flow projections and taking into account reasonable possible downside changes to the cash flow assumptions in the cash flow projections for the period ending 30 June 2022, the continuous availability of existing banking facility, and from time to time as and when is necessary, the financial support from Forever Top, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2021. Accordingly, the Directors consider it is appropriate to prepare the Interim Financial Information on a going concern basis.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements, except for the adoption of the amendments to standards effective for the financial year ending 31 December 2021.

**(a) Amendments to standards effective in current accounting period and are relevant to the Group's operations**

During the period ended 30 June 2021, the Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2021:

HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform Phase 2

The adoption of these amendments to standards does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

**(b) New standard, amendments to standards, HKFRS Practice Statement, accounting guideline and interpretation that are not yet effective and have not been early adopted by the Group**

The following new standard, amendments to standards, HKFRS Practice Statement, accounting guideline and interpretation have been published which are mandatory for the Group's accounting periods beginning on or after 1 January 2022 but have not been early adopted by the Group:

HKFRS 17	Insurance Contracts <sup>(3)</sup>
HKFRS 3 (Amendments)	Reference to the Conceptual Framework <sup>(5)</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(4)</sup>
HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions beyond 30 June 2021 <sup>(1)</sup>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current <sup>(3)</sup>
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>(3)</sup>
HKAS 8 (Amendments)	Definition of Accounting Estimates <sup>(3)</sup>
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>(3)</sup>
HKAS 16 (Amendments)	Property, Plant and Equipment — Proceeds before Intended Use <sup>(2)</sup>
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract <sup>(2)</sup>
Annual Improvements	Annual Improvement to HKFRSs 2018–2020 Cycle <sup>(2)</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations <sup>(2)</sup>
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>(3)</sup>

<sup>(1)</sup> Effective for accounting periods beginning on or after 1 April 2021

<sup>(2)</sup> Effective for accounting periods beginning on or after 1 January 2022

<sup>(3)</sup> Effective for accounting periods beginning on or after 1 January 2023

<sup>(4)</sup> Effective date is to be determined

<sup>(5)</sup> Effective for business combinations for which the acquisition date is on or after the beginning of the first accounting periods beginning on or after 1 January 2022

There are no standard, amendments to standards, HKFRS Practice Statement, accounting guideline and interpretation that are not yet effective and that would be expected to have a material impact on the Group.

#### **4 ESTIMATES AND JUDGEMENTS**

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

#### **5 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

##### **(a) Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

There have been no changes in the risk management policies since 31 December 2020.

##### **(b) Liquidity risk**

Other than convertible bonds with a principal amount of HK\$200,000,000 issued on 31 March 2021, which will be due in March 2031, there was no other material change in the contractual undiscounted cash outflows for financial liabilities when compared to the year ended 31 December 2020.

##### **(c) Price risk**

The Group is exposed to price risk through its investments and redemption option of long-term convertible bonds recognised as financial assets at fair value through profit or loss. The Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

##### *Sensitivity analysis*

At 30 June 2021, if the price of the Group's investments recognised as financial assets at fair value through profit or loss had been 1% higher/lower with all other variables held constant, the loss for the period would have decreased/increased by approximately HK\$157,000 (31 December 2020: Nil).

Base on the share price of the Company as at 30 June 2021, if the share price of the Company had been HK\$0.01 higher/lower with all other variables held constant, the fair value of the redemption option of long-term convertible bonds recognised as financial assets at fair value through profit or loss would have decreased by approximately HK\$2,600,000 and HK\$455,000 respectively (31 December 2020: Nil) and the loss for the period would have increased by approximately HK\$2,600,000 and HK\$455,000 respectively (31 December 2020: Nil).

**(d) Fair values of financial instruments**

Financial instruments carried at fair value are measured by different valuation methods. The inputs to valuation methods are categorised into three levels within a fair value hierarchy, as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the Group's assets that are measured at fair value at the end of the reporting period on a recurring basis:

	<b>Level 1</b> <i>HK\$'000</i>	<b>Level 2</b> <i>HK\$'000</i>	<b>Level 3</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 30 June 2021</b>				
Assets				
Financial assets at fair value				
through profit or loss				
— Listed debt securities	<b>15,720</b>	–	–	<b>15,720</b>
— Redemption option of long-term convertible bonds	–	–	<b>82,538</b>	<b>82,538</b>
	<b>15,720</b>	–	<b>82,538</b>	<b>98,258</b>
<b>At 31 December 2020</b>				
Assets				
Financial assets at fair value				
through profit or loss	–	–	–	–

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 December 2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The following table presents the changes in Level 3 financial instrument for the period ended 30 June 2021:

	<b>Redemption option HK\$'000</b>
At 1 January 2021	–
Inception of redemption option of long-term convertible bonds	78,061
Unrealised fair value change recognised in non-operating income	4,477
	<hr/>
At 30 June 2021	<u>82,538</u>

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

	<b>Fair value at 30 June 2021 (unaudited) HK\$'000</b>	<b>Unobservable inputs</b>	<b>Range of unobservable inputs</b>	<b>Relationship of unobservable inputs to fair value</b>
Redemption option of long-term convertible bonds	82,538	Discount rate	7.0%	The higher the discount rate, the lower the fair value of the redemption option of long-term convertible bonds

The main Level 3 input used by the Group in measuring the fair value of financial instrument is derived and evaluated as follows:

Discount rate was determined with reference to the risk free rate, credit spread of comparable bonds and liquidity spread in the market.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2021 and 31 December 2020.

## 6 REVENUE

Revenue comprises principally subscription, service and related fees for television, broadband internet access and telephony services. It also includes advertising revenue net of agency deductions, channel service and distribution fees, programme licensing income, film exhibition and distribution income, network leasing income, network construction income, mobile service income, mobile agency service income and other telecommunications income.



## 7 SEGMENT INFORMATION

The Group managed its businesses according to the nature of services provided. The Group's chief operating decision maker (the "CODM"), which comprises executive Director and senior management of the Company, has determined two reportable operating segments for measuring performance and allocating resources. The segments are media and telecommunications.

The media segment includes operations related to the television subscription business, domestic free television programme service, advertising, channel carriage, television relay service, programme licensing, theatrical release and other related businesses.

The telecommunications segment includes operations related to broadband internet access services, portal operation, mobile content licensing, telephony services, network leasing, network construction, mobile service and mobile agency service as well as other related businesses.

The CODM evaluates performance primarily based on segment results before depreciation of property, plant and equipment and right-of-use assets, amortisation of other intangible assets, corporate expenses, corporate depreciation of property, plant and equipment, interest income, finance costs, non-operating income and income tax, but after amortisation of programming library and amortisation of contract acquisition costs. Besides, the CODM also evaluates performance based on segment results before corporate expenses, corporate depreciation of property, plant and equipment, interest income, finance costs, non-operating income and income tax, but after amortisation of programming library, amortisation of contract acquisition costs, depreciation of property, plant and equipment and right-of-use assets and amortisation of other intangible assets.

Inter-segment pricing is generally determined at arm's length basis.

Segment assets principally comprise all assets with the exception of interest in an associate, deferred tax assets and assets managed at the corporate office. Segment liabilities include all liabilities, convertible bonds and interest-bearing borrowings directly attributable to and managed by each segment with the exception of current tax liabilities and liabilities at corporate office.

Besides, the CODM is also provided with segment information concerning revenue (including inter-segment revenue).

Information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2021 and 2020 is set out below:

	Unaudited six months ended 30 June					
	Media		Telecommunications		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Reportable segment revenue	<b>289,322</b>	334,260	<b>204,265</b>	190,737	<b>493,587</b>	524,997
Less: Inter-segment revenue	–	–	<b>(104)</b>	(104)	<b>(104)</b>	(104)
Revenue from external customers	<b>289,322</b>	334,260	<b>204,161</b>	190,633	<b>493,483</b>	524,893
Revenue from contracts with customers:						
Timing of revenue recognition:						
At a point in time	<b>9,459</b>	10,801	<b>22,610</b>	18,178	<b>32,069</b>	28,979
Over time	<b>252,558</b>	307,941	<b>181,349</b>	172,209	<b>433,907</b>	480,150
Revenue from other sources:						
Rental income	<b>27,305</b>	15,518	<b>202</b>	246	<b>27,507</b>	15,764
	<b>289,322</b>	334,260	<b>204,161</b>	190,633	<b>493,483</b>	524,893
Reportable segment (loss)/profit before depreciation and amortisation of other intangible assets	<b>(98,318)</b>	(95,234)	<b>80,746</b>	86,994	<b>(17,572)</b>	(8,240)
Depreciation	<b>(59,958)</b>	(64,862)	<b>(44,330)</b>	(40,425)	<b>(104,288)</b>	(105,287)
Amortisation of other intangible assets	<b>(2,016)</b>	(2,009)	–	–	<b>(2,016)</b>	(2,009)
Reportable segment results before corporate expenses and corporate depreciation	<b>(160,292)</b>	(162,105)	<b>36,416</b>	46,569	<b>(123,876)</b>	(115,536)
Corporate expenses					<b>(25,613)</b>	(33,011)
Corporate depreciation					<b>(4,572)</b>	(6,506)
Loss from operations					<b>(154,061)</b>	(155,053)
Interest income					<b>378</b>	360
Finance costs					<b>(21,952)</b>	(21,544)
Non-operating income					<b>4,123</b>	243
Income tax					<b>(3,704)</b>	(229)
Loss for the period					<b>(175,216)</b>	(176,223)

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
<b>Segment assets</b>		
Media	<b>786,294</b>	806,682
Telecommunications	<b>548,503</b>	469,437
	<b>1,334,797</b>	1,276,119
Corporate assets	<b>31,960</b>	31,636
Interest in an associate	–	–
Deferred tax assets	<b>297,043</b>	300,525
<b>Total assets</b>	<b>1,663,800</b>	1,608,280
<b>Segment liabilities</b>		
Media	<b>793,876</b>	787,191
Telecommunications	<b>518,852</b>	445,445
	<b>1,312,728</b>	1,232,636
Corporate liabilities	<b>16,385</b>	10,409
Current tax liabilities	<b>166</b>	68
<b>Total liabilities</b>	<b>1,329,279</b>	1,243,113

During the six months ended 30 June 2021, there were additions of approximately HK\$53,356,000 (2020: HK\$56,458,000) to property, plant and equipment, approximately HK\$1,887,000 (2020: HK\$9,078,000) to right-of-use assets and approximately HK\$23,048,000 (2020: HK\$21,501,000) to programming library respectively.

**Geographical segment:**

No geographical segment information is shown as, during the period presented, less than 10% of the Group's segment revenue, segment results, segment assets and segment liabilities are derived from activities conducted outside Hong Kong.

**Information about major customer:**

Revenue of approximately HK\$54,001,000 (2020: HK\$35,945,000) were derived from a single external customer during the six months ended 30 June 2021, of which approximately HK\$53,001,000 (2020: HK\$35,945,000) and approximately HK\$1,000,000 (2020: HK\$Nil) were attributed to the telecommunications segment and the media segment respectively.

## 8 LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):

	Unaudited six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<b>Finance costs</b>		
— Interest expenses on borrowings	2,502	4,582
— Interest expenses on lease liabilities	3,075	3,367
— Interest expenses on convertible bonds	16,375	13,595
<b>Other items</b>		
Depreciation		
— assets held for use under operating leases	12,126	11,486
— other assets	76,190	81,681
— right-of-use assets	20,544	18,626
	<u>108,860</u>	<u>111,793</u>
Amortisation		
— programming library*	28,894	26,565
— contract acquisition costs	8,798	18,369
— other intangible assets	2,016	2,009
Non-operating (income)/expense		
— net loss on disposal of plant and equipment	80	53
— net fair value gains on financial assets at fair value through profit or loss	(4,124)	(296)
— loss on redemptions of financial assets at fair value through profit or loss	70	—
— gain on modification of lease contracts	(149)	—
	<u>(149)</u>	<u>—</u>

\* Amortisation of programming library was included within programming costs in the condensed consolidated statement of profit or loss of the Group.

## 9 INCOME TAX

Hong Kong and other jurisdictions profits tax has been provided at the rate of 16.5% (2020: 16.5%) and at the rates of taxation prevailing in the jurisdictions in which the Group operates respectively.

	Unaudited six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current income tax	222	229
Deferred income taxation	3,482	—
	<u>3,704</u>	<u>229</u>

## 10 LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of approximately HK\$175,216,000 (2020: HK\$176,223,000) and the weighted average number of 7,134,623,520 Shares (2020: 7,134,623,520 Shares) in issue during the period.

	<b>Unaudited 2021</b>	Unaudited 2020
Weighted average number of the Shares Issued Shares at 1 January	<u>7,134,623,520</u>	<u>7,134,623,520</u>
Weighted average number of the Shares at 30 June	<u>7,134,623,520</u>	<u>7,134,623,520</u>

The diluted loss per Share for the six months ended 30 June 2021 and 2020 equal to the basic loss per Share since the exercise of the outstanding Share Options granted under the Share Option Scheme and conversion rights attached to the unlisted long-term convertible bonds would not have a dilutive effect on the loss per Share.

## 11 DEFERRED TAX ASSETS

As at 30 June 2021, the Group had recognised net deferred tax assets in respect of the future benefit of unutilised tax losses which can be carried forward indefinitely without expiry date of approximately HK\$297,043,000 (31 December 2020: HK\$300,525,000), being the net balance of deferred tax assets arising from tax losses of approximately HK\$344,983,000 (31 December 2020: HK\$350,519,000) and deferred tax liabilities arising from depreciation allowances in excess of the related depreciation of approximately HK\$47,940,000 (31 December 2020: HK\$49,994,000). The deferred tax assets recognised as at 30 June 2021 was determined after considering the estimated future taxable profits and the timing of utilisation of the tax losses in the relevant subsidiary of the Company. The subsidiary has a history of recent losses in preceding periods. The estimated future taxable profits of the relevant subsidiary of the Company take into account the expected growth of the business due to the operating environment, business strategies, business development, approved business plans, the effect of the tax planning as well as the trend of the performance of the relevant subsidiary of the Company. Deferred tax assets were recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

## 12 TRADE RECEIVABLES AND CONTRACT ASSETS

	<b>Unaudited 30 June 2021 HK\$'000</b>	Audited 31 December 2020 HK\$'000
Trade receivables	75,734	77,299
Contract assets	<u>24,740</u>	<u>35,000</u>
	<u>100,474</u>	<u>112,299</u>

An ageing analysis of trade receivables (net of loss allowance), based on the invoice date is set out as follows:

	<b>Unaudited 30 June 2021 HK\$'000</b>	Audited 31 December 2020 HK\$'000
0 to 30 days	50,493	48,201
31 to 60 days	4,619	12,085
61 to 90 days	7,298	7,773
Over 90 days	13,324	9,240
	<u>75,734</u>	<u>77,299</u>

The Group has a defined credit policy. The general credit terms allowed range from 0 to 15 days in respect of television, broadband, telephony and mobile service subscription and from 0 to 30 days in respect of advertising, network leasing and network construction services.

### 13 TRADE PAYABLES

An ageing analysis of trade payables, based on the invoice date is set out as follows:

	<b>Unaudited 30 June 2021 HK\$'000</b>	Audited 31 December 2020 HK\$'000
0 to 30 days	9,686	7,209
31 to 60 days	13,367	16,605
61 to 90 days	13,414	6,697
Over 90 days	14,656	38,615
	<u>51,123</u>	<u>69,126</u>

### 14 SHARE CAPITAL

	<b>Number of shares</b>	<b>HK\$'000</b>
Ordinary shares, issued and fully paid:		
At 1 January 2020, 30 June 2020 (unaudited), 31 December 2020 (audited) and 30 June 2021 (unaudited)	<u>7,134,623,520</u>	<u>7,928,975</u>

**(i) Share option scheme**

The Share Option Scheme was adopted by the Company on 24 May 2018 which will be valid and effective for a period of ten years from the date of adoption.

On 15 June 2018, Share Options carrying the rights to subscribe for a total of 279,200,000 Shares were granted to certain eligible persons under the Share Option Scheme at an exercise price of HK\$0.210 per Share.

The fair value of the Share Options granted at the date of grant, 15 June 2018, was estimated at approximately HK\$20,771,000. The fair value is determined by Binomial model using inputs, including share price of HK\$0.15 per Share, exercise price of HK\$0.21 per Share, volatility of 66%, risk-free rate of 2.25% and dividend yield of 0%.

As a result of the Rights Issue, the number of Shares issuable and the exercise price per Share payable upon exercise of the outstanding Share Options granted under the Share Option Scheme were adjusted from 279,200,000 to 287,240,960 and from HK\$0.210 to HK\$0.204 respectively.

No Share Option was exercised during the six months ended 30 June 2021 and 2020. No Share Option carrying the rights to subscribe Shares was lapsed during the six months ended 30 June 2021 (2020: 17,489,600 Shares). As at 30 June 2021, there were outstanding exercisable Share Options carrying the rights to subscribe 241,562,240 Shares (2020: 243,619,840 Shares).

**(ii) Rights issue**

On 25 January 2019, the Company announced a fund raising proposal comprising a Rights Issue on the basis of three (3) new ordinary Shares of the Company for every four (4) existing Shares then held at the subscription price of HK\$0.1 per Rights Share. On 4 June 2019, the Company completed the Rights Issue of 928,603,364 Shares for gross proceeds of approximately HK\$92,860,000 (net proceeds of approximately HK\$84,503,000).

**15 CONVERTIBLE BONDS**

**(i) 2019 LCS**

On 25 January 2019, the Company entered into the unlisted long-term convertible securities subscription agreement with Forever Top, pursuant to which the Company has conditionally agreed to issue, and Forever Top has conditionally agreed to subscribe for, the 2019 LCS. On 4 June 2019, the issuance of the 2019 LCS with the principal amount of HK\$568,000,000 to Forever Top was completed. The 2019 LCS would be convertible into 4,544,000,000 new Shares upon full conversion of the 2019 LCS based on the initial conversion price of HK\$0.125 per conversion share. The initial conversion price represents a premium of approximately 8.7% over the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on 25 January 2019, being the date on which the terms of the 2019 LCS were fixed. The coupon rate of the 2019 LCS is 2.0% per annum and payable quarterly. The 2019 LCS is convertible into ordinary Shares at any time during the period from the date of the issue of the 2019 LCS up to the close of business on the maturity date, subject to the conversion restrictions. The maturity date of the 2019 LCS is the end of the tenth year from date of the issue of the 2019 LCS and all of the remaining outstanding 2019 LCS will be redeemed by the Company at 100% of the outstanding principal amount of the 2019 LCS together with any interest accrued but unpaid thereon.

On the date of issuance of the 2019 LCS, the fair value of liability component of approximately HK\$343,719,000 was recognised and the fair value of approximately HK\$224,281,000, representing equity element, was recognised and presented in equity heading “equity component of convertible bonds” at initial recognition. The effective interest rate of the liability component was 7.69% per annum. As at 30 June 2021, the carrying amount of liability component of the 2019 LCS is approximately HK\$377,348,000 (31 December 2020: HK\$368,881,000).

The relevant fair value measurement was carried out by an independent qualified professional valuer not connected to the Group.

**(ii) 2021 LCS**

On 27 January 2021, the Company entered into the unlisted long-term convertible securities subscription agreement with Forever Top, pursuant to which the Company has conditionally agreed to issue, and Forever Top has conditionally agreed to subscribe for, the 2021 LCS. On 31 March 2021, the issuance of the 2021 LCS with the principal amount of HK\$200,000,000 with a maturity of 10 years by the Company to Forever Top was completed. The 2021 LCS would be convertible into 2,941,176,470 new Shares upon full conversion of the 2021 LCS based on the initial conversion price of HK\$0.068 per conversion share and the coupon rate of the 2021 LCS is 2.0% per annum and payable quarterly. The Company may at any time on or after the date of issue of the 2021 LCS by giving not less than 10 business days’ written notice to the holder(s) of the 2021 LCS to redeem all or part of the 2021 LCS at the outstanding principal amount of the 2021 LCS together with all accrued but unpaid interest.

On the date of issuance of the 2021 LCS, the fair value of liability component of approximately HK\$131,806,000 was recognised, the fair value of approximately HK\$144,610,000, representing equity element, was recognised and presented in equity heading “equity component of convertible bonds” and the fair value of the redemption option of approximately HK\$78,061,000 was recognised as financial assets at fair value through profit or loss at initial recognition. The effective interest rate of the liability component was 6.88% per annum. As at 30 June 2021, the carrying amount of liability component and redemption option of the 2021 LCS is approximately HK\$133,034,000 (31 December 2020: Nil) and approximately HK\$82,538,000 (31 December 2020: Nil) respectively.

The relevant fair value measurement was carried out by an independent qualified professional valuer not connected to the Group.

**16 DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (2020: HK\$Nil).



## 17 CAPITAL COMMITMENTS

Capital commitments outstanding were as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Property, plant and equipment — Contracted but not provided for	<b>14,805</b>	1,003
Programming library — Contracted but not provided for	<b>15,085</b>	10,884
	<b>29,890</b>	11,887

## 18 GUARANTEES

As at 30 June 2021, a corporate guarantee had been provided by the Company to a bank of HK\$400,000,000 (31 December 2020: HK\$400,000,000) in respect of the facility of borrowing up to HK\$400,000,000 (31 December 2020: HK\$400,000,000) to a wholly-owned subsidiary of the Company, of which HK\$295,000,000 (31 December 2020: HK\$295,000,000) was utilised by the subsidiary of the Company.

As at 30 June 2021, the Group had made an arrangement with a bank to provide a performance bond to the counterparty amounting to approximately HK\$33,830,000 (31 December 2020: HK\$33,830,000), of which approximately HK\$3,830,000 (31 December 2020: HK\$3,830,000) was secured by bank deposit. The performance bond is to guarantee in favour of the counterparty the Group's performance in fulfilling the obligations under a contract.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining a high standard of corporate governance practices and procedures and to complying with the statutory and regulatory requirements with an aim to maximising the Shareholders' values and interests as well as to enhancing the stakeholders' transparency and accountability. During the six months ended 30 June 2021, the Company has complied with all applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the following deviation:

Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Dr. Cheng Kar-Shun, Henry ("Dr. Cheng") (the vice-chairman of the board of Directors (the "Board") and a non-executive Director) was unable to attend the general meeting of the Company held on 23 March 2021 (the "GM") as he had other engagement at the time of such meeting. Ms. Ng Yuk Mui Jessica (a non-executive Director) was unable to attend the GM because she was unwell on that day.

Dr. Cheng was unable to attend the annual general meeting of the Company held on 10 June 2021 as he had other engagement at the time of such meeting.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiries to all the Directors, was not aware of any non-compliance with the required standard set out in the Model Code during the six months ended 30 June 2021.

The Company has also applied the principles of the Model Code to the employees of the Group.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The Company has set up an audit committee (the "Audit Committee") with majority of the members being the independent non-executive Directors with terms of reference in accordance with the requirements of the Listing Rules for the purposes of, among others, reviewing the financial information of the Group, and overseeing the Group's financial reporting system, and risk management and internal control systems, as well as the Group's corporate governance matters. As at the date of this announcement, the Audit Committee comprises Mr. Luk Koon Hoo, Roger (an independent non-executive Director and the chairman of the Audit Committee), Mr. Hoong Cheong Thard (a non-executive Director) and Mr. Tang Sing Ming Sherman (an independent non-executive Director).

The unaudited condensed consolidated interim financial information of the Group and the interim report of the Company for the six months ended 30 June 2021 have been reviewed by the Audit Committee with no disagreement by the Audit Committee. The auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: HK\$Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2021.

By order of the Board  
**i-CABLE Communications Limited**  
**Tan Sri Dato’ David Chiu**  
*Chairman*

Hong Kong, 20 August 2021

*As at the date of this announcement, the Board comprises eleven Directors, namely Tan Sri Dato’ David Chiu (Chairman), Dr. Cheng Kar-Shun, Henry (Vice-chairman), Mr. Tsang On Yip, Patrick, Mr. Hoong Cheong Thard, Mr. Lie Ken Jie Remy Anthony Ket Heng and Ms. Ng Yuk Mui Jessica as non-executive Directors, Mr. Andrew Wah Wai Chiu as 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.*