

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

You are advised to exercise caution in relation to the Offers. **If you are in doubt** as to the content of this Composite Document and/or the accompanying Form(s) of Acceptance and/or any aspect of the Offers or any action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

This Composite Document does not constitute an offer to sell or an invitation or solicitation of an offer to acquire, purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This Composite Document does not constitute a prospectus or a prospectus equivalent document.

If you have sold or transferred all your shares in i-CABLE Communications Limited, you should at once hand this Composite Document and the enclosed Form(s) of Acceptance to the purchaser or the transferee or to the licensed securities dealer or the registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to their accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.



Celestial Pioneer Limited
*(Incorporated in the British Virgin Islands
with limited liability)*

i-CABLE COMMUNICATIONS LIMITED
*(Incorporated in Hong Kong with limited liability)
(Stock Code: 1097)*

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO
CONDITIONAL MANDATORY CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES IN
AND TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
i-CABLE COMMUNICATIONS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

Financial Adviser to the Offeror

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



Halcyon Capital Limited

ALTUS CAPITAL LIMITED

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) having the same meanings as those defined in the "Definitions" section of this Composite Document. A letter from Halcyon Securities containing, among other things, the details of the terms of the Offers is set out in the "Letter from Halcyon Securities" section of this Composite Document. A letter from the Board is set out in the "Letter from the Board" section of this Composite Document. A letter from the Independent Board Committee containing its recommendations to the Offer Shareholders and the Offer Optionholders in relation to the Offers is set out in the "Letter from the Independent Board Committee" section of this Composite Document. A letter from Altus Capital, being the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in relation to the Offers is set out in the "Letter from Altus Capital" section of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. The **WHITE** Form of Acceptance of Share Offer and the **PINK** Form of Acceptance of Option Offer should be received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on Thursday, 17 February 2022 or such later time and/or date as the Offeror may determine and announce in accordance with the requirements under the Takeovers Code.

Shareholders and Optionholders should inform themselves of and observe any applicable legal, tax or regulatory requirements set out in the "Important Notices" section of this Composite Document. Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraphs headed "11. Overseas Shareholders and Overseas Optionholders" in the "Letter from Halcyon Securities" section of this Composite Document before taking any action. It is the responsibility of any Overseas Shareholders and Overseas Optionholders wishing to take any action in relation to the Share Offer and the Option Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such Overseas Shareholders and/or Overseas Optionholders in respect of the acceptance of the Offers (as applicable) in such jurisdiction. The Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers (as applicable).

This Composite Document is issued jointly by the Offeror and the Company. This Composite Document will remain on the website of the Company (<http://www.i-cablecomm.com>) as long as the Offers remain open and will remain on the website of the Stock Exchange (<https://www.hkexnews.hk>). In case of any inconsistency, the English language texts of this Composite Document and the enclosed Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

27 January 2022

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise specified, all times and dates in this Composite Document and the Form(s) of Acceptance refer to Hong Kong local times and dates.

Hong Kong time

Date of despatch of this Composite Document
and the accompanying Form(s) of Acceptance
and commencement of the Offers (*Note 1*)..... Thursday, 27 January 2022

Latest time and date for acceptance of the Offers
on the First Closing Date (*Note 2*)..... 4:00 p.m. on
Thursday, 17 February 2022

First Closing Date (*Note 2*) Thursday, 17 February 2022

Announcement of the results of the
Offers as at the First Closing Date on the
websites of the Stock Exchange and the Company (*Note 2*)..... no later than 7:00 p.m. on
Thursday, 17 February 2022

Latest date for posting of remittances for the amount due
in respect of valid acceptances received under the
Offers on or before the latest time and date for acceptance
of the Offers on the First Closing Date assuming the
Offers become or are declared unconditional
on the First Closing Date (*Note 3*)..... Monday, 28 February 2022

Latest time and date for acceptance of the
Offers remaining open assuming the Offers become,
or are declared unconditional on the
First Closing Date (*Note 4*) 4:00 p.m. on Thursday, 3 March 2022

Final Closing Date of the Offers (assuming the Offers
become or are declared unconditional on
the First Closing Date) (*Note 4*)..... Thursday, 3 March 2022

Announcement of the results of the Offers
as at the final closing date to be posted on
the websites of the Stock Exchange and the Company (*Note 4*) ... no later than 7:00 p.m. on
Thursday, 3 March 2022

Latest date for posting of remittance for the
amount due in respect of valid acceptances received
under the Offers on or before 4:00 p.m.
on Thursday, 3 March 2022, being the latest time and
date by which the Offers remain open for acceptances
assuming the Offers become, or are declared unconditional
on the First Closing Date (*Note 6*)..... Monday, 14 March 2022

Latest time and date by which the Offers can become,
or be declared unconditional (*Note 5*) 7:00 p.m. on
Monday, 28 March 2022

EXPECTED TIMETABLE

Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

- (1) The Offers are made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the First Closing Date. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “7. Right of Withdrawal” in Appendix I to this Composite Document.
- (2) In accordance with the Takeovers Code, the Offers must initially be opened for acceptance for at least twenty-one (21) days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offers will be at 4:00 p.m. on Thursday, 17 February 2022 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offers, which announcement will state either the next Closing Date or, if the Offers are at that time unconditional as to acceptances, a statement that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days’ notice in writing must be given before the Offers are closed to those Offer Shareholders and Offer Optionholders who have not accepted the Offers.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

All acceptances, instructions, authorisations and undertakings given by the Offer Shareholders in the **WHITE** Form of Acceptance of Share Offer and by the Optionholders in the **PINK** Form of Acceptance of Option Offer shall be irrevocable except as permitted under the Takeovers Code. Please refer to “7. Right of Withdrawal” in Appendix I to this Composite Document for further information of the circumstances where acceptances may be withdrawn.

- (3) Subject to the Offers becoming unconditional, remittances in respect of the cash consideration (after deducting the seller’s Hong Kong ad valorem stamp duty in respect of the Share Offer) payable for the Offer Shares tendered under the Share Offer will be posted to the Offer Shareholders accepting the Share Offer by ordinary post at their own risk. Payment of the consideration for the Offer Options surrendered for cancellation under the Option Offer will be posted by ordinary post to the Offer Optionholders by ordinary post at their own risk. Payment will be made as soon as possible, but in any event within seven (7) Business Days from the later of (i) the date of receipt of complete and valid acceptance by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), and (ii) the date on which the Offers become or are declared unconditional.
- (4) In accordance with the Takeovers Code, where the Offers become or are declared unconditional, the Offers should remain open for acceptance for not less than fourteen (14) days thereafter. When the Offers become or are declared unconditional in all respects, at least fourteen (14) days’ notice in writing must be given before the Offers are closed to those Offer Shareholders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as the Offeror may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement in relation to any extension of the Offers, which will state the next Closing Date or, if the Offers have become or are at that time unconditional, that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days’ notice will be given before the Offers are closed, to those Offer Shareholders who have not accepted the Offers and an announcement will be published.

EXPECTED TIMETABLE

- (5) In accordance with the Takeovers Code, when the Offers become, or are declared unconditional, at least fourteen (14) days' notice in writing must be given before the Offers are closed to those Offer Shareholders and Offer Optionholders who have not accepted the Offers. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. Accordingly, unless the Offers have previously become unconditional as to acceptances, the Offers will lapse after 7:00 p.m. on Monday, 28 March 2022 unless extended with the consent of the Executive.
- (6) Remittances in respect of the cash consideration (after deducting the seller's Hong Kong ad valorem stamp duty in respect of the Share Offer) payable for the Offer Shares tendered under the Share Offer will be posted to the Offer Shareholders accepting the Share Offer by ordinary post at their own risk. Payment of the consideration for the Offer Options surrendered for cancellation under the Option Offer will be posted by ordinary post to the Offer Optionholders by ordinary post at their own risk. Payment will be made as soon as possible, but in any event within seven (7) Business Days from the date of receipt of complete and valid acceptance by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid).

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF THE OFFERS AND/OR THE LATEST DATE FOR POSTING OF REMITTANCE

If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning or "extreme conditions" caused by a super typhoon as announced by the government of Hong Kong:

1. in force in Hong Kong at any local time before 12:00 noon but no longer in force at and after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and the posting of the cheques will be made on the same Business Day; or
2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warning in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code and the posting of the cheques will be made on the following Business Day which does not have either of those warning in force at any time between 9:00 a.m. and 4:00 p.m..

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The Offers are extended to all Overseas Shareholders and Overseas Optionholders regardless of their jurisdictions of residences. The making of the Offers to the Overseas Shareholders and the Overseas Optionholders may be subject to the laws or regulations of the relevant jurisdictions of residence of the Offer Shareholders and the Offer Optionholders. The making of the Offers to the Overseas Shareholders and the Overseas Optionholders and their acceptances of the Offers may be prohibited or affected by the laws or regulations of the relevant jurisdictions of residence of the Overseas Shareholders and the Overseas Optionholders. The Overseas Shareholders and the Overseas Optionholders should observe any applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offers, including any requirement for any governmental, exchange control or other consents, any filing and registration requirements, any necessary formalities, any legal or regulatory requirements and any requirement for the payment by the Accepting Shareholders and Accepting Optionholders of any transfer or other taxes due from such Accepting Shareholders and Accepting Optionholders in respect of their acceptances.

Any Acceptance of the Offers by any Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Shareholder or Optionholder to the Offeror and the Company that all the laws and regulations of the relevant jurisdictions have been complied with and that the Offers can be accepted by such Shareholder or Optionholder lawfully under the laws and regulations of the relevant jurisdictions. Shareholders and Optionholders should consult their professional advisers if in doubt.

The Offeror, the Offeror Concert Parties, the Company, Halcyon Capital, Halcyon Securities, Altus Capital, the Registrar or any of their respective beneficial owners, directors, officers, advisers, associates, agents or any other persons involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and the Overseas Optionholders for any taxes such Overseas Shareholders and Overseas Optionholders may be required to pay. Please see the paragraphs headed “11. Overseas Shareholders and Overseas Optionholders” in the “Letter from Halcyon Securities” section of this Composite Document.

NOTICE TO CHANNEL ISLANDS HOLDERS OF OFFER SHARES

Subject to certain exemptions (if applicable) this Composite Document relating to the Share Offer shall not be circulated in Jersey, without first obtaining consent from the Jersey Financial Services Commission pursuant to the Control of Borrowing (Jersey) Order 1958, as amended. Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of the Offers and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. Based on the legal advice obtained, the

IMPORTANT NOTICES

Offeror is exempted from the requirement to obtain a consent under the Control of Borrowing (Jersey) Order 1958 in respect of the Offers and this Composite Document and there will be no filing requirements in relation to the Offer Document or notification to be made in Jersey.

By accepting the Share Offer each Offer Shareholder in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the Share Offer.

NOTICE TO FRANCE HOLDERS OF OFFER SHARES

The present Share Offer being made to you shall not be considered an offer to the public within the meaning of Regulation (EU) 2017/1129 dated 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and article L. 411-1 of the French Monetary and Financial Code.

Neither shall such Share Offer give rise in France to a prospectus subject to the approval of the French financial market authority (“**Autorité des Marchés Financiers**”) nor to a summary information document (“**document d’information synthétique**”), under applicable French Securities Laws and Regulations.

NOTICE TO IRELAND HOLDERS OF OFFER SHARES

This Composite Document does not constitute an offer or constitute any part of an offer of securities to the public as defined in Article 2 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended, supplemented, varied and/or replaced from time to time) (the Prospectus Regulation) or otherwise in Ireland. Accordingly this Composite Document does not comprise a prospectus within the meaning of Irish prospectus law or EU prospectus law (within the meaning of Chapter 1 of Part 23 of the Irish Companies Act 2014 as amended) and has not been prepared in accordance with the Prospectus Regulation or any measures made under that regulation or the laws of Ireland implementing or giving further effect to that regulation or of any EU Member State or EEA treaty adherent state that implements or gives further effect to that regulation or those measures.

NOTICE TO MALAYSIA HOLDERS OF OFFER SHARES

This Composite Document has not been reviewed and approved by the Securities Commission Malaysia (“**SC**”), and will not be registered as a prospectus under the Capital Markets and Services Act 2007 with the SC or any other regulatory authority in Malaysia. However, a copy of this Composite Document will be deposited with the SC. Accordingly, this Composite Document and any other document or material in connection with the issue, offer for subscription or purchase, invitation to subscribe for or purchase the Offer Shares shall not be circulated nor distributed in any manner, nor may the Shares be issued, offered for subscription or purchase, or be made the subject of an invitation to subscribe for or purchase, whether directly or indirectly, to any person in Malaysia, other than pursuant to the Share Offer.

IMPORTANT NOTICES

The SC takes no responsibility for the contents of this Composite Document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content in this Composite Document.

NOTICE TO SINGAPORE HOLDERS OF OFFER SHARES

This Composite Document and the Forms of Acceptance are for the exclusive use by the Offer Shareholders solely for the purposes of assessing the Offers and acceptance of the Offers, respectively and should not be used other than in connection with such purpose.

This Composite Document has not been lodged with or registered by the Monetary Authority of Singapore, does not constitute an offer or invitation for the sale or purchase of securities in Singapore and shall not form the basis of any contract for the issue or sale of securities in Singapore.

NOTICE TO UNITED KINGDOM HOLDERS OF OFFER SHARES

This Composite Document is not a financial promotion to which section 21(1) FSMA applies since article 67 (promotions required or permitted by market rules) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, removes the financial promotion restriction from communications required or permitted by the rules of the relevant market or a body which regulates the relevant market. The Stock Exchange is a relevant market and the SFC is the body that regulates the relevant market and issues the Takeovers Code which governs the Offers.

NOTICE TO U.S. HOLDERS OF OFFER SHARES AND/OR OFFER OPTIONS

The Offers are being made for the securities of a company incorporated in Hong Kong with limited liability and are subject to Hong Kong disclosure and other procedural requirements, which are different from those of the United States. This Composite Document will not be filed under the laws or rules of any jurisdiction other than Hong Kong, which are different from those of the United States.

The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offers will be made in the United States pursuant to the applicable U.S. tender offer rules or certain available exemptions or exceptions therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offers will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law. The receipt of cash pursuant to the Offers by a U.S. holder of the Offer Shares and/or the Offer Options, respectively, may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of the Offer Shares and/or the Offer Options is urged to consult his/her/its independent professional adviser immediately regarding the tax

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consequences of acceptance of the Offers. U.S. holders of the Offer Shares and the Offer Options may encounter difficulty in enforcing their rights and any claims arising out of the U.S. federal securities laws, as each of the Offerors and the Company is located outside the United States and some or all of their respective officers and directors may be residents of a country other than the United States. U.S. holders of the Offer Shares and the Offer Options may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, U.S. holders of the Offer Shares and the Offer Options may encounter difficulty in compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby disclose that each of them or their respective affiliates, or nominees, or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, the Shares outside of the United States, other than pursuant to the Share Offer, before or during the period in which the Share Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices at or below the Offer Price or in private transactions at negotiated prices at or below the Offer Price, provided that any such purchase or arrangement complies with applicable law and regulations including the Takeovers Code and is made outside the United States. Any information about such purchases will be reported to the SFC and, to the extent required to be publicly disclosed under the Takeovers Code, will be available on the website of the SFC at <https://www.sfc.hk> and the website of the Stock Exchange at <https://www.hkexnews.hk>.

NOTICE TO BARBADOS HOLDERS OF OFFER SHARES

All residents of Barbados are subject to the provisions of the Exchange Control Act, Cap. 71 of the laws of Barbados (the “**ECA**”). For the purposes of the ECA, a resident of Barbados means: (i) a Barbadian national living in Barbados and a Barbadian national temporarily working or studying abroad; (ii) a national of another country living or working in Barbados legally (other than on work permit) for more than three (3) years continuously; (iii) a spouse of a resident living in Barbados; (iv) a company located outside of Barbados that is majority-owned by residents; and (v) a Community National as defined in the Caribbean Community (Movement of Skilled Nationals) Act, *Cap 186A* of the Laws of Barbados. The ECA restricts the transfer of a security that is registered outside of Barbados by a resident of Barbados without the prior permission of the Exchange Control Authority of the Central Bank of Barbados (the “**Authority**”). In this regard, section 12(2) of the ECA provides that: “*Except with the permission of the Authority, a security not registered in Barbados shall not be transferred outside Barbados if either the transferor or the transferee, or the person, if any, for whom the transferor or transferee is or is to be a nominee, is resident in Barbados.*” In circumstances where the Barbados Shareholders intend to tender their relevant Offer Shares for acceptance under the Share Offer, the Barbados Shareholders will be required, pursuant to section 12(2) of the ECA, to obtain the prior written permission of the Authority.

IMPORTANT NOTICES

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, market demand and development, and regulatory conditions in the industry in which the Group operates or intend to operate, general, social, economic and political conditions in the industry and countries in which the Group operates or other industry and countries which have an impact on the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Group operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Group operates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Group operates and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, all written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date. Subject to the requirement of applicable laws, rules and regulations, including the Takeovers Code, neither the Offeror nor the Company assumes any obligation to correct or update the forward-looking statements or opinions contained in this Composite Document.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:

“2019 LCS”	the unlisted long-term convertible bonds in the principal amount of HK\$568 million issued by the Company and subscribed for by Forever Top on 4 June 2019, which are convertible into 4,544,000,000 conversion Shares upon full conversion based on the initial conversion price of HK\$0.125 per conversion Share
“2021 LCS”	the unlisted long-term convertible bonds in the principal amount of HK\$200 million issued by the Company and subscribed for by Forever Top on 31 March 2021, which are convertible into 2,941,176,470 conversion Shares upon full conversion based on the initial conversion price of HK\$0.068 per conversion Share
“2021 LCS Subscription Agreement”	the subscription agreement dated 27 January 2021 entered into between the Company and Forever Top in relation to the subscription of the 2021 LCS by Forever Top
“Acceptance Shares”	the number of Shares stated in the WHITE Form of Acceptance of Share Offer in respect of which the Accepting Shareholder accepts the Share Offer as received by the Registrar
“Accepting Optionholder(s)”	the Optionholder(s) who accept(s) the Option Offer
“Accepting Shareholder(s)”	the Shareholder(s) who accept(s) the Share Offer
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate”	has the meaning ascribed thereto under the Takeovers Code
“associated company(ies)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Broadcasting Ordinance”	the Broadcasting Ordinance (Chapter 562 of the Laws of Hong Kong)
“Business Day”	a day on which the Stock Exchange is open for transaction of business
“BVI”	British Virgin Islands

DEFINITIONS

“CA Approval”	consent, approval and/or waiver that is/are required to be granted by the Communications Authority with respect to the change in shareholding structures of the Company as a result of the sale and purchase of the DC Sale Shares and the PS Sale Shares contemplated under the SP Agreements
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date stated in this Composite Document as the First Closing Date of the Offers or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Committed Optionholder”	Mr. Lie Ken Jie Remy Anthony Ket Heng, an executive Director, a director of Forever Top and the senior vice president of Chow Tai Fook Enterprises Limited
“Communications Authority”	the Communications Authority of Hong Kong, an independent statutory body established under the Communications Authority Ordinance (Cap. 616) on 1 April 2012
“Company”	i-CABLE Communications Limited (有線寬頻通訊有限公司), 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)
“Composite Document”	this composite offer and response document dated 27 January 2022 and jointly despatched by the Offeror and the Company to the Shareholders and the Optionholders in accordance with the Takeovers Code in respect of the Offers
“Condition”	the condition of the Offers, as set out in the section headed “6. Condition of the Offers” in the “Letter from Halcyon Securities” of this Composite Document
“DC Agreement”	the sale and purchase agreement dated 30 September 2021 and entered into among the Offeror (as purchaser) and Mr. David Chiu (as vendor) in respect of the sale and purchase of the DC Sale Shares and assignment of the DC Sale Loan
“DC Sale Loan”	the aggregate amount then outstanding and owing (including any interest thereon, if any) by Forever Top to Mr. David Chiu as at the Transaction Completion Date

DEFINITIONS

“DC Sale Shares”	the 49 shares in Forever Top acquired by the Offeror from Mr. David Chiu in accordance with the terms of the DC Agreement, representing 24.5% of the total number of issued shares in Forever Top as at the date of the DC Agreement and the Latest Practicable Date
“Director(s)”	director(s) of the Company
“Disinterested Shareholders”	Shareholders other than the Offeror Concert Parties
“Dr. Cheng”	Dr. Cheng Kar-Shun, Henry, the sole shareholder and a director of the Offeror, a director of Forever Top, the chairman of the Company and a non-executive Director
“Encumbrances”	means any option, right to acquire, right of pre-emption, title retention, deferred term or conditional sale, mortgage, charge, pledge, lien or other form of security or encumbrance or any other agreement or arrangement having a similar effect
“Excess Shares”	has the meaning ascribed to it in the section headed “15. Possible Placing and Transfer” in the “Letter from Halcyon Securities” of this Composite Document
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Closing Date”	Thursday, 17 February 2022, the first Closing Date of the Offers
“Forever Top”	Forever Top (Asia) Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder (within the meaning of the Listing Rules) of the Company
“Form(s) of Acceptance”	the WHITE Form of Acceptance of the Share Offer and the PINK Form of Acceptance of Option Offer, collectively, each a Form of Acceptance
“Group”	the Company, its subsidiaries and consolidated structured entities
“Halcyon Capital”	Halcyon Capital Limited, being the financial adviser to the Offeror in relation to the Offers, a registered institution under the SFO to carry on Type 6 (advising on corporate finance) regulated activities under the SFO

DEFINITIONS

“Halcyon Securities”	Halcyon Securities Limited, a registered institution under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKCTV”	Hong Kong Cable Television Limited, a company incorporated in Hong Kong and a subsidiary of the Company, which is a holder of a domestic pay television programme service licence under the Broadcasting Ordinance
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by the Board pursuant to Rule 2.8 of the Takeovers Code to make a recommendation to the Offer Shareholders and the Offer Optionholders in respect of the Offers
“Independent Financial Adviser” or “Altus Capital”	Altus Capital Limited, a corporation 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, which has been appointed as the Independent Financial Adviser to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in connection with the Offers
“Investor Participant”	the person admitted to participate in CCASS as investor participants
“Joint Announcement”	the announcement dated 9 November 2021 jointly issued by the Offeror and the Company in relation to the Offers
“Last Trading Day”	30 September 2021, being the date of the SP Agreements and the last trading day of the Shares immediately prior to the halt of trading in the Shares on the Stock Exchange prior to the release of the Joint Announcement
“Latest Practicable Date”	24 January 2022, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein

DEFINITIONS

“LCS Irrevocable Undertaking”	the irrevocable undertaking dated 9 November 2021 given by Forever Top in connection with the 2019 LCS and the 2021 LCS, details of which are set out in the section headed “4. The 2019 LCS and the 2021 LCS” in the “Letter from Halcyon Securities” of this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	the loan agreement dated 21 January 2022 and made between the Offeror as lender and HKCTV as borrower in relation to an unsecured loan with a principal amount of HK\$70 million provided by the lender to the borrower, and the details of which are set out in the section headed “13. Loan Facility from the Offeror” in the “Letter from the Board” of this Composite Document
“Mr. Andrew Chiu”	Mr. Andrew Wah Wai Chiu, being a non-executive Director and a son of Mr. David Chiu
“Mr. David Chiu”	Tan Sri Dato’ David Chiu, being the Vendor of the DC Sale Shares and the DC Sale Loan, a vice-chairman of the Company and a non-executive Director. He was a director of Forever Top before the Transaction Completions
“Mr. Hoong”	Mr. Hoong Cheong Thard, being a non-executive Director. He was a director of Forever Top before the Transaction Completions
“Mr. Li”	Mr. Li Sze Lim, being the sole shareholder of Profit Surge and the guarantor of Profit Surge under the PS Agreement
“Mr. Tsang”	Mr. Tsang On Yip, Patrick, being a director of the Offeror, a director of Forever Top, a vice-chairman of the Company and an executive Director
“Offer Optionholders”	the Optionholders other than the Offeror Concert Parties
“Offer Options”	all the Outstanding Share Options, other than those owned by the Offeror Concert Parties, and each, an “Offer Option”
“Offer Period”	the meaning ascribed to it in the Takeovers Code which commenced on 9 November 2021, being the date of the Joint Announcement, and which will end on the date on which the Offers close for acceptances
“Offer Shareholder(s)”	holder of the Offer Share(s)

DEFINITIONS

“Offer Shares”	all the Shares in issue, other than those owned or agreed to be acquired by the Offeror Concert Parties, and each an “Offer Share”
“Offeror”	Celestial Pioneer Limited, a company incorporated in the BVI with limited liability and wholly-owned by Dr. Cheng, which is the purchaser under the SP Agreements and the offeror that is making the Offers through Halcyon Securities
“Offeror Concert Parties”	the Offeror and parties acting in concert, or presumed to be acting in concert, with the Offeror under the definition of “acting in concert” under the Takeovers Code, including but not limited to Dr. Cheng, Mr. Tsang, Mr. Cheng Kam Biu Wilson, Forever Top, Mr. David Chiu, Mr. Hoong, Mr. Andrew Chiu, Celestial Channel Limited, Chow Tai Fook Enterprises Limited, Profit Surge, Mr. Li, Expand Ocean L.P., Hony Communications Limited and Mr. John Huan Zhao
“Offers”	the Share Offer and the Option Offer
“Option Irrevocable Undertakings”	the irrevocable undertakings dated 9 November 2021 given by the Committed Optionholder and each of the Offeror Concert Parties that hold Share Options in connection with the Option Offer, details of which are set out in the section headed “3. The Option Offer — Option Irrevocable Undertakings” in the “Letter from Halcyon Securities” of this Composite Document
“Optionholder”	holder of the Share Option(s)
“Option Offer”	the conditional offer being made by Halcyon Securities for and on behalf of the Offeror to the Offer Optionholders to cancel all outstanding Offer Options on the terms and conditions set out in this Composite Document and in compliance with the Takeovers Code
“Option Offer Letter”	the letter dated the same date as this Composite Document setting out the terms and conditions of the Option Offer and sent separately to the Optionholders, which is substantially in the form set out in Appendix V to this Composite Document
“Option Offer Price”	HK\$0.0001 for each Offer Option, payable by the Offeror to the Offer Optionholders who tendered their Offer Options for cancellation under the Option Offer

DEFINITIONS

“Outstanding Share Option(s)”	Share Option(s) which has/have been duly granted and remain(s) outstanding and exercisable in accordance with the Share Option Scheme and has/have neither lapsed nor been cancelled or exercised in full and, where a Share Option has been exercised in part as permitted by the terms of such Share Option, includes that part of the Share Option that has not been exercised and which has neither lapsed nor been cancelled
“Overseas Optionholder(s)”	the Optionholder(s) whose address(es), as shown on the register of Optionholders of the Company, is/are outside Hong Kong
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“ PINK Form of Acceptance of Option Offer”	the PINK form of acceptance in respect of the Option Offer accompanying this Composite Document
“Placing”	the possible placing of the Shares by Halcyon Securities on behalf of Forever Top under the Placing and Transfer Agreement, details of which are set out in the section headed “Letter from Halcyon Securities” in this Composite Document
“Placing Agent”	Halcyon Securities
“Placing and Transfer Agreement”	the placing and transfer agreement entered into by the Offeror, Forever Top and Halcyon Securities on 24 January 2022, in relation to the Placing and Transfer details of which is set out in the section headed “Letter from Halcyon Securities” in this Composite Document
“Placing Confirmation(s)”	the definitive placing confirmation(s) which may be entered into between Forever Top, the Offeror and the Placing Agent, upon the signing of which the Placing obligations of the Placing Agent under the Placing and Transfer Agreement shall become binding
“Placing Shares”	the Shares to be placed by Forever Top under the Placing
“PRC”	the People’s Republic of China (for the purpose of this Composite Document, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)

DEFINITIONS

“Profit Surge”	Profit Surge Investments Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Li. Profit Surge is the vendor of the PS Sale Shares and the PS Sale Loan under the PS Agreement
“PS Agreement”	the sale and purchase agreement dated 30 September 2021 and entered into among the Offeror (as purchaser), Profit Surge (as vendor) and Mr. Li (as guarantor to Profit Surge) in respect of the sale and purchase of the PS Sale Shares and assignment of the PS Sale Loan
“PS Sale Loan”	the aggregate amount then outstanding and owing (including any interest thereon, if any) by Forever Top to Profit Surge as at the Transaction Completion Date
“PS Sale Shares”	the 32 shares in Forever Top acquired by the Offeror from Profit Surge in accordance with the terms of the PS Agreement, representing 16.0% of the total number of issued shares of Forever Top as at the date of the PS Agreement and the Latest Practicable Date
“Registrar”	Tricor Tengis Limited, the share registrar of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 9 May 2021, being the date six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date
“Relevant Shareholdings”	the aggregate direct and indirect shareholdings of the Offeror and Forever Top in the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFC Waiver”	the waiver sought by the Offeror to be granted by the Executive with respect to its obligation to make the Offers as a result of the Transactions
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Share Offer”	the conditional mandatory cash offers being made by Halcyon Securities for and on behalf of the Offeror to acquire all Offer Shares, on the terms and conditions set out in this Composite Document and in compliance with the Takeovers Code

DEFINITIONS

“Share Offer Price”	HK\$0.0264 for each Offer Share, payable by the Offeror to the Offer Shareholders who tender their Offer Shares for acceptance under the Share Offer
“Share Option Scheme”	the share option scheme of the Company adopted on 24 May 2018
“Share Option(s)”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“SP Agreements”	the DC Agreement and the PS Agreement, each an SP Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transaction Completion Date”	being 24 January 2022, the date on which the Transaction Completions take place
“Transaction Completions”	completion of each of the Transactions in accordance with the terms and conditions of the relevant SP Agreements
“Transactions”	the sale and purchase of the DC Sale Shares and DC Sale Loan by the Offeror from Mr. David Chiu under the DC Agreement and the sale and purchase of the PS Sale Shares and the PS Sale Loan by the Offeror from Profit Surge under the PS Agreement, each a “Transaction”
“Transfer”	the possible transfer of the Shares by the Offeror to Forever Top to restore the shareholding of Forever Top in the Company after the Placing under the Placing and Transfer Agreement, details of which are set out in the section headed “Letter from Halcyon Securities”
“United States” or “U.S.”	the United States of America (including its territories and possessions, any state in the U.S. and the District of Columbia)
“Vendors”	Mr. David Chiu and Profit Surge, each a Vendor
“ WHITE Form of Acceptance of Share Offer”	the WHITE form of acceptance and transfer in respect of the Share Offer accompanying this Composite Document
“%”	per cent or percentage.

DEFINITIONS

All references in this Composite Document to times and dates are references to Hong Kong times and dates, unless otherwise specified.

In this Composite Document, unless the context otherwise requires or specifically stated otherwise:

- (a) the singular includes the plural, and vice versa;
- (b) one gender includes the other gender; and
- (c) references to persons include companies and other corporations, and vice versa.



Halcyon Securities Limited
11/F, 8 Wyndham Street
Central, Hong Kong

27 January 2022

To the Offer Shareholders and Offer Optionholders

Dear Sir or Madam

**CONDITIONAL MANDATORY CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES IN
AND TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
i-CABLE COMMUNICATIONS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the SP Agreements and the Offers.

The Company was informed by Forever Top that on 30 September 2021, the Offeror (as purchaser) has entered into (i) the DC Agreement with Mr. David Chiu (as vendor), pursuant to which the Offeror has conditionally agreed to acquire, and Mr. David Chiu has conditionally agreed to sell and assign, the DC Sale Shares and the DC Sale Loan at the aggregate consideration of HK\$148.0 million; and (ii) the PS Agreement with Profit Surge (as vendor) and Mr. Li (as guarantor of Profit Surge), pursuant to which the Offeror has conditionally agreed to acquire, and Profit Surge has conditionally agreed to sell and assign, the PS Sale Shares and the PS Sale Loan at the aggregate consideration of approximately HK\$60.9 million.

As at the date of the Joint Announcement, (i) the Offeror was the single largest shareholder of Forever Top holding 31.5% of the total number of issued shares of Forever Top; (ii) Mr. David Chiu held 24.5% of the total number of the issued shares of Forever Top; (iii) Celestial Channel Limited (a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited of which Dr. Cheng was the chairman) held 14.0% of the total number of issued shares of Forever Top; (iv) Profit Surge (which was wholly-owned by Mr. Li) held 16.0% of the total number of issued shares of Forever Top; and (v) Expand Ocean L.P. (a fund whose sole general partner was a wholly-owned company of Mr. John Huan Zhao) held 14.0% of the total number of issued shares of Forever Top. The DC Sale Shares and the PS Sale Shares represented, in aggregate, 40.5% of the total number of issued shares of Forever Top as at the date of the Joint Announcement.

LETTER FROM HALCYON SECURITIES

On the Transaction Completion Date, the Offeror and the Company jointly announced that Transaction Completions took place on even date. Immediately after the Transaction Completions and as at the Latest Practicable Date, (i) the Offeror held 72.0% of the total number of issued shares of Forever Top; (ii) Celestial Channel Limited held 14.0% of the total number of issued shares of Forever Top; (iii) Expand Ocean L.P. held 14.0% of the total number of issued shares of Forever Top; and (iv) the Vendors ceased to hold any interest in Forever Top. The Offeror and Celestial Channel Limited, in aggregate, held 86.0% of the total number of issued shares of Forever Top immediately after the Transaction Completions.

As at the Latest Practicable Date, the Company had a total of 7,134,623,520 Shares in issue, 239,504,640 Share Options outstanding entitling the grantees to subscribe for an aggregate of 239,504,640 Shares at an exercise price of HK\$0.204 per Share and the following convertible bonds:

	Principal amount <i>(HK\$)</i>	Holder	Conversion price <i>(HK\$)</i>	Conversion Shares
2019 LCS	568,000,000	Forever Top	0.125	4,544,000,000
2021 LCS	200,000,000	Forever Top	0.068	2,941,176,470

As at the Latest Practicable Date, Forever Top held 3,083,722,894 Shares, which represented approximately 43.2% of the Shares in issue, the Offeror Concert Parties held in aggregate 218,105,600 Share Options and Forever Top held all the outstanding 2019 LCS and 2021 LCS. For details, please see section headed “2. Disclosure of Interests of the Offeror Concert Parties” in Appendix IV to this Composite Document.

As the Offeror acquired statutory control (as referred to in the Takeovers Code) over Forever Top upon the Transaction Completions, and Forever Top holds a controlling interest in the Company, the Offeror is required to make a conditional mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Note 8 to Rule 26.1 of the Takeovers Code and Practice Note 19 to the Takeovers Code. The Offeror, through Halcyon Securities, is making a conditional mandatory general offers for all the Offer Shares pursuant to Note 8 to Rule 26.1 of the Takeovers Code and to cancel all outstanding Offer Options pursuant to Rule 13 of the Takeovers Code.

This letter sets out, among other things, the principal terms of the Offers, together with the information of the Offeror and the Offeror’s intentions regarding the Group. Further details of the Offers and the procedures for accepting the Offers are set out in Appendix I and the form of the Option Offer Letter set out in Appendix V to this Composite Document and the accompanying Form(s) of Acceptance.

Your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” to the Offer Shareholders and Offer Optionholders, the “Letter from Altus Capital” to the Independent Board Committee, the Offer Shareholders and Offer Optionholders, and (if you are an Offer Optionholder) the Option Offer Letter, the form of

LETTER FROM HALCYON SECURITIES

which is set out in the “Form of Option Offer Letter”, as contained in this Composite Document, the accompanying Form(s) of Acceptance and the appendices which form part of this Composite Document.

2. THE SHARE OFFER

Halcyon Securities, on behalf of the Offeror, makes the Share Offer on the following basis:

Share Offer Price for each Offer Share HK\$0.0264 in cash

The Offeror will not increase the Share Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.

The Share Offer Price of HK\$0.0264 per Offer Share under the Share Offer is calculated based on the Pacpo Formula set out in Practice Note 19 to the Takeovers Code and calculated taking into consideration objectively the aggregate consideration paid by the Offeror under each of the SP Agreements, the value of the Shares held by Forever Top relative to the adjusted net assets value of Forever Top, and the number of Shares held by Forever Top.

Applying the Pacpo Formula, the Share Offer Price of HK\$0.0264 per Offer Shares is calculated as follow:

		Forever Top’s % shareholding in the Company			Consideration under the DC Agreement/ number of DC Sale Shares		Total issued shares of Forever Top
NAV of the Company	x			x		x	
Adjusted NAV of Forever Top					Shares held by Forever Top		

Where:

- (a) “NAV” of the Company represents the net asset value less non-controlling interests of the Company;
- (b) Adjusted NAV of Forever Top represents NAV of Forever Top as stated on its audited balance sheet as at 30 June 2021 with the following adjustments:
 - (i) the entire amount of the shareholders’ loan owed by Forever Top to its shareholders was assumed to be capitalised; otherwise the Share Offer Price would be negative; and
 - (ii) the carrying value of the Shares held by Forever Top is changed from the market value of the Shares to the net asset value per Share of the Company multiplied by the number of Shares held by Forever Top;

LETTER FROM HALCYON SECURITIES

- (c) consideration under the DC Agreement is used in the calculation instead of consideration under the PS Agreement because consideration under the DC Agreement is higher than that under the PS Agreement.

The Share Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. Under the terms of the Share Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date for which falls on or after the date of this Composite Document.

The Company confirmed that as at the Latest Practicable Date, (i) it has not declared any dividend which is not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including date of closing of the Share Offer.

Comparisons of value

Based on the Share Offer Price of HK\$0.0264 per Offer Share represents:

- (i) a discount of 61.2% to the closing price of HK\$0.0680 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 61.6% to the average closing price of HK\$0.0688 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of 61.8% to the average closing price of HK\$0.0692 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of 62.6% to the average closing price of HK\$0.0706 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of 60.0% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of 48.4% to the audited consolidated net asset value per Share attributable to equity Shareholders of HK\$0.0512 per Share as at 31 December 2020, being the date to which the latest audited consolidated annual results of the Group were made up; and
- (vii) a discount of 43.8% to the unaudited consolidated net asset value per Share attributable to equity Shareholders of HK\$0.0470 per Share as at 30 June 2021, being the date to which the latest unaudited consolidated interim results of the Group were made up.

LETTER FROM HALCYON SECURITIES

Highest and lowest Share prices

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.098 per Share on 24 May 2021, and HK\$0.062 per Share on 11 January 2022, respectively.

3. THE OPTION OFFER

Halcyon Securities, on behalf of the Offeror, makes the Option Offer on the following terms:

Option Offer Price for cancellation of each Offer Option HK\$0.0001 in cash

In compliance with Rule 13 of the Takeovers Code, the Option Offer Price for cancellation of the Offer Options represents the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each Offer Option.

As the Outstanding Share Options have an exercise price of HK\$0.204 per Share, which is above the Share Offer Price, and are therefore out-of-the-money, the Option Offer Price for the cancellation of each such Offer Option will be a nominal cash amount of HK\$0.0001.

As at the Latest Practicable Date, (i) there were 239,504,640 Outstanding Share Options granted under the Share Option Scheme and all of which are exercisable; (ii) the Offeror Concert Parties hold in aggregate 218,105,600 Share Options; (iii) the Committed Optionholder holds 3,600,800 Share Options; and (iv) the other Offer Optionholders hold 17,798,240 Share Options.

The Option Offer is extended to all unexercised Offer Options but not to the Share Options held by the Offeror Concert Parties. No Option Offer is made for the Share Options held by the Offeror Concert Parties and the Offeror Concert Parties holding Outstanding Share Options as at the Latest Practicable Date have no objections to an offer not being made for their Share Options.

In accordance with the terms of the Share Option Scheme, if during the exercise period of the Share Options, an offer is made to acquire all or part of the total number of Shares in issue (other than those held by the Offeror and par parties acting in concert with it), and such offer becomes or is declared unconditional, the Company shall give written notice to all participants of the Share Option Scheme then holding Outstanding Share Options of the offer becoming unconditional as soon as reasonable practicable after becoming so aware, and each participant of the Share Option Scheme may, by notice in writing to the Company, within fourteen (14) days of the date of such notice exercise his Share Options to its full extent or to the extent specified in such notice in accordance with the rules of the Share Option Scheme.

The Share Offer will be extended to any Shares that may be issued as a result of the exercise of the Offer Options if such Shares are issued and valid acceptance in respect of such issued Shares is received on or before the date on which the Share Offer is closed.

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Pursuant to the terms of the Share Option Scheme, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers if the Offers become unconditional.

If the Offers do not become unconditional and lapse, the Share Options will continue to be exercisable in accordance with their respective conditions of grant.

Option Irrevocable Undertakings

As disclosed in the Joint Announcement, each of the Offeror Concert Parties that hold Share Options and the Committed Optionholder had given the Option Irrevocable Undertaking to the Offeror in connection with the Option Offer and pursuant to which, each of the Offeror Concert Parties that hold Share Options and the Committed Optionholder has undertaken to the Offeror that during the period between the date of the Option Irrevocable Undertaking and the earlier of (i) the end of the Offer Period of the Offers; and (ii) the termination of the Option Irrevocable Undertaking in accordance with its terms (both days inclusive), he will not, among others,

- (1) exercise any Share Option owned by him; or
- (2) accept the Option Offer in respect of any of the Share Options owned by him.

The Option Irrevocable Undertaking shall terminate if (i) the SP Agreements are terminated prior to the Offers being made; or (ii) the Offers lapse or are withdrawn in circumstances permitted under the Takeovers Code.

4. THE 2019 LCS AND THE 2021 LCS

Pursuant to the respective terms of the 2019 LCS and the 2021 LCS, the 2019 LCS would be convertible into 4,544,000,000 Shares upon full conversion of the 2019 LCS based on the initial conversion price of HK\$0.125 per Share and the 2021 LCS would be convertible into 2,941,176,470 Shares upon full conversion of the 2021 LCS based on the initial conversion price of HK\$0.068 per Share. All the 2019 LCS and 2021 LCS are held by Forever Top.

LCS Irrevocable Undertaking

As disclosed in the Joint Announcement, Forever Top had given the LCS Irrevocable Undertaking to the Offeror and pursuant to which, Forever Top had undertaken to the Offeror that during the period between the date of the LCS Irrevocable Undertaking and the earlier of (i) the end of the Offer Period of the Offers; and (ii) the termination of the LCS Irrevocable Undertaking upon the lapse or withdrawal of the Offers in circumstances permitted under the Takeovers Code (both days inclusive), it will not, among others:

- (1) sell, transfer, encumber or otherwise dispose of any of the 2019 LCS and the 2021 LCS;
- (2) exercise the conversion rights under the terms of any of the 2019 LCS and the 2021 LCS to subscribe for any conversion Shares; and

LETTER FROM HALCYON SECURITIES

- (3) accept any offer made for and on behalf of the Offeror in respect of any of the 2019 LCS and the 2021 LCS.

Accordingly, no offer will be made for the 2019 LCS and the 2021 LCS under Rule 13 of the Takeovers Code.

Save for the outstanding 239,504,640 Share Options, the 2019 LCS and the 2021 LCS, as at the Latest Practicable Date, there was no outstanding convertible security, warrant, option or derivative issued by the Company which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

5. TOTAL VALUE OF THE OFFERS

Based on the Share Offer Price of HK\$0.0264 per Offer Share, 4,050,900,626 Offer Shares and 17,798,240 Offer Options that are held by the Offer Optionholder other than the Committed Optionholder:

- (a) assuming that no Offer Option is exercised and the Share Offer is accepted in full:
- (i) the value of the Share Offer will be approximately HK\$106.9 million; and
 - (ii) the total amount to satisfy the cancellation of all Offer Options (other than the Share Options held by the Committed Optionholder) will be approximately HK\$1,779.82; and
- (b) assuming that all Offer Options (other than the Share Options held by the Committed Optionholder) are exercised and the Share Offer is accepted in full:
- (i) the value of the Share Offer will be approximately HK\$107.4 million; and
 - (ii) the total amount to satisfy the cancellation of all Offer Options will be HK\$Nil.

Financial resources available to the Offeror

The Offeror intends to finance the maximum amount payable to satisfy the consideration for the Offers of HK\$107.4 million by its internal cash resources.

Halcyon Capital, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount payable by the Offeror to satisfy the consideration for the Offers.

6. CONDITION OF THE OFFERS

The Share Offer will be only conditional upon valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares acquired before or during the Offer Period of the Offers, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

LETTER FROM HALCYON SECURITIES

The Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the condition to the Share Offer in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent).

The Offers may or may not become unconditional. Shareholders and investors should exercise caution when dealing in securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

7. EFFECT OF ACCEPTING THE OFFERS

Subject to the Share Offer becoming unconditional, by accepting the Share Offer, the relevant Offer Shareholder will be deemed to warrant that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all Encumbrances and together with all rights and benefits attaching thereto as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

Subject to the Option Offer becoming unconditional, by accepting the Option Offer, the relevant Offer Options tendered by the Offer Optionholder, together with all rights attaching thereto with effect from the date of the Composite Document will be cancelled and renounced in their entirety. Under the terms of the Share Option Scheme, if, during the exercise period, an offer is made to acquire all or part of the total number of Shares in issue (other than those held by the Offeror and persons acting in concert with it) and such offer becomes or is declared unconditional, the Company shall give written notice to all Optionholders and each such Optionholder may, by notice in writing to the Company, within fourteen (14) days of the date of such notice, exercise his/her Share Option in full or to the extent specified in such notice. Pursuant to the terms of the Share Option Scheme, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers if the Offers become unconditional.

Acceptance of the Share Offer and the Option Offer will be irrevocable and will not be capable of being withdrawn, except in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw its/his/her acceptance after twenty-one (21) days from the First Closing Date of the Offers, if the Offers have not by then become unconditional as to acceptances.

LETTER FROM HALCYON SECURITIES

8. PAYMENT

Subject to the Offers having become, or having been declared, unconditional, payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event, within seven (7) Business Days following the later of the date on which (i) the Offers becomes, or are declared unconditional; and (ii) the duly completed acceptances of the Offers and the relevant documents of title of the Offer Shares and the Offer Options, as applicable, in respect of such acceptances are received by or for the Offeror to render each such acceptance complete and valid. No fractions of a cent will be payable, and the amount of the consideration payable to an Offer Shareholder who accepts the Share Offer and an Offer Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

9. HONG KONG STAMP DUTY

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by the relevant Offer Shareholders at a rate of 0.13% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, and will be deducted from the amount payable by the Offeror to the relevant Offer Shareholders on acceptance of the Share Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Share Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable on the cancellation of the Offer Options.

10. TAXATION ADVICE

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with it, the Company, Halcyon Capital, Halcyon Securities, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The availability of the Offers to any Overseas Shareholders and Overseas Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. The Overseas Shareholders and the Overseas Optionholders should observe any applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibilities of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or

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the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Optionholders in respect of such overseas jurisdictions).

Acceptance of the Offers by any Overseas Shareholder and Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Optionholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders and the Overseas Optionholders should consult their professional advisers if in doubt.

12. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror has no intention to introduce any major changes to the existing operations and business of the Group upon the close of the Offers, and intends that the Group will continue to operate its existing business following the close of the Offers. The Offeror will continue to ensure good corporate governance in the Group, monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group.

Neither the Offeror nor Forever Top directly manages the Group. The Company is managed by the Board, which will continue to review the business operations and financial conditions of the Group and make management decisions regarding the Group (including but not limited to decisions on employment of its employees and deployment of the Group's assets) as it considers appropriate. The Offeror has no intention to make significant changes to the continued employment of the employees of the Group as a result of the Offers or to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

The Company intends, subject to factors set out in the section headed "Important Notices — Cautionary Note Regarding Forward-Looking Statements", to:

- continue to prepare for the use of the spectrum as an additional means of transmission for the delivery of free television programme service by Fantastic Television Limited under an approval-in-principle granted by the Communications Authority;
- establish a new television channel to better reach and retain television audience via the spectrum;
- continue to devote resources to promote quality and diversified television programmes and to improve the video streaming services through digital platforms for the viewers;
- continue to enhance its mobile applications and other platforms so as to reach and retain wider audience coverage;
- continue to develop and improve the quality of its telecommunications services;

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- further enhance its fiber network to enable data center providers, mobile operators, cloud service providers and artificial intelligence solution providers to deliver their services to end users more efficiently and cost effectively; and
- continue to explore co-operation and other opportunities in the market.

The Offeror intends to continue to support the Group in its development and plan as set out above.

The Offeror has no intention to hold, together with parties acting in concert with it, more than 50% of the Shares, as it has entered into the Placing and Transfer arrangements with the Placing Agent as set out in the section headed “15. Possible Placing and Transfer” in this “Letter from Halcyon Securities”.

No Change to the composition of the Board

The Offeror intends that all current Directors will continue to remain in their offices immediately after the close of the Offers.

13. COMPULSORY ACQUISITION

The Offeror does not intend to privatise the Company by availing itself of any powers of compulsory acquisition of the remaining Shares not acquired under the Share Offer after the close of the Offers.

14. PUBLIC FLOAT

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror will jointly and severally undertake to the Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

15. POSSIBLE PLACING AND TRANSFER

Background

HKCTV, a subsidiary of the Company, is a holder of a domestic pay television programme service licence under the Broadcasting Ordinance, in respect of which approval from the Communications Authority is required for the shareholding changes in the Company resulting from the Share Offer.

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If acceptances of the Share Offer result in the Relevant Shareholdings exceeding 50% of the total issued Shares, then a voting control approval from the Communications Authority is required in respect of the shareholding changes in the Company resulting from the Share Offer, which will require very significant amount of documents and information from HKCTV, Dr. Cheng and his associates as defined under the Broadcasting Ordinance.

In order to ensure that the Offers can proceed timely, the Offeror and Forever Top have entered into the Placing and Transfer Agreement with the Placing Agent in respect of (i) the possible Placing arrangements set out below to ensure, if necessary, that the Relevant Shareholdings will not exceed 50% at any time during the Offer Period and upon completion of the Share Offer and the Placing; and (ii) the possible Transfer arrangement between the Offeror and Forever Top as set out below to, if necessary, restore Forever Top's shareholding in the Company to the level immediately prior to the Placing, if any. Pursuant to the Placing and Transfer Agreement and subject to the signing of the Placing Confirmation(s) from time to time, the Placing Agent will itself purchase the Placing Shares if it fails purchaser to purchase such Shares, at the Offer Price.

The Placing and the Transfer will not affect the terms and condition of the Offers and will only take place if and when the Offers become unconditional. In other words, if the Offers lapse, each of the Placing and the Transfer will not proceed.

In the scenario where the Offers become unconditional, under the Placing arrangements, Forever Top, the Offeror and the Placing Agent will enter into Placing Confirmation(s) from time to time, pursuant to which Forever Top will place, in one or more batches, such number of Shares held by it in order for the Relevant Shareholdings to remain at 50% or less, and the Offeror will, after the close of the Share Offer, transfer such number of Shares as the Placing Shares to Forever Top to restore Forever Top's shareholding in the Company.

Placing and Transfer Agreement

Date: 24 January 2022

Parties: (1) the Offeror;
(2) Forever Top, as the vendor of the Shares; and
(3) the Placing Agent

(A) Placing of Shares held by Forever Top

Forever Top has agreed to appoint the Placing Agent to act as its agent for the purpose of effecting the Placing, and the Placing Agent has agreed to accept such appointment, subject to the terms of the Placing and Transfer Agreement and the Placing Confirmation(s).

Under the Placing and Transfer Agreement, Forever Top, the Offeror and the Placing Agent may enter into Placing Confirmation(s) from time to time, pursuant to which Forever Top will agree to sell, and the Placing Agent (as agent of Forever Top) will agree to procure

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purchasers to purchase (or failing which, to purchase), the Placing Shares (as defined below) at the placing price (i.e. the Share Offer Price) subject to the terms of the Placing and Transfer Agreement.

Timing of the Placing

- (i) Any Shareholder accepting the Share Offer will need to return a **WHITE** Form of Acceptance of Share Offer stating the number of the Acceptance Shares.
- (ii) During the Offer Period, when the level of acceptances under the Share Offer (based on the **WHITE** Form of Acceptance of Share Offer received by the Offeror) reaches a point where the Relevant Shareholdings will exceed 50% upon the transfer of the Acceptance Shares to the Offeror, Forever Top will from time to time enter into a definitive Placing Confirmation(s) with the Placing Agent to place the Excess Shares to independent investors at the Share Offer Price, where the number of Excess Shares is equal to:

Number of Shares held by Forever Top as at the Latest Practicable Date
+ Total number of Acceptances Shares and other Shares acquired by the Offeror and Forever Top since the Latest Practicable Date to the date of the Placing Confirmation
– Total number of any Shares placed by Forever Top under previous Placing Confirmation(s), if any
– 50% of the issued Shares of the Company.

The Offeror and Forever Top do not have intention to acquire any Shares during the Offer Period other than pursuant to the Share Offer.

- (iii) The Placing(s) under the Placing Confirmation(s), if any, will complete prior to the transfer of title of the relevant Acceptance Shares from the Accepting Shareholder(s) to the Offeror, so that the Relevant Shareholdings will not exceed 50% at any point in time during the Offer Period and upon completion of the Share Offer and the Placing.

Placing Shares

Pursuant to the Placing and Transfer Agreement, the number of Placing Shares shall be the total number of Excess Shares under one or more of the Placing Confirmation(s), if any.

Placing Price

The Placing price shall be the same as the Share Offer Price, i.e. HK\$0.0264 per Share.

Independence of Placees

It is expected that the Placing Shares will be placed by the Placing Agent to professional, institutional and/or other investors who are not existing Shareholder, and are independent of, and not, connected person of the Company, its directors, chief executive or substantial shareholders (each as defined in the Listing Rules) or the Offeror or parties acting in concert with it (as defined in the Takeovers Code). Pursuant to the terms of the Placing and Transfer

LETTER FROM HALCYON SECURITIES

Agreement, in the event that the Placing Agent fails to procure purchasers to purchase the Placing Shares, it will purchase the Placing Shares at the Placing Price. The Placing Agent is a party acting in concert with the Offeror.

Condition precedent and termination of the Placing

The obligations of the Placing Agent under the Placing and Transfer Agreement, will only arise and be binding on the Placing Agent upon the signing of the Placing Confirmation(s), if any, which will take place only if the Share Offer becoming unconditional, i.e. valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the closing date of the Offers (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares acquired before or during the Offer Period of the Offers, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. There is no other condition to the Placing.

In the event that (a) the Share Offer does not become unconditional and lapse; or (b) Forever Top does not deliver the Placing Shares on the relevant closing date(s) of the Placing, the Placing and Transfer Agreement shall terminate.

Completion of the Placing

Completion of each Placing, if any, will take place on the second Business Day after the date on which the relevant Placing Confirmation is signed, or such other date as Forever Top, the Offeror and the Placing Agent may agree.

Irrevocable Undertaking

The Placing Agent has irrevocably undertaken, and will procure the placees to irrevocably undertake, to Forever Top and the Offeror that they will not tender any placed Shares for acceptance under the Share Offer or sell any placed Shares during the Offer Period, so that the same Shares will not be tendered for acceptance under the Share Offer more than once.

(B) Transfer of Shares from the Offeror to Forever Top

Pursuant to the terms of the Placing and Transfer Agreement, the Offeror will, subject to the signing of the Placing Confirmation(s), if any, transfer to Forever Top such number of Shares as the Placing Shares at the Share Offer Price subject to the terms of the Placing and Transfer Agreement, so as to restore Forever Top's shareholding in the Company to the level immediately prior to the Placing.

Transfer Shares

The number of Shares to be transferred from the Offeror to Forever Top shall be the same as the number of the Placing Shares, if any.

Transfer Price

The Transfer Price shall be the same as the Share Offer Price.

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The Offeror shall be responsible for all the relevant expenses, including legal fees and fees of other advisers, in connection with the Placing and Transfer.

Condition Precedent to the Transfer

Completion of the Transfer, subject to the signing of the Placing Confirmation(s), if any, will only be conditional on the completion of the Placing pursuant to the terms of the Placing and Transfer Agreement.

Completion of the Transfer

Subject to the signing of the Placing Confirmation(s) and the fulfilment of all of the condition set out above, completion of the Transfer shall take place before the end of the tenth Business Day after the date of the closing of the Share Offer or such other date as the Offeror and Forever Top may agree in writing.

Implications under the Takeovers Code

Pursuant to Rule 21.2 of the Takeovers Code, except with the prior consent of the Executive and following 24 hours public notice that such sales might be made, the Offeror and parties acting in concert with it cannot sell the Shares during the Offer Period. The Offeror has applied to the Executive under Rule 21.2 of the Takeovers Code seeking prior consent to the Placing and Transfer described above and the Executive has granted such consent subject to (i) the provision of 24 hours prior public notice in accordance with Rule 21.2 of the Takeovers Code; and (ii) clear disclosure of the Placing and Restoration in this Composite Document. Further announcement(s) will be made if necessary regarding the Placing(s) if any shall take place.

The Offeror has also applied for, and the Executive has granted, a waiver from the obligation on the Forever Top to make a general offer under Rule 26 of the Takeovers Code that may arise in the event that a general offer obligation on the part of Forever Top under Note 6(a) to Rule 26.1 of the Takeovers Code is triggered by the Transfer.

16. INFORMATION OF THE PARTIES

The Group

The Company is a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. The principal activities of the Group include media and telecommunications operations.

A summary of the audited consolidated results of the Group for each of the three financial years ended 31 December 2018, 31 December 2019 and 31 December 2020, the unaudited consolidated results of the Group for the six months ended 30 June 2021, the audited financial statements of the Group for the three financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the unaudited financial statements of the Group for the six months ended 30 June 2021 are set out in Appendix II to this Composite Document with reference to the published documents of the Company.

LETTER FROM HALCYON SECURITIES

Further information in relation to the Group is set out in Appendix III to this Composite Document.

Forever Top

Forever Top is a company incorporated in Hong Kong with limited liability on 9 January 2015. For shareholding of Forever Top, please see the paragraphs headed “10. Shareholding Structures of the Company and Forever Top” in the “Letter from the Board”. Forever Top is an investment holding company. In 2017, the Offeror (which is wholly-owned by Dr. Cheng), Celestial Channel Limited (which is wholly-owned by Chow Tai Fook Enterprises Limited), Mr. David Chiu, Profit Surge (which is wholly-owned by Mr. Li) and Expand Ocean L.P. (which is a fund with Hony Communications Limited as its sole general partner, and Hony Communications Limited is wholly-owned by Mr. John Huan Zhao) acquired 43.2% interest in the Company through Forever Top and such interest has been held by Forever Top since the acquisition. Forever Top is an Offeror Concert Party.

The Offeror

The Offeror is a company incorporated in the BVI with limited liability on 21 March 2017. It is an investment holding company and its entire issued share capital is directly held by Dr. Cheng. Dr. Cheng is also a director of the Offeror.

Further information in relation to the Offeror is set out in Appendix IV to this Composite Document.

Dr. Cheng

Dr. Cheng is the sole shareholder and a director of the Offeror. He is also the chairman of Chow Tai Fook Enterprises Limited, which is the sole shareholder of Celestial Channel Limited which in turn holds 14.0% of all issued shares of Forever Top. Dr. Cheng is also the chairman of the Board and a non-executive Director. For further information on Dr. Cheng, please see his biographical details stated in the interim report of the Company for the six months ended 30 June 2021.

17. GENERAL

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Share Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Share Offer.

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed herein may not be the same as which would have been disclosed if this Composite Document had

LETTER FROM HALCYON SECURITIES

been prepared in accordance with the laws of jurisdictions outside Hong Kong. Attention of the Overseas Shareholders and the Overseas Optionholders is drawn to paragraph headed “11. Overseas Shareholders and Overseas Optionholders” above in this letter.

All documents and remittances will be sent to the Offer Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in case of joint holders to the Offer Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Form(s) of Acceptance completed, returned and received by the Registrar. None of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, Halcyon Capital, Halcyon Securities, the Independent Financial Adviser, the Registrar, any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

All documents and remittances will be sent to the Offer Optionholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of optionholders of the Company, unless otherwise specified in the accompanying Form(s) of Acceptance completed, returned and received by the Registrar. None of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, Halcyon Capital, Halcyon Securities, the Independent Financial Adviser, the Registrar, any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

18. ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers, the Offeror, the Group and the form of the Option Offer Letter set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which forms part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Altus Capital” to the Independent Board Committee in respect of the Offers as contained in this Composite Document.

Yours faithfully,
For and on behalf of
Halcyon Securities Limited
Gilbert Lam
Executive Director

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)

Tan Sri Dato' David Chiu

(Vice-chairman, Non-executive Director)

Mr. Tsang On Yip, Patrick

(Vice-chairman, Executive Director)

Mr. Lie Ken Jie Remy Anthony Ket Heng *(Executive Director)*

Mr. Andrew Wah Wai Chiu *(Non-executive Director)*

Mr. Hoong Cheong Thard *(Non-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

27 January 2022

To the Offer Shareholders and Offer Optionholders

Dear Sir or Madam

**CONDITIONAL MANDATORY CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES IN
AND TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
i-CABLE COMMUNICATIONS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the SP Agreements and the Offers. Unless the context requires otherwise, terms defined in the Composite Document shall have the same meanings when used herein.

LETTER FROM THE BOARD

The Company was informed by Forever Top that on 30 September 2021, the Offeror (as purchaser) has entered into (i) the DC Agreement with Mr. David Chiu (as vendor), pursuant to which the Offeror has conditionally agreed to acquire, and Mr. David Chiu has conditionally agreed to sell and assign, the DC Sale Shares and the DC Sale Loan at the aggregate consideration of HK\$148.0 million; and (ii) the PS Agreement with Profit Surge (as vendor) and Mr. Li (as guarantor of Profit Surge), pursuant to which the Offeror has conditionally agreed to acquire, and Profit Surge has conditionally agreed to sell and assign, the PS Sale Shares and the PS Sale Loan at the aggregate consideration of approximately HK\$60.9 million.

As at the date of the Joint Announcement, (i) the Offeror was the single largest shareholder of Forever Top holding 31.5% of the total number of issued shares of Forever Top; (ii) Mr. David Chiu held 24.5% of the total number of the issued shares of Forever Top; (iii) Celestial Channel Limited (a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited of which Dr. Cheng was the chairman) held 14.0% of the total number of issued shares of Forever Top; (iv) Profit Surge (which was wholly-owned by Mr. Li) held 16.0% of the total number of issued shares of Forever Top; and (v) Expand Ocean L.P. (a fund whose sole general partner was a wholly-owned company of Mr. John Huan Zhao) held 14.0% of the total number of issued shares of Forever Top. The DC Sale Shares and the PS Sale Shares represented, in aggregate, 40.5% of the total number of issued shares of Forever Top as at the date of the Joint Announcement.

On the Transaction Completion Date, the Offeror and the Company jointly announced that Transaction Completions took place on even date. Immediately after the Transaction Completions and as at the Latest Practicable Date, (i) the Offeror held 72.0% of the total number of issued shares of Forever Top; (ii) Celestial Channel Limited held 14.0% of the total number of issued shares of Forever Top; (iii) Expand Ocean L.P. held 14.0% of the total number of issued shares of Forever Top; and (iv) the Vendors ceased to hold any interest in Forever Top. The Offeror and Celestial Channel Limited, in aggregate, held 86.0% of the total number of issued shares of Forever Top immediately after the Transaction Completions.

As at the Latest Practicable Date, the Company had a total of 7,134,623,520 Shares in issue, 239,504,640 Share Options outstanding entitling the grantees to subscribe for an aggregate of 239,504,640 Shares at an exercise price of HK\$0.204 per Share and the following convertible bonds:

	Principal amount (HK\$)	Holder	Conversion price (HK\$)	Conversion Shares
2019 LCS	568,000,000	Forever Top	0.125	4,544,000,000
2021 LCS	200,000,000	Forever Top	0.068	2,941,176,470

As at the Latest Practicable Date, Forever Top held 3,083,722,894 Shares, which represented approximately 43.2% of the Shares in issue, the Offeror Concert Parties held in aggregate 218,105,600 Share Options and Forever Top held all the outstanding 2019 LCS and 2021 LCS. For details, please see section headed “2. Disclosure of Interests of the Offeror Concert Parties” in Appendix IV to this Composite Document.

LETTER FROM THE BOARD

As the Offeror acquired statutory control (as referred to in the Takeovers Code) over Forever Top upon the Transaction Completions, and Forever Top holds a controlling interest in the Company, the Offeror is required to make a conditional mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Note 8 to Rule 26.1 of the Takeovers Code and Practice Note 19 to the Takeovers Code. The Offeror, through Halcyon Securities, is making a conditional mandatory general offers for all the Offer Shares pursuant to Note 8 to Rule 26.1 of the Takeovers Code and to cancel all outstanding Offer Options pursuant to Rule 13 of the Takeovers Code.

As stated in the “Letter from Halcyon Securities”, Halcyon Securities, on behalf of the Offeror, makes the following conditional mandatory cash offers:

- (i) the Share Offer: to acquire all of the Offer Shares in issue at HK\$0.0264 per Offer Share; and
- (ii) the Option Offer: to cancel all of the Offer Options at HK\$0.0001 per Offer Option.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offers as well as setting out in the “Letter from the Independent Board Committee” containing its recommendation to the Offer Shareholders and the Offer Optionholders in respect of the terms of the Offers and as to acceptance, and the “Letter from Altus Capital” containing its advice to the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in respect of the terms of the Offers and as to acceptance.

This letter forms part of this Composite Document and sets out, amongst other things, certain background information of the Offeror and the intentions of the Offeror in relation to the Group. Further details on the terms of the Offers are set out in this letter, Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

Your attention is also drawn to the “Letter from Halcyon Securities”, the “Letter from the Independent Board Committee” to the Offer Shareholders and Offer Optionholders and the “Letter from Altus Capital” to the Independent Board Committee, the Offer Shareholders and Offer Optionholders, as contained in this Composite Document, the accompanying Form(s) of Acceptance and the appendices which form part of this Composite Document.

LETTER FROM THE BOARD

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Independent Board Committee

The Independent Board Committee comprising Ms. Ng Yuk Mui Jessica, being a non-executive Director and Mr. Lam Kin Fung Jeffrey, Dr. Hu Shao Ming Herman and Mr. Luk Koon Hoo, Roger, being independent non-executive Directors, who have no direct or indirect interest in the Offers, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer and to the Offer Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to acceptance of the Option Offer.

Dr. Cheng is the sole beneficial owner and a director of the Offeror, which is the purchaser in the Transactions. Mr. David Chiu is one of the Vendors and was a director of Forever Top before the Transaction Completions. Mr. Tsang is a director of the Offeror, a director of Forever Top, a director and the chief executive officer of Chow Tai Fook Enterprises Limited, and his spouse is a niece of Dr. Cheng. Mr. Lie Ken Jie Remy Anthony Ket Heng is a director of Forever Top and the senior vice president of Chow Tai Fook Enterprises Limited, of which Dr. Cheng is the chairman. Mr. Hoong was a director of Forever Top before the Transaction Completions. Mr. Tang Sing Ming Sherman is the brother of the sister-in-law of Mr. David Chiu. Accordingly, they will not be members of the Independent Board Committee.

Independent Financial Adviser

The Company has appointed Altus Capital as the Independent Financial Adviser to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in connection with the Offers, and such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

3. THE SHARE OFFER

Halcyon Securities, on behalf of the Offeror, makes the Share Offer on the following basis:

Share Offer Price for each Offer Share HK\$0.0264 in cash

The Offeror will not increase the Share Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.

The Share Offer Price of HK\$0.0264 per Offer Share under the Share Offer is calculated based on the Pacpo Formula set out in Practice Note 19 to the Takeovers Code and calculated taking into consideration objectively the aggregate consideration paid by the Offeror under each of the SP Agreements, the value of the Shares held by Forever Top relative to the adjusted net assets value of Forever Top, and the number of Shares held by Forever Top.

LETTER FROM THE BOARD

Applying the Pacpo Formula, the Share Offer Price of HK\$0.0264 per Offer Shares is calculated as follow:

		Forever Top's % shareholding in the Company			Consideration under the DC Agreement/ number of DC Sale Shares		Total issued shares of Forever Top
NAV of the Company	x			x			
Adjusted NAV of Forever Top			x		Shares held by Forever Top		

Where:

- (a) "NAV" of the Company represents the net asset value less non-controlling interests of the Company;
- (b) Adjusted NAV of Forever Top represents NAV of Forever Top as stated on its audited balance sheet as at 30 June 2021 with the following adjustments:
 - (i) the entire amount of the shareholders' loan owed by Forever Top to its shareholders was assumed to be capitalised; otherwise the Share Offer Price would be negative; and
 - (ii) the carrying value of the Shares held by Forever Top is changed from the market value of the Shares to the net asset value per Share of the Company multiplied by the number of Shares held by Forever Top;
- (c) consideration under the DC Agreement is used in the calculation instead of consideration under the PS Agreement because consideration under the DC Agreement is higher than that under the PS Agreement.

The Share Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. Under the terms of the Share Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date for which falls on or after the date of this Composite Document.

The Company confirmed that as at the Latest Practicable Date, (i) it had not declared any dividend which had not yet been paid; and (ii) it did not have any intention to declare or pay any future dividend or make other distributions prior to and including date of closing of the Share Offer.

LETTER FROM THE BOARD

Comparisons of value

Based on the Share Offer Price of HK\$0.0264 per Offer Share represents:

- (i) a discount of 61.2% to the closing price of HK\$0.0680 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 61.6% to the average closing price of HK\$0.0688 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of 61.8% to the average closing price of HK\$0.0692 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of 62.6% to the average closing price of HK\$0.0706 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of 60.0% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of 48.4% to the audited consolidated net asset value per Share attributable to equity Shareholders of HK\$0.0512 per Share as at 31 December 2020, being the date to which the latest audited consolidated annual results of the Group were made up; and
- (vii) a discount of 43.8% to the unaudited consolidated net asset value per Share attributable to equity Shareholders of HK\$0.0470 per Share as at 30 June 2021, being the date to which the latest unaudited consolidated interim results of the Group were made up.

Highest and lowest Share prices

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.098 per Share on 24 May 2021, and HK\$0.062 per Share on 11 January 2022, respectively.

4. THE OPTION OFFER

Halcyon Securities, on behalf of the Offeror, makes the Option Offer on the following terms:

Option Offer Price for cancellation of each Offer Option HK\$0.0001 in cash

In compliance with Rule 13 of the Takeovers Code, the Option Offer Price for cancellation of the Offer Options represents the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each Offer Option.

LETTER FROM THE BOARD

As the Outstanding Share Options have an exercise price of HK\$0.204 per Share, which is above the Share Offer Price, and are therefore out-of-the-money, the Option Offer Price for the cancellation of each such Offer Option will be a nominal cash amount of HK\$0.0001.

As at the Latest Practicable Date, (i) there were 239,504,640 Outstanding Share Options granted under the Share Option Scheme and all of which are exercisable; (ii) the Offeror Concert Parties hold in aggregate 218,105,600 Share Options; (iii) the Committed Optionholder holds 3,600,800 Share Options; and (iv) the other Offer Optionholders hold 17,798,240 Share Options.

The Option Offer is extended to all unexercised Offer Options but not to the Share Options held by the Offeror Concert Parties. No Option Offer is made for the Share Options held by the Offeror Concert Parties and the Offeror Concert Parties holding Outstanding Share Options as at the Latest Practicable Date have no objections to an offer not being made for their Share Options.

In accordance with the terms of the Share Option Scheme, if during the exercise period of the Share Options, an offer is made to acquire all or part of the total number of Shares in issue (other than those held by the Offeror and par parties acting in concert with it), and such offer becomes or is declared unconditional, the Company shall give written notice to all participants of the Share Option Scheme then holding Outstanding Share Options of the offer becoming unconditional as soon as reasonable practicable after becoming so aware, and each participant of the Share Option Scheme may, by notice in writing to the Company, within fourteen (14) days of the date of such notice exercise his Share Options to its full extent or to the extent specified in such notice in accordance with the rules of the Share Option Scheme.

The Share Offer will be extended to any Shares that may be issued as a result of the exercise of the Offer Options if such Shares are issued and valid acceptance in respect of such issued Shares is received on or before the date on which the Share Offer is closed.

Pursuant to the terms of the Share Option Scheme, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers if the Offers become unconditional.

If the Offers do not become unconditional and lapse, the Share Options will continue to be exercisable in accordance with their respective conditions of grant.

LETTER FROM THE BOARD

Option Irrevocable Undertakings

As disclosed in the Joint Announcement, each of the Offeror Concert Parties that hold Share Options and the Committed Optionholder had given the Option Irrevocable Undertaking to the Offeror in connection with the Option Offer and pursuant to which, each of the Offeror Concert Parties that hold Share Options and the Committed Optionholder has undertaken to the Offeror that during the period between the date of the Option Irrevocable Undertaking and the earlier of (i) the end of the Offer Period of the Offers; and (ii) the termination of the Option Irrevocable Undertaking in accordance with its terms (both days inclusive), he will not, among others:

- (1) exercise any Share Option owned by him; or
- (2) accept the Option Offer in respect of any of the Share Options owned by him.

The Option Irrevocable Undertaking shall terminate if (i) the SP Agreements are terminated prior to the Offers being made; or (ii) the Offers lapse or are withdrawn in circumstances permitted under the Takeovers Code.

5. THE 2019 LCS AND THE 2021 LCS

Pursuant to the respective terms of the 2019 LCS and the 2021 LCS, the 2019 LCS would be convertible into 4,544,000,000 Shares upon full conversion of the 2019 LCS based on the initial conversion price of HK\$0.125 per Share and the 2021 LCS would be convertible into 2,941,176,470 Shares upon full conversion of the 2021 LCS based on the initial conversion price of HK\$0.068 per Share. All the 2019 LCS and 2021 LCS are held by Forever Top.

LCS Irrevocable Undertaking

As disclosed in the Joint Announcement, Forever Top had given the LCS Irrevocable Undertaking to the Offeror and pursuant to which, Forever Top had undertaken to the Offeror that during the period between the date of the LCS Irrevocable Undertaking and the earlier of (i) the end of the Offer Period of the Offers; and (ii) the termination of the LCS Irrevocable Undertaking upon the lapse or withdrawal of the Offers in circumstances permitted under the Takeovers Code (both days inclusive), it will not, among others:

- (1) sell, transfer, encumber or otherwise dispose of any of the 2019 LCS and the 2021 LCS;
- (2) exercise the conversion rights under the terms of any of the 2019 LCS and the 2021 LCS to subscribe for any conversion Shares; and
- (3) accept any offer made for and on behalf of the Offeror in respect of any of the 2019 LCS and the 2021 LCS.

Accordingly, no offer will be made for the 2019 LCS and the 2021 LCS under Rule 13 of the Takeovers Code.

LETTER FROM THE BOARD

Save for the outstanding 239,504,640 Share Options, the 2019 LCS and the 2021 LCS, as at the Latest Practicable Date, there was no outstanding convertible security, warrants, option or derivative issued by the Company which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

6. TOTAL VALUE OF THE OFFERS

Your attention is drawn to the sections headed “5. Total Value of the Offers” in “Letter from Halcyon Securities” in this Composite Document which sets out the total value of the Offers.

7. CONDITION OF THE OFFERS

Your attention is drawn to the sections headed the “6. Condition of the Offers” in the “Letter from Halcyon Securities” in this Composite Document which sets out the condition of the Offers.

8. INFORMATION OF THE OFFEROR AND INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the sections headed “General Information of the Offeror”, “12. Intention of the Offeror in relation to the Group” and “16. Information of the Parties” in the “Letter from Halcyon Securities” in this Composite Document.

The Board is aware of the Offeror’s intention in relation to the Group and notes that, save for in connection with the intention of the Offeror in relation to the Group as set out in the section headed “12. Intention of the Offeror in relation to the Group” in the “Letter from Halcyon Securities” in this Composite Document, the Offeror has no intention to make significant changes to the continued employment of the employees of the Group as a result of the Offers or to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

The Board is willing to cooperate with the Offeror and act in the best interests of the Company and its Shareholders as a whole.

9. INFORMATION OF THE GROUP

The Company is a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. The principal activities of the Group include media and telecommunications operations.

A summary of the audited consolidated results of the Group for each of the three financial years ended 31 December 2018, 31 December 2019 and 31 December 2020, the unaudited consolidated results of the Group for the six months ended 30 June 2021, the audited financial statements of the Group for the three financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the unaudited financial statements of the Group for the six months ended 30 June 2021 are set out in Appendix II to this Composite Document with reference to the published documents of the Company.

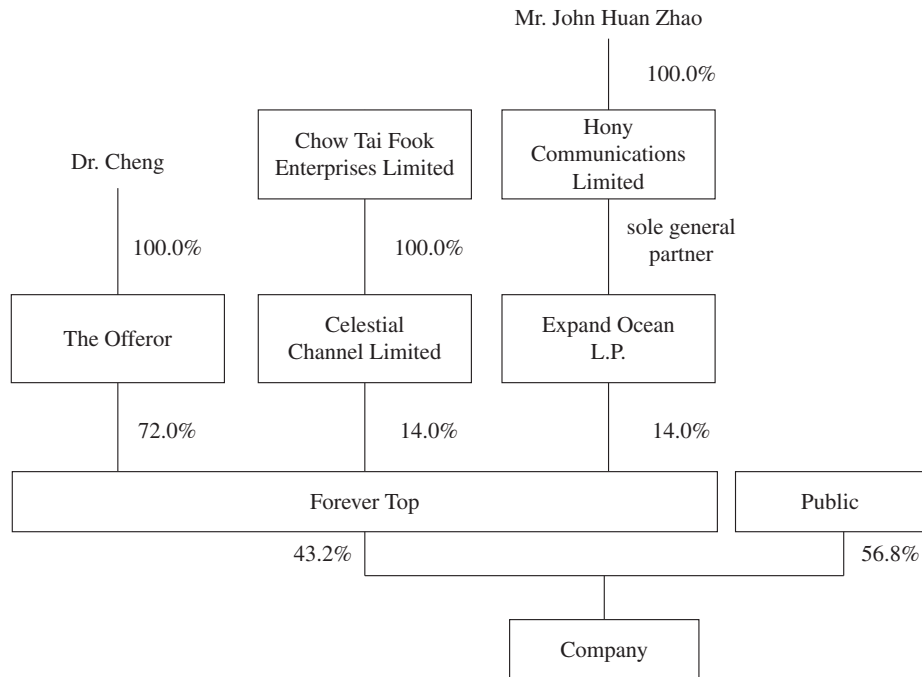
LETTER FROM THE BOARD

Further information in relation to the Group is set out in Appendix III to this Composite Document.

10. SHAREHOLDING STRUCTURES OF THE COMPANY AND FOREVER TOP

As at the Latest Practicable Date, (i) the Offeror was the single largest shareholder of Forever Top holding 72.0% of all issued shares of Forever Top; and (ii) Forever Top held 43.2% of all issued Shares.

Simplified shareholding structure of the Company and Forever Top as at the Latest Practicable Date



LETTER FROM THE BOARD

The table below sets out the shareholding of the Company as at the Latest Practicable Date:

Shareholder	Number of Shares	Approximate %
Offeror	—	—
Forever Top	3,083,722,894	43.2%
Public Shareholders		
South China Financial Holdings Limited (<i>Note 1</i>)	464,376,000	6.5%
Mr. Ng Hung Sang (<i>Note 2</i>)	156,169,500	2.2%
Ms. Ng Lai King Pamela (<i>Note 2</i>)	98,502,500	1.4%
Other public Shareholders	3,331,852,626	46.7%
Sub-total	4,050,900,626	56.8%
Total	7,134,623,520	100.0%

Notes:

1. South China Financial Holdings Limited's wholly-owned subsidiaries, South China Finance and Management Limited and South China Securities Limited, directly held 1,376,000 Shares and 463,000,000 Shares, respectively. Based on the information available to the Company, South China Financial Holdings Limited was held as to approximately 29.36% by Mr. Ng Hung Sang, among which approximately 25.66% was held through his 100% owned corporations, while according to publicly available information, approximately 3.70% was held by him as beneficial owner.
2. Based on the information available to the Company, Mr. Ng Hung Sang is the spouse of Ms. Ng Lai King Pamela. Each of Mr. Ng Hung Sang and Ms. Ng Lai King Pamela is not a core connected person (as defined under the Listing Rules) of the Company and shall therefore fall within the definition of "public" under Rule 8.24 of the Listing Rules.

11. PUBLIC FLOAT

Your attention is drawn to the section headed "14. Public Float" in the "Letter from Halcyon Securities" in this Composite Document.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

LETTER FROM THE BOARD

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror will jointly and severally undertake to the Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

12. POSSIBLE PLACING OF SHARES BY FOREVER TOP AND TRANSFER OF SHARES FROM THE OFFEROR TO FOREVER TOP

Your attention is drawn to the section headed “15. Possible Placing and Transfer” in “Letter from Halcyon Securities” in this Composite Document, which sets out the relevant arrangement.

13. LOAN FACILITY FROM THE OFFEROR

On 21 January 2022, HKCTV, as the borrower, entered into a loan agreement with the Offeror, as the lender, pursuant to which, the borrower obtained an unsecured loan with a principal amount of HK\$70 million for a term of three year from the date of the loan agreement, with an interest rate of 2.5% per annum. As the above-mentioned loan is conducted on normal commercial terms or better and is not secured by the assets of the Group, the transaction contemplated under the loan agreement is fully exempted from shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules. The Directors believe that the above-mentioned loan will provide capital to the Group to meet working capital requirements, and to finance suitable business development opportunities if and when they arise, and is therefore beneficial to the Group.

14. RECOMMENDATION

The Independent Board Committee comprising Ms. Ng Yuk Mui Jessica, being a non-executive Director and Mr. Lam Kin Fung Jeffrey, Dr. Hu Shao Ming Herman and Mr. Luk Koon Hoo, Roger, being independent non-executive Directors, who have no direct or indirect interest in the Offers, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer and to the Offer Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to acceptance of the Option Offer.

The Company has appointed Altus Capital as the Independent Financial Adviser to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in connection with the Offers, and such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

Your attention is drawn to (i) the “Letter from the Independent Board Committee” of this Composite Document, which contains its recommendation to the Offer Shareholders and Offer Optionholders in relation to the Offers; and (ii) the “Letter from Altus Capital” of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offers and as to the acceptance of the Offers, and the principal factors considered by it in arriving at its advice.

LETTER FROM THE BOARD

You are also advised to read the “Letter from Halcyon Securities” in this Composite Document and the accompanying Forms of Acceptance in respect of the terms and acceptance and settlement procedures of the Offers.

The Offer Shareholders and Offer Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers.

15. ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers, the Offeror and the Group and the form of the Option Offer Letter set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which forms part of this Composite Document.

Yours faithfully,
By order 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)

27 January 2022

To the Offer Shareholders and Offer Optionholders

Dear Sir or Madam

**CONDITIONAL MANDATORY CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES IN
AND TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
i-CABLE COMMUNICATIONS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 27 January 2022 jointly issued by the Company and the Offeror, of which this letter forms part. Unless specified otherwise, terms used herein shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Offer Shareholders and the Offer Optionholders are concerned and to make a recommendation as to acceptance of the Offers.

Altus Capital has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the terms of the Offers and as to acceptance of the Offers. Your attention is drawn to the “Letter from Altus Capital” as set out in this Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

We also wish to draw your attention to the “Letter from Halcyon Securities” and “Letter from the Board” as set out in this Composite Document as well as the additional information and the form of the Option Offer Letter set out in the appendices to this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offers, the information contained in this Composite Document and the principal factors and reasons considered by, and the independent advice of Altus Capital, as set out in its letter of advice, we consider that (i) the terms of the Share Offer, in particular the Share Offer Price, are not fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders not to accept the Share Offer; and (ii) on the basis that we are of the view that the Share Offer Price is not fair and reasonable, we also consider that, on the basis of the Option Offer Price alone, the Option Offer is not fair and not reasonable. As explained by the Independent Financial Adviser, however, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse, pursuant to the terms of the Share Option Scheme, upon the close of the Offers if the Offers become unconditional. We therefore recommend the Offer Optionholders to monitor the market trading price of Shares during the Offer Period as described above and in those circumstances, accept the Option Offer which allows them to receive an amount (however nominal the amount may be).

As different Offer Shareholders and Offer Optionholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Offer Shareholders and Offer Optionholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Notwithstanding our recommendation, the Offer Shareholders and the Offer Optionholders should consider carefully the terms of the respective Offers and then decide whether to accept or not to accept the respective Offers. You are strongly recommended to read the full text of the “Letter from Altus Capital” as set out in this Composite Document.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
i-CABLE Communications Limited

Ms. Ng Yuk Mui Jessica <i>Non-executive Director</i>	Mr. Lam Kin Fung Jeffrey <i>Independent</i> <i>Non-executive Director</i>	Dr. Hu Shao Ming Herman <i>Independent</i> <i>Non-executive Director</i>	Mr. Luk Koon Hoo, Roger <i>Independent</i> <i>Non-executive Director</i>
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LETTER FROM ALTUS CAPITAL

Set out below is the text of a letter received from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Offers for the purpose of inclusion in the Composite Document.

ALTUS

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

27 January 2022

To the Independent Board Committee

i-CABLE Communications Limited
7th Floor
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan, Hong Kong

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES IN
AND TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
i-CABLE COMMUNICATIONS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offers. Our aforesaid appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. Details of the Offers are set out in the “Letter from the Board” contained in the Composite Document dated 27 January 2022, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

LETTER FROM ALTUS CAPITAL

The DC Agreement, the PS Agreement and the Offers

The Company was informed by Forever Top that on 30 September 2021, the Offeror (as purchaser) had entered into (i) the DC Agreement with Mr. David Chiu (as vendor), pursuant to which the Offeror has conditionally agreed to acquire, and Mr. David Chiu has conditionally agreed to sell and assign, the DC Sale Shares and the DC Sale Loan at the aggregate consideration of HK\$148.0 million; and (ii) the PS Agreement with Profit Surge (as vendor) and Mr. Li (as guarantor of Profit Surge), pursuant to which the Offeror has conditionally agreed to acquire, and Profit Surge has conditionally agreed to sell and assign, the PS Sale Shares and the PS Sale Loan at the aggregate consideration of approximately HK\$60.9 million.

Prior to the above sale and purchase, (i) the Offeror was the single largest shareholder of Forever Top holding 31.5% of the total number of issued shares of Forever Top; (ii) Mr. David Chiu held 24.5% of the total number of the issued shares of Forever Top; (iii) Celestial Channel Limited (a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited of which Dr. Cheng is the chairman) held 14.0% of the total number of issued shares of Forever Top; (iv) Profit Surge (which was wholly-owned by Mr. Li) held 16.0% of the total number of issued shares of Forever Top; and (v) Expand Ocean L.P. (a fund whose sole general partner is a wholly-owned company of Mr. John Huan Zhao) held 14.0% of the total number of issued shares of Forever Top. The DC Sale Shares and the PS Sale Shares represented, in aggregate, 40.5% of the total number of issued shares of Forever Top.

The Transaction Completions took place on 24 January 2022 and immediately after the Transaction Completions, (i) the Offeror holds 72.0% of the total number of issued shares of Forever Top; (ii) Celestial Channel Limited holds 14.0% of the total number of issued shares of Forever Top; (iii) Expand Ocean L.P. holds 14.0% of the total number of issued shares of Forever Top; and (iv) the Vendors had ceased to hold any interest in Forever Top. The Offeror and Celestial Channel Limited, in aggregate, hold 86.0% of the total number of issued shares of Forever Top immediately after the Transaction Completions.

As at the Latest Practicable Date, Forever Top held 3,083,722,894 Shares, which represented approximately 43.2% of the issued Shares. As the Offeror acquired statutory control (as referred to under the Takeovers Code) over Forever Top immediately after the Transaction Completions, and Forever Top holds a controlling interest in the Company, the Offeror is required to make a conditional mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Note 8 to Rule 26.1 of the Takeovers Code and Practice Note 19 to the Takeovers Code. The Offeror is also required to make a comparable offer to the Offer Optionholders (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 13 of the Takeovers Code to cancel all the Outstanding Share Options. The Offeror is, through Halcyon Securities, making the mandatory general offers for all the Offer Shares and the Offer Options pursuant to Note 8 to Rule 26.1 and Rule 13 of the Takeovers Code.

LETTER FROM ALTUS CAPITAL

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Ms. Ng Yuk Mui Jessica, being a non-executive Director, and Mr. Lam Kin Fung Jeffrey, Dr. Hu Shao Ming Herman and Mr. Luk Koon Hoo, Roger, being the independent non-executive Directors, who have no direct or indirect interest in the Offers, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer and to the Offer Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to acceptance of the Option Offer.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser with respect to the Offers, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

We (i) are not associated or connected, financial or otherwise, with the Company or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (ii) have not acted as the financial adviser or independent financial adviser in relation to any transaction of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them in the last two years prior to the date of the Composite Document. Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Offers is at market level and not conditional upon the outcome of the Offers; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them and can act as the independent financial adviser to the Independent Board Committee in respect of the Offers.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Composite Document; (ii) the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”); and (iv) other announcements made by the Company up to the Latest Practicable Date.

We have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us by the Company, the Directors and the management of the Company (collectively the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Composite Document and/or provided to us were true, accurate and complete in all material aspects at the time they were made and continued to be so as at the Latest Practicable Date. The Company will notify the Offer Shareholders of any material changes to information

LETTER FROM ALTUS CAPITAL

contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Offer Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date.

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, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Composite Document, and information relating to the Company provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and 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 not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

We have not considered the taxation implications on Offer Shareholders arising from acceptance or non-acceptance of the Offers, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Offer Shareholders as a result of the Offers. In particular, the Offer Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advisers on tax matters.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE OFFERS

In arriving at our advice for the Offers, we have considered the following principal factors and reasons:

1. Business and financial information of the Group

1.1 Background of the Group

The Company is a limited liability company incorporated in Hong Kong and is an investment holding company principally engaged in media and telecommunications operations. The Company, its subsidiaries and consolidated structured entities are engaged in businesses including pay television (“**Pay TV**”) subscription (Hong Kong Cable TV), domestic free television programme service (Hong Kong Open TV (“**Open TV**”)), advertising, broadband internet access services, mobile service and mobile agency service.

The Group’s revenue comprises principally subscription, service and related fees for television, broadband internet access and telephony services. It derives revenue mostly from sales and services provided in Hong Kong, with less than 10% of revenue derived from activities conducted outside Hong Kong.

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1.2 Historical financial performance of the Group

Set out below is a summary of (i) the audited consolidated financial information of the Group for the financial years ended 31 December 2019 (“FY2019”) and 2020 (“FY2020”) respectively, which has been extracted from the 2020 Annual Report; and (ii) the unaudited consolidated financial information of the Company for the six months ended 30 June 2020 (“1H2020”) and 2021 (“1H2021”) respectively, which has been extracted from the 2021 Interim Report.

	FY2019	FY2020	1H2020	1H2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Segment revenue				
— Media	751,867	656,485	334,260	289,322
— Telecommunications	<u>408,970</u>	<u>412,492</u>	<u>190,633</u>	<u>204,161</u>
Total revenue	<u>1,160,837</u>	<u>1,068,977</u>	<u>524,893</u>	<u>493,483</u>
Cost of services				
— Programming costs	(739,268)	(591,424)	(325,489)	(297,541)
— Network expenses	(320,790)	(295,894)	(152,655)	(146,562)
— Cost of sales	<u>(124,267)</u>	<u>(125,166)</u>	<u>(44,672)</u>	<u>(68,583)</u>
Total cost of services	<u>(1,184,325)</u>	<u>(1,012,484)</u>	<u>(522,816)</u>	<u>(512,686)</u>
Selling, general and administrative (“SG&A”) and other operating expenses	<u>(340,647)</u>	<u>(290,939)</u>	<u>(157,130)</u>	<u>(134,858)</u>
Loss from operation	(364,135)	(234,446)	(155,053)	(154,061)
Interest income	4,870	423	360	378
Finance costs	(37,807)	(41,258)	(21,544)	(21,952)
Non-operating income	<u>393</u>	<u>417</u>	<u>243</u>	<u>4,123</u>
Loss before taxation	(396,679)	(274,864)	(175,994)	(171,512)
Income tax	<u>(287)</u>	<u>(523)</u>	<u>(229)</u>	<u>(3,704)</u>
Loss for the year/period	<u>(396,966)</u>	<u>(275,387)</u>	<u>(176,223)</u>	<u>(175,216)</u>

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	As at 31 December		As at 30 June
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)
Current assets	528,774	371,027	492,926
— Cash and bank balances	241,899	157,423	195,227
Current (liabilities)	(780,795)	(784,113)	(749,067)
Net current (liabilities)	(252,021)	(413,086)	(256,141)
Total assets	1,878,747	1,608,280	1,663,800
Total (liabilities)	<u>(1,238,730)</u>	<u>(1,243,113)</u>	<u>(1,329,279)</u>
Net assets	<u>640,017</u>	<u>365,167</u>	<u>334,521</u>

Revenue

The Group recorded a decrease in revenue of approximately 8% from HK\$1,160.8 million for FY2019 to HK\$1,069.0 million for FY2020. For 1H2021, revenue continued to decrease by 6% compared with 1H2020 to approximately HK\$493.5 million.

The revenue decrease was mainly due to lower revenue from the media segment which decreased by 13% to HK\$656.5 million in FY2020 compared to FY2019, and similarly decreased by 13% to HK\$289.3 million in 1H2021 when compared to 1H2020. The lower revenue for media segment was due to lower subscription revenue. As advised by the Management, with severe disruption to global social and economic activities as well as keen competition from other multimedia players, the Pay TV subscription customer base contracted and the subscription average revenue per user decreased during both periods. Although advertising revenue generated from Open TV improved during both periods, advertising revenue generated from Pay TV declined due to the intensified competition among the multimedia platforms.

Revenue derived from the telecommunications segment meanwhile increased to approximately HK\$412.5 million for FY2020 from HK\$409.0 million for FY2019. During 1H2021, revenue from the telecommunications segment continued to increase by approximately 7% to HK\$204.2 million when compared to 1H2020. The continued growth in telecommunications revenue across both periods was due to increase in customer base by approximately 13% between 31 December 2019 and 31 December 2020. The Management attributes this growth to the timely adoption of effective marketing strategies, the quality of the Group's network service, as well as the continuous network upgrade to high speed Gigabit-capable Passive Optical Network ("GPON") services. Additionally, diverse service subscription packages with new contents and combinations were also launched to enhance customer retention of broadband service.

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Cost of services

The Group divides total cost of services into three categories: programming costs, network expenses and cost of sales, which make up approximately 60%, 30% and 10% of the total cost respectively.

Cost of services for FY2020 decreased by HK\$171.8 million to HK\$1,012.5 million from HK\$1,184.3 million for FY2019. Both programming costs and network expenses decreased, by approximately 20% and 8% respectively in FY2020 as compared to FY2019, while cost of sales increased by approximately 1%.

For 1H2021, cost of services decreased by HK\$10.1 million to HK\$512.7 million as programming costs and network expenses both decreased by approximately 9% and 4% respectively. Cost of sales increased significantly in 1H2021 by approximately 54%, in line with the increase in revenue from the telecommunications segment.

Loss from operations and loss for the year/period

Due to lower SG&A and other operating expenses as a result of the Group's effective cost-saving initiatives, as well as a continued organisational restructuring, loss from operations improved in FY2020 to HK\$234.4 million, which is approximately 36% lower compared with a loss of HK\$364.1 million for FY2019. Similarly, loss from operations for 1H2021 was slightly lower by approximately 1% compared to 1H2020.

Movements of loss for FY2020 compared with FY2019, and loss for 1H2021 compared with 1H2020 were largely in line with the loss from operations trend.

Current assets, current liabilities and net current liabilities

The Group's current assets decreased from HK\$528.8 million as at 31 December 2019 to HK\$371.0 million as at 31 December 2020 due mainly to a reduction in cash and bank balances which decreased from HK\$241.9 million to HK\$157.4 million between the period ends. Cash and bank balances depleted as the Group had been loss making over the period. Meanwhile, current liabilities had remained stable at HK\$780.8 million and HK\$784.1 million as at 31 December 2019 and 2020 respectively. Consequently, the Group's net current liabilities position deteriorated to HK\$413.1 million as at 31 December 2020 from HK\$252.0 million as at 31 December 2019.

Current assets improved to HK\$492.9 million as at 30 June 2021 as cash and bank balances increased by HK\$37.8 million to HK\$195.2 million following the issuance of the 2021 LCS. There was also an addition of financial assets at fair value through profit and loss of HK\$98.3 million as at 30 June 2021 comprising listed debt securities and redemption option of long-term convertible bonds. Current liabilities reduced to HK\$749.1 million as at 30 June 2021, giving rise to an improved net current liabilities position of HK\$256.1 million as at 30 June 2021.

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We note that the Group's net current liabilities position is due mainly to 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. As stated in the 2021 Interim Report, the Directors consider the Group will have sufficient working capital to meet its financial obligations as and when they fall due during the period up to 30 June 2022 having considered various factors which are detailed in the 2021 Interim Report.

Total assets, total liabilities and net assets

The Group's total assets decreased from HK\$1,878.7 million as at 31 December 2019 to HK\$1,608.3 million as at 31 December 2020 as it continued to depreciate, amortise or write-off certain non-current assets such as property, plant and equipment and programming library, as well as the drop in current assets described above. Total assets increased slightly to HK\$1,663.8 million as at 30 June 2021 following, among others, proceeds from the 2021 LCS issuance.

Total liabilities were stable at HK\$1,238.7 million and HK\$1,243.1 million as at 31 December 2019 and 31 December 2020 respectively and increased to HK\$1,329.3 million as at 30 June 2021 with the issuance of the 2021 LCS.

Net assets of the Group had been declining due to losses incurred during FY2020 and 1H2021, from HK\$640.0 million as at 31 December 2019 to HK\$334.5 million as at 30 June 2021.

We are of the view that the operating performance of the Group in the past financial year/period had not been satisfactory in light of a difficult operating environment, especially as its Pay TV business continued to deteriorate. There however appeared to be positive development in certain fronts, such as increase in advertising revenue from Open TV, higher number of broadband customers and as the effects of cost control measures started to manifest.

1.3 Outlook

It is reported in the 2021 Interim Report that since Forever Top became the controlling Shareholder in September 2017, the Group has been conducting organisational restructuring including cost-saving initiatives, introducing and promoting a variety of contents and channels and exploring co-operation models.

The Group is preparing for the use of the spectrum as an additional means of transmission for the delivery of its free television programme service by Fantastic Television Limited under an approval-in-principal granted by the Communications Authority, and a new channel will be launched. The media segment is expected to continue to experience intense competition from other multimedia platforms, further aggravated by the proliferation of free online contents. To counter this, the Group intends to devote resources to promote high quality and diversified programmes and to make use of video streaming services through digital platforms to meet changing viewing habits.

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In the 2021 Interim Report, the Directors recognised the Greater Bay Area as a significant area of opportunities for the Group to shape and expand its business through collaboration with major media and operators within the region. To this end, it has started partnership with Guangdong Radio and Television. The Group also has a strategic collaboration with China Mobile Hong Kong Company Limited in telecommunications and value-added media-related services.

On the telecommunications front, the Directors expect 5G, internet of things, edge computing, artificial intelligence and cloud service will change the world and create unlimited business opportunities. In light of this, the Group plans to further enhance its fibre network to enable its various clients to deliver their services more easily and cost-effectively.

It is reported in the 2021 Interim Report that while the market remains challenging, the Group is optimistic that the 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 Greater Bay Area. The Group will continue to explore collaboration opportunities with retailers in the e-commerce industry.

Overall, we noted that the operating performance of the Group appears to have stabilised. In particular, loss from operations has narrowed as operating expenses shrank, in line with the implementation of cost controls and reallocation of resources among business units to maximise the value of the resources devoted. In terms of financial position, the issuance of the 2019 LCS and the 2021 LCS to Forever Top have been important in providing the Group with the necessary working capital for its operations.

While outlook for the Group's Pay TV business remains weak in light of intensified competition among multimedia platforms, opportunities appear to be emerging from Open TV, especially with the additional means of transmission. The Group has stated its strategy to address the difficult operating environment of Pay TV business by focusing on high quality programmes. The telecommunication businesses also have had encouraging development judging by the increase in number of subscribers of broadband service as a result of continuous network upgrades to high speed GPON services and launch of new sales and marketing strategies. The close proximity to the Greater Bay Area poses opportunity for further expansion given the market size.

Based on the above, the Group appears to have strategies and plans in place to take advantage of opportunities at various fronts which may enhance the growth prospects of the Group in future.

2. Background information of the Offeror

2.1 The Offeror

The Offeror is incorporated in the BVI with limited liability on 21 March 2017. The Offeror is an investment holding company and its entire issued share capital is beneficially and directly held by Dr. Cheng, who is also a director of the Offeror. Dr. Cheng is also the chairman of Chow Tai Fook Enterprises Limited, which is the sole shareholder of Celestial Channel Limited which in turn holds 14.0% of all issued shares of Forever Top. Dr. Cheng is the chairman of the Board and a non-executive Director. For further information of Dr. Cheng, please see his biographical details stated in the 2021 Interim Report.

2.2 The Offeror's intention in relation to the Company and composition of the Board

The Offeror has no intention to introduce any major changes to the existing operations and business of the Group upon the close of the Offers, and intends that the Group will continue to operate its existing business following the close of the Offers. The Offeror will continue to ensure good corporate governance in the Group, monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group. Neither the Offeror nor Forever Top directly manages the Group. The Company is managed by the Board, which will continue to review the business operations and financial conditions of the Group and make management decisions regarding the Group (including but not limited to decisions on employment of its employees and deployment of the Group's assets) as it considers appropriate. The Offeror has no intention to make significant changes to the continued employment of the employees of the Group as a result of the Offers or to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business. The Offeror intends that all current Directors will continue to remain in their offices immediately after the close of the Offers.

2.3 Listing status of the Company and public float

The Offeror intends that the Company shall remain listed on the Stock Exchange after the close of the Share Offer. Pursuant to the Listing Rules, if, after the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange may exercise its discretion to suspend trading in the Shares. The Offeror will take appropriate steps to ensure that sufficient public float as required under the Listing Rules exists for the Shares after the close of the Offers.

Based on the above, we note that the Company's listing status will be maintained and Offer Shareholders who do not accept the Share Offer will continue to be able to trade their Shares through the market after the close of the Offers.

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Also, no material changes in terms of the Management, business strategy and directions as well as operations are expected after the close of the Offers. There appears no material concern of the Offeror introducing radical changes to the Group which may materially alter the prevailing status and situations of the Group. We are of the view that this allows the Offer Shareholders to conduct their own assessments of whether to continue investing in the Shares based on development of the Group that they are already informed of.

3. Effects of the Transactions and the Offers on shareholding in the Company

We note that the shareholding structure of the Company before and after the Transaction Completions and as at the Latest Practicable Date remains the same where the Company is owned as to 43.2% by Forever Top with the remaining 56.8% by public Shareholders.

The Transactions involved shareholding changes at Forever Top level where the Offeror (which is wholly-owned by Dr. Cheng) acquired 24.5% and 16.0% shareholding interests in Forever Top from Mr. David Chiu and from Profit Surge (which is wholly-owned by Mr. Li) respectively, thereby acquiring statutory control over Forever Top upon the Transaction Completions. As at the Latest Practicable Date after the Transaction Completions, the Offeror held 72.0% of Forever Top with the remaining 28.0% being held in equal proportion by Celestial Channel Limited (a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited of which Dr. Cheng is the chairman) and by Expand Ocean L.P. (which is a fund with Hony Communications Limited as its sole general partner, and Hony Communications Limited is wholly-owned by Mr. John Huan Zhao).

If valid acceptance of the Share Offer being received by the Closing Date of the Offers in respect of Shares which, together with Shares acquired before or during the Offer Period of the Offers, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Share Offer will become unconditional. As stated in the Letter from Halcyon Securities; in such case, the Placing will take place to ensure that the Relevant Shareholdings will not exceed 50% at any time during the Offer Period and upon completion of the Share Offer and the Placing, and the Transfer will take place to restore Forever Top's shareholding in the Company to the level immediately prior to the Placing. As the Placing relates to existing Shares at the Share Offer Price, there should be no material impact from the perspective of the Offer Shareholders. We note that Forever Top also holds the entire amount of the 2019 LCS and 2021 LCS. The 2019 LCS is convertible into 4,544,000,000 conversion Shares at HK\$0.125 per conversion Share while the 2021 LCS is convertible into 2,941,176,470 conversion Shares at HK\$0.068 per conversion Share.

Based on the above, we note that there is no change in controlling Shareholder of the Company before and after the close of the Offers.

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4. The Share Offer Price

The Share Offer Price of HK\$0.0264 per Offer Share under the Share Offer is calculated based on the Pacpo Formula set out in Practice Note 19 to the Takeovers Code and calculated taking into consideration objectively the aggregate consideration paid by the Offeror under the SP Agreements, the value of the Shares held by Forever Top relative to the adjusted net asset value of Forever Top, and the number of Shares held by Forever Top. Please refer to the “Letter from the Board” for further details.

To assess the fairness and reasonableness of the Share Offer Price, we have considered the following factors.

4.1 The Share Offer Price comparison

Based on the Share Offer Price of HK\$0.0264 per Offer Share:

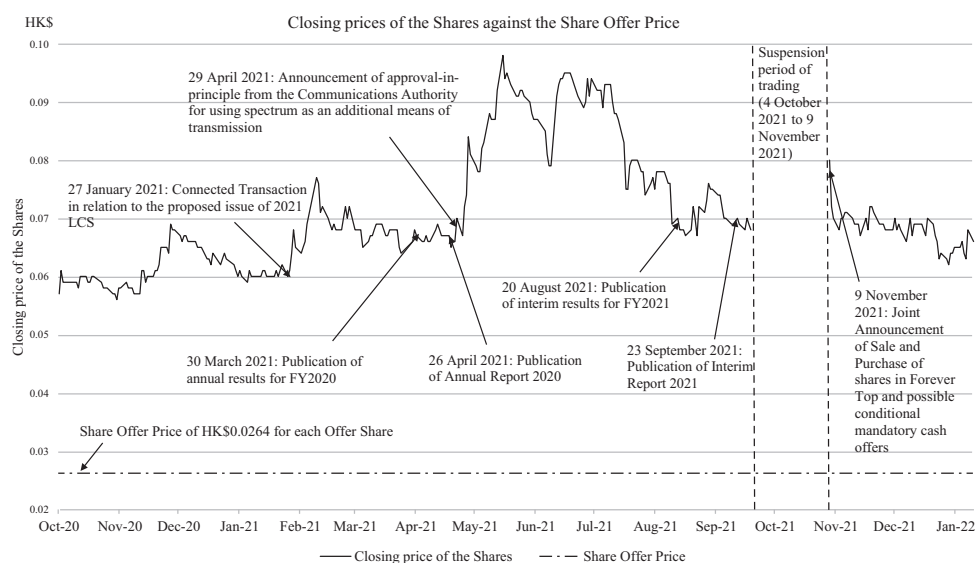
	Price per Share	Premium/ (discount) of Share Offer Price
Closing price on the Last Trading Day	HK\$0.0680	(61.2%)
Average closing price for the last five (5) consecutive trading days up to and including the Last Trading Day	HK\$0.0688	(61.6%)
Average closing price for the last ten (10) consecutive trading days up to and including the Last Trading Day	HK\$0.0692	(61.8%)
Average closing price for the last thirty (30) consecutive trading days up to and including the Last Trading Day	HK\$0.0706	(62.6%)
Closing price on the Latest Practicable Date	HK\$0.066	(60.0%)
Audited consolidated net asset value per Share attributable to equity Shareholders as at 31 December 2020	HK\$0.0512	(48.4%)
Unaudited consolidated net asset value per Share attributable to equity Shareholders as at 30 June 2021	HK\$0.0470	(43.8%)

From the above, the Share Offer Price represents substantial discounts to recent market trading price as well as the Group’s net asset value based on its recent financial reports. We have conducted further analysis on the fairness and reasonableness of the Share Offer Price as presented below.

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4.2 Historical price performance of the Shares

The chart below depicts the closing prices of the Shares traded on the Stock Exchange from 5 October 2020, up to and including 30 September 2021, being the last trading day of the Shares before trading was halted on 4 October 2021 (the “**Pre-Announcement Period**”), and the period from 10 November 2021, being the day after the Joint Announcement was published, up to and including the Latest Practicable Date (the “**Post-Announcement Period**”) (together, the “**Review Period**”). We are of the view that the price performance of Shares during the Review Period can sufficiently and fairly reflect the market perception on the Company’s performance and outlook.



Source: The website of the Stock Exchange (www.hkex.com.hk)

Overall during the Review Period, the highest and lowest closing price of the Shares were HK\$0.098 per Share recorded on 24 May 2021 and HK\$0.056 per Share recorded on 4 November 2020 respectively. The Share Offer Price, being HK\$0.0264 per Share, is below the aforesaid range of the closing price of the Shares. The average daily closing price per Share over the Review Period was approximately HK\$0.0708 per Share, and the Share Offer Price represents a discount of approximately 62.7% over such average of closing prices.

As illustrated in the graph above, the closing price of the Shares was well above the Share Offer Price throughout the Pre-Announcement Period. Between 5 October 2020 and 29 April 2021, closing price of Shares had traded between HK\$0.056 and HK\$0.077 and started to ascend after the Company’s announcement on 29 April 2021 that the Communications Authority granted an approval-in-principle to Fantastic Television Limited in respect of its application for using spectrum as an additional means of transmission for the delivery of its free television programme service. The Management also noted that Fantastic Television Limited has committed to providing a new digital television channel, as part of the Company’s greater aim of expanding its audience coverage in Hong Kong. This upward trend reached a high of HK\$0.098 on 24 May 2021

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and thereafter, the closing price of the Shares fluctuated from such level to lows of around HK\$0.068 level on 30 September 2021 before trading in Shares was halted pending the Joint Announcement.

When trading in Shares resumed on 10 November 2021, the closing price per Share rose to a high of HK\$0.08 before declining to around HK\$0.066 level as at the Latest Practicable Date. The trading prices of Shares during the Post-Announcement Period had been at similar levels as during the last month of the Pre-Announcement Period. The Offers therefore do not appear to have material effects on the price trends of the Shares.

Based on the fact that the Share Offer Price is below the average of closing prices of the Shares during the Review Period, and in particular, recent prices of Shares remain substantially higher than the Share Offer Price, we are of the view that the Offer Price is not fair and not reasonable from the point of view of the historical trading price of the Shares.

Shareholders should note that the information set out above is not an indication of the future performance of the Shares and that the price of the Shares may increase or decrease during the period between the Latest Practicable Date and the close of the Offers.

4.3 Comparable Analysis

The Group is principally engaged in media and telecommunications operations.

In assessing the fairness and reasonableness of the Share Offer Price, we have performed analysis of the valuation of the Group at the Share Offer Price compared with prevailing market valuation of other companies listed on the Main Board that are engaged in similar businesses to those of the Group; more specifically, those which provide licensed broadcasting services in Hong Kong as regulated by the Communications Authority (“**Comparables**”). Based on these selection criteria, we have identified three Comparables, being Television Broadcasts Limited (stock code: 511) (“**TVB**”), Phoenix Media Investment (Holdings) Limited (stock code: 2008) (“**Phoenix TV**”) and PCCW Limited (stock code: 8) (“**PCCW**”).

Whilst there exist no companies which are of identical business model, scale of operation, trading prospect, target markets, product mix and capital structure as the Company and we have not conducted any in-depth investigation into the business and operations of the Comparables save for the aforesaid selection criteria, we believe the Comparables selected are appropriate to serve as a benchmark reference for our comparable analysis purpose. Based on the research we conducted, the Comparables are

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exhaustive based on the selection criteria set out above and we are of the view that it would serve as a fair and representative sample for the purpose of drawing a meaningful comparison to the Share Offer Price. Our findings are summarised in the table below:

Stock code	Company name	Principal activities	Market capitalisation <i>(HK\$ million)</i> <i>(Note 1)</i>	Revenue <i>(HK\$ million)</i> <i>(Note 2)</i>	Net asset value attributable to owners of the company <i>(HK\$ million)</i> <i>(Note 3)</i>	Price-to-sales ratio <i>(times)</i> <i>(Note 4)</i>	Price-to-book ratio <i>(times)</i> <i>(Note 5)</i>
511	TVB	Principally engaged in television businesses being broadcasting of television programmes and commercials on terrestrial television platform, production of programmes and co-produced dramas, over-the-top (OTT) services and website portals operation and distribution of programmes and channels	2,151	2,724	4,847	0.79	0.44
2008	Phoenix TV	Principally engaged in satellite television broadcasting activities and provision of internet media services	1,972	3,029	4,232	0.65	0.47
8	PCCW	Principally engaged in provision of telecommunications services, operation of fixed-line, broadband, mobile communication and media entertainment services, provision of OTT video service and operation of a domestic free television service in Hong Kong	31,846	38,046	13,439	0.84	2.37
Based on the Share Offer Price							
1097	The Company		188	1,069	365	0.18	0.52

Notes:

1. Market capitalisation is calculated based on the closing share price and the number of shares in issue as at the Latest Practicable Date based on information from the website of the Stock Exchange. In the case of the Company, it is calculated based on the Share Offer Price.
2. Revenue is extracted from the latest full year audited financial statements of the company available on the Latest Practicable Date.
3. Net asset value attributable to owners of the company is extracted from the latest audited or unaudited financial statements of the company available on the Latest Practicable Date.
4. Price-to-sales ratio is calculated by dividing market capitalisation by revenue.
5. Price-to-book ratio is calculated by dividing market capitalisation by net asset value attributable to owners of the company.

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From our research, the Company and the Comparables all recorded net and operating losses in their recent financial year, rendering valuation analysis based on price-to-earnings ratio, being one of the most common parameter in assessing a company's value, not applicable. We have employed alternative comparisons based on price-to-sales ratio, which is commonly adopted for analysis of businesses which are loss making, as well as price-to-book ratio, which is common for analysis of companies which require reasonable level of assets for its business operations.

As shown in the table above, the implied price-to-sales ratio of the Company (calculated using the Share Offer Price) of 0.18 times is substantially lower than those of TVB, Phoenix TV and PCCW. Meanwhile the implied price-to-book ratio of the Company (calculated using the Share Offer Price) is at similar level of TVB and Phoenix TV, as well as below that of PCCW. We note that PCCW has a wider spectrum of business than TVB, Phoenix TV and the Company, and this may explain PCCW's price-to-book ratio being substantially higher. As the Comparables are all companies in continuing operations and operating as a going concern, we are of the view that more emphasis can be placed on the price-to-sales ratio analysis which measures the value of the Comparables relative to their ability to generate revenue. On this basis, we are of the view that from a comparable analysis perspective, the Share Offer Price is not fair and not reasonable.

5. Trading liquidity of the Shares

The Share Offer represents an opportunity for Offer Shareholders to dispose of their holding in the Shares at a fixed price, subject to the Share Offer becoming unconditional in this case. In order to compare this to the ability of Offer Shareholders to do the same in the open market, we have conducted analysis on the historical trading liquidity of the Shares.

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The table below sets out the average daily number of Shares traded per month, and the respective percentages of the Shares' monthly trading volume during the Review Period as compared to (i) the total number of issued Shares held by the public as at the respective month end; and (ii) the total number of issued Shares as at the respective month end.

Month	Total monthly trading volume of the Shares <i>(number of shares)</i>	Average trading volume of the Shares per trading day during the month <i>(number of shares)</i>	Approximate percentage of average daily trading volume to the total issued Shares <i>(Note 1)</i> <i>(%)</i>	Approximate percentage of average daily trading volume of the Shares to the total number of Shares held by the public <i>(Note 2)</i> <i>(%)</i>	Number of trading days in each month
2020					
October	29,561,690	1,642,316	0.02	0.04	18
November	121,680,000	5,794,286	0.08	0.14	21
December	122,587,990	5,572,181	0.08	0.14	22
2021					
January	73,073,550	3,653,678	0.05	0.09	20
February	189,129,130	10,507,174	0.15	0.26	18
March	47,923,880	2,083,647	0.03	0.05	23
April	71,072,460	3,740,656	0.05	0.09	19
May	305,007,740	15,250,387	0.21	0.38	20
June	113,406,130	5,400,292	0.08	0.13	21
July	49,564,990	2,360,238	0.03	0.06	21
August	54,180,100	2,462,732	0.03	0.06	22
September	52,586,620	2,504,125	0.04	0.06	21
October <i>(Note 3)</i>	—	—	—	—	—
November (Post-Announcement)	408,319,870	29,165,705	0.41	0.72	15
December	70,482,500	3,203,750	0.04	0.08	22
2022					
January	51,724,740	3,232,796	0.05	0.08	16

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Based on the total number of issued Shares as at each month end.
2. Based on the total number of issued Shares held by the public Shareholders of the Company as at each month end.
3. Trading of the Shares was suspended for the entire month of October 2021.

LETTER FROM ALTUS CAPITAL

Pre-Announcement Period

As illustrated in the above table, during the Pre-Announcement Period, the percentage of the average daily trading volume to the total number of issued Shares ranged from approximately 0.02% to 0.21%. When compared to the total number of Shares held by public Shareholders, the percentage ranged from approximately 0.04% to 0.38% over the Pre-Announcement Period. The average daily trading volume of Shares during the Pre-Announcement Period was approximately 4,999,082 Shares, representing approximately 0.07% of the total number of issued Shares as at the Last Trading Day and approximately 0.12% of the total number of Shares held by public Shareholders as at the Last Trading Day.

Overall, the trading volume of the Shares was relatively thin during the Pre-Announcement Period where average daily trading volume of Shares were below 10 million Shares save for the months of February and May 2021. Based on our discussion with the Management, there were no apparent reasons for the aforesaid trading volume increases, save that the comparatively higher trading volume in May 2021 coincided with the Company's announcement on 29 April 2021 that the Communications Authority granted an approval-in-principle to Fantastic Television Limited in respect of its application for using spectrum as an additional means of transmission for the delivery of its free TV service. Subsequent to this, average daily trading volume of Shares progressively reduced to between 2.4 million and 2.5 million Shares in July, August and September 2021 up to the Last Trading Day.

Post-Announcement Period

Trading volume increased substantially on the day when trading in Shares resumed after publication of the Announcement where over 259 million Shares were traded. Notwithstanding this, trading volume soon declined.

We are of the view that the trading volume of Shares can be considered generally low, and in normal circumstances, if Shareholders are to dispose of large number of Shares in the market, it may exert downward pressure on the market price of Shares. While the Share Offer (subject to it becoming unconditional) may represent an opportunity for Shareholders to dispose of Shares at a fixed price; in this case however, given that the Share Offer Price is substantially below prevailing market price of Shares as at the Latest Practicable Date, we are of the view that Shareholders who intend to realise their investment in the Company may choose to sell their Shares in the market instead of accepting the Share Offer, unless they are not able to do so in the market.

6. The Option Offer

An appropriate offer is also being made by the Offeror to all the Offer Optionholders for the cancellation of all Offer Options held by them, by way of the Option Offer. The Option Offer is made based on the Option Offer Price for cancellation of each Offer Option of HK\$0.0001 in cash.

LETTER FROM ALTUS CAPITAL

We note that this Option Offer Price has been calculated in compliance with Rule 13 of the Takeovers Code where the Option Offer Price for cancellation of the Offer Options represents the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each Offer Option.

All the Outstanding Share Options as at the Latest Practicable Date have an exercise price of HK\$0.204 per Share, which is above the Share Offer Price of HK\$0.0264 per Share. These Share Options are therefore out-of-the-money and hence, the Option Offer Price for the cancellation of each such Offer Option will be a nominal cash amount of the aforesaid HK\$0.0001.

Of the 239,504,640 Outstanding Share Options granted under the Share Option Scheme, all are exercisable as at the Latest Practicable Date. However, the Option Offer will not be extended to (i) the Offeror Concert Parties which hold in aggregate 218,105,600 Share Options; and (ii) the Committed Optionholder who holds 3,600,800 Share Options as disclosed in the “Letter from the Board”. The number of Offer Options that are subject to the Option Offer is therefore 17,798,240 Share Options.

The Share Offer will be extended to any Shares that may be issued as a result of the exercise of the Offer Options if such Shares are issued on or before the date on which the Share Offer is closed. The Option Offer will be extended to all unexercised Offer Options (but not to the Share Options held by the Offeror Concert Parties) on the date on which the Option Offer is made, being the date of despatch of the Composite Document.

On the basis that we are of the view that the Share Offer Price is not fair and not reasonable, we are of the view that, on the basis of the Option Offer Price alone, the Option Offer is not fair and not reasonable. We however wish to highlight that, if the Offers becomes unconditional, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers in accordance with the terms of the Share Options Scheme. In other words, relevant Offer Optionholders who do not accept the Option Offer will not receive any amount and will lose their Share Options after the close of the Offers.

As shown in the chart in the section headed “4.2 Historical price performance of the Shares”, the price of Shares had not traded above the Offer Options exercise price of HK\$0.204 per Share during the Review Period. While that has been the case during the Review Period, we recommend relevant Offer Optionholders to monitor the market trading price of Shares closely during the Offer Period. If immediately before the close of the Offers (or such time which allow the Offer Optionholders sufficient time to exercise their Share Options into Shares) the market trading price of Shares remain below the Offer Options exercise price, the Offer Optionholders should accept the Option Offer which allows them to receive an amount (however nominal the amount may be). If the market trading price of Shares is above the exercise price of the Offer Options, the Offer Optionholders can consider (to the extent they are able to do so and taking into account the net proceeds they can receive compared to the Option Offer Price) exercising their Share Options into Shares and selling their Shares in the market.

LETTER FROM ALTUS CAPITAL

RECOMMENDATIONS

In summary, in relation to the Offers, we have considered the below factors and reasons in reaching our conclusion and recommendations:

- (i) while the operating performance of the Group in the past financial year/period had not been satisfactory, there are certain positive developments, in particular its cost control initiatives;
- (ii) in terms of future outlook, the Directors have identified opportunities at various fronts which can potentially spur the profitability and growth of the Group in future;
- (iii) the Share Offer Price is substantially below the average closing prices per Share during the Review Period as well as recent prices of Shares during the Post-Announcement Period;
- (iv) the Share Offer Price represents discounts of over 40% to the audited and unaudited consolidated net asset value per Share attributable to equity Shareholders as at 31 December 2020 and 30 June 2021 respectively; and
- (v) from the perspective of market comparable analysis, the implied price-to-sales and price-to-book ratios are either at similar level or lower than the range of the Comparables

In light of the above, we consider that the terms of the Share Offer, in particular the Share Offer Price, are not fair and not reasonable. Accordingly, we recommend the Independent Board Committee to advise the Offer Shareholders not to accept the Share Offer.

On the basis that we are the view that the Share Offer Price is not fair and reasonable, we are of the view that, on the basis of the Option Offer Price alone, the Option Offer is not fair and not reasonable. However as explained above in the section headed “6. The Option Offer”, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers. We therefore recommend the Independent Board Committee to advise the Offer Optionholders to monitor the market trading price of Shares during the Offer Period as described above and in those circumstance, accept the Option Offer which allows them to receive an amount (however nominal the amount may be).

LETTER FROM ALTUS CAPITAL

As different Offer Shareholders and Offer Optionholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Offer Shareholders or Offer Optionholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and behalf of
Altus Capital Limited

Chang Sean Pey
Executive Director

Jeanny Leung
Executive Director

Leo Tam
Executive Director

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.

Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.

Mr. Leo Tam (“Mr. Tam”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over seven years of experience in corporate finance and advisory in Hong Kong, 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 transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Acceptance of Share Offer in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer. You should insert the total number of Shares for which the Share Offer is accepted. If no number is inserted in the box title “Number of Shares to be transferred” or a number of Shares inserted is greater than the number of Shares held by you or is greater or smaller than the number of Shares represented by the certificate for Shares tendered for acceptance of the Share Offer, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted by you and received by the Registrar on or before the latest time for acceptance of the Share Offer. Your Shares sold to the Offeror by way of acceptance of the Share Offer will be registered under the name of the Offeror or its nominee.

By signing and returning the **WHITE** Form of Acceptance of Share Offer, you warrant to the Offeror, Halcyon Capital, Halcyon Securities, the Company and parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers that you have not taken or omitted to take any action which will or may result in the Offeror, the Company, Halcyon Capital, Halcyon Securities or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or your acceptance thereof.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Acceptance of Share Offer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, in an envelope marked “**i-CABLE Communications Limited — Share Offer**”, as soon as possible, and, in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own and you wish to accept the Share Offer in full or in part, you must either:

- (a) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver in an envelope marked “**i-CABLE Communications Limited — Share Offer**” the duly completed

and signed **WHITE** Form of Acceptance of Share Offer together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar; or

- (b) arrange for the Shares to be registered in your name by the Company, through the Registrar, and send in an envelope marked “**i-CABLE Communications Limited — Share Offer**” the duly completed and signed **WHITE** Form of Acceptance of Share Offer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
- (c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (d) if your Shares have been lodged with your Investor Participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

If the number of Share(s) shown in the share certificate is not wholly accepted by you, new share certificate representing the Number of Share(s) to be transferred shown in the **WHITE** Form of Acceptance of Share Offer must be applied for.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Acceptance of Share Offer should nevertheless be duly completed and signed and delivered in an envelope marked “**i-CABLE Communications Limited — Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificates and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.

If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Acceptance of Share Offer and deliver it in an envelope marked “**i-CABLE Communications Limited — Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to the Halcyon Capital, Halcyon Securities and/or Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the **WHITE** Form of Acceptance of Share Offer.

An acceptance of the Share Offer may not be counted as valid unless:

- (a) it is received by the Registrar on or before 4:00 p.m. on the Closing Date or such time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (b) below have been so received; and
- (b) the **WHITE** Form of Acceptance of Share Offer is duly completed and signed and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt (s) and/or other document (s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraphs of this paragraph (b)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form of Acceptance of Share Offer is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgment of receipt of any **WHITE** Form of Acceptance of Share Offer, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

If the Share Offer does not become, or is not declared, unconditional as to acceptances on the Closing Date, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in

respect thereof) received by the Registrar will be returned to the Offer Shareholders who have accepted the Share Offer by ordinary post at the Offer Shareholders' own risk as soon as possible but in any event within ten (10) days after the Share Offer has lapsed.

2. PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER

To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Acceptance of Option Offer in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer. You should insert the total number of Options for which the Option Offer is accepted. If no number is inserted in the box title "Number of Options to be cancelled" or a number of Options inserted is greater or smaller than the number of Options than your registered holding of Options or those physical Options tendered for acceptance of the Option Offer, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before the latest time for acceptance of the Option Offer.

The duly completed and signed **PINK** Form of Acceptance of Option Offer should be forwarded, together with the relevant option certificate(s) (and/or satisfactory indemnity or indemnities required in respect thereof) (if applicable) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer, by post or by hand, in an envelope marked "**i-CABLE Communications Limited — Option Offer**" to the Registrar as soon as possible and in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date, or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive.

If the option certificate(s) (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Acceptance of Option Offer should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your option certificate(s) (if applicable), you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

No stamp duty will be deducted from the amount paid or payable to Optionholders who accept the Option Offer.

If the Share Offer is withdrawn or lapses, the Option Offer will be withdrawn or lapse too. In such case, the Offeror shall, at the Optionholders' own risk as soon as possible but in any event within ten (10) days thereof, return by ordinary post the relevant option certificate(s) (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the **PINK** Form of Acceptance of Option Offer to the relevant Optionholders.

No acknowledgment of receipt of any **PINK** Form of Acceptance of Option Offer and/or option certificate(s) (if applicable) will be given.

References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.

In making their decision, the Optionholders must rely on their own examination of the Group and the terms of the Option Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Halcyon Capital, Halcyon Securities, Independent Financial Adviser, or their respective professional advisers. Optionholders should consult their own professional advisers for professional advice.

3. SETTLEMENT

The amount due to an Accepting Shareholder (less seller's ad valorem stamp duty in respect of acceptances of the Share Offer) or Accepting Optionholder will be despatched, by a cheque or a banker's cashier order, to the relevant Shareholder or Optionholder by ordinary post at his/her/its own risks as soon as possible, but in any event within seven (7) Business Days following the later of the date on which the Offers become or are declared unconditional, and the Registrar's receipt of due acceptance by the Accepting Shareholder or Accepting Optionholder.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder or Optionholder who accepts the Offers will be rounded up to the nearest cent.

Shareholders and Optionholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

4. ACCEPTANCE PERIOD AND REVISIONS

Pursuant to Rule 15.1 of the Takeovers Code, the Offers will remain open for acceptance for at least twenty one (21) days following the date on which this Composite Document is posted. Unless the Offers have previously been revised or extended with the consent of the Executive, to be valid, the Forms of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

If the Offers are extended or revised, the announcement of such extension or revision will state the next Closing Date or, if the Offers have become unconditional, a statement that the Offers will remain open until further notice. In the latter case, in pursuant to Rule 15.3 of the Takeovers Code, the Offers will remain open for acceptance for not less than fourteen (14) days thereafter.

If, in the course of the Offers, the Offeror revises the terms of the Offers, all Shareholders and Optionholders, whether or not they have already accepted the Offers will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.

If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

5. ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offers. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised, extended or expired. The announcement will state the following:

- (a) the total number of Offer Shares and Offer Options and rights over Offer Shares and Offer Options for which acceptances of the Offers have been received;
- (b) the total number of Shares and Options and rights over Shares and Options held, controlled or directed by the Offeror before the Offer Period;
- (c) the total number of Shares and Options and rights over Shares and Options acquired or agreed to be acquired during the Offer Period by the Offeror; and
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in which any member of the Offeror have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of voting rights represented by these numbers of Shares and Options.

In computing the total number of Shares and Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the requirements set out in this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Listing Rules.

6. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

All documents and remittances sent to Shareholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to Shareholders at their addresses specified on the relevant Shareholder's **WHITE** Form of Acceptance of Share Offer. None of the Offeror, the Company, Halcyon Capital, Halcyon Securities, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

7. RIGHT OF WITHDRAWAL

The Offers are conditional upon fulfilment of the Condition set out in the "Letter from Halcyon Securities" in this Composite Document. Acceptance of the Offers tendered by Offer Shareholders and Offer Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw his/her acceptance after twenty one (21) days from the First Closing Date (being Thursday, 17 February 2022) and if the Offers have not by then become unconditional as to acceptances. An acceptor of the Offers may withdraw his/her acceptance by lodging a notice in writing signed by the acceptor (or his/her agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers set out in section 5 of this Appendix I, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when any Offer Shareholder(s) and Offer Optionholder(s) withdraw their acceptance(s), the Offeror shall, at the own risk of the respective Offer Shareholder(s) and Offer Optionholder(s), as soon as possible but in any event within ten (10) days thereof, return by ordinary post the relevant share certificate(s), option certificate(s) (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Offer Shareholders and Offer Optionholders.

8. EFFECT OF ACCEPTANCE OF THE OFFERS

Acceptance of the Share Offer and the Option Offer by Offer Shareholders and Offer Optionholders, respectively, will be deemed to constitute a warranty by such person(s) to the Offeror that such Shares and Options, respectively, acquired under the respective Offers are sold or tendered by the Offer Shareholders or Offer Optionholders are fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date of this Composite Document, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the date of this Composite Document. The Company confirmed that as at the Latest Practicable Date, (i) it had not declared any dividend which had not yet been paid; and (ii) it did not have any intention to declare or pay any future dividend or make other distributions prior to and including the date of closing of the Share Offer.

Acceptance of the Option Offer by the Optionholders will result in the cancellation of the relevant Outstanding Share Options, together with all rights attaching thereto.

9. HONG KONG STAMP DUTY

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by the relevant Offer Shareholders at a rate of 0.13% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, and will be deducted from the amount payable by the Offeror to the relevant Offer Shareholders on acceptance of the Share Offer. Where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of those Offer Shareholders accepting the Share Offer. The Offeror will bear buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the Option Offer.

10. TAXATION ADVICE

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with it, the Company, Halcyon Capital, Halcyon Securities, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The availability of the Offers to any Overseas Shareholders and Overseas Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. The Overseas Shareholders and the Overseas Optionholders should observe any applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibilities of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Optionholders in respect of such overseas jurisdictions).

Acceptance of the Offers by any Overseas Shareholder and Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Optionholder to the Offeror that all relevant local laws and requirements have been complied with. The Overseas Shareholders and the Overseas Optionholders should consult their professional advisers if in doubt.

12. GENERAL

- (a) All communications, notices, the Forms of Acceptance, share certificates, option certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from Shareholders and Optionholders will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of the Offeror, the Company, Halcyon Capital, Halcyon Securities, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents, associates or any other person involved in the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Forms of Acceptance form part of the terms of the Offers.
- (c) Due execution of the Form(s) of Acceptance will constitute an irrevocable authority to the Offeror and/or Halcyon Capital, Halcyon Securities (or any of their respective ultimate beneficial owners, directors, officers, agents or associates) to complete, and execute any document on behalf of the Accepting Shareholder or Accepting Optionholder and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Offer Shares or cancelling the Offer Options in respect of which such person has accepted the Offers.
- (d) The accidental omission to despatch this Composite Document and/or the Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (e) The Offers and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong.
- (f) The settlement of the consideration to which any Offer Shareholder or Offer Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder or Offer Optionholder.
- (g) Any Offer Shareholders or Offer Optionholders accepting the Offers will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.

- (h) In making their decision, Offer Shareholders and Offer Optionholders must rely on their own examination of the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Halcyon Capital, Halcyon Securities or their respective professional advisers. Shareholders and Optionholders should consult their own professional advisers for professional advice.
- (i) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.
- (j) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong, including the Takeovers Code, and the operating rules of the Stock Exchange.

1. FINANCIAL SUMMARY

The following is a summary of the consolidated financial results of the Group for (i) each of the years ended 31 December 2018 (“FY2018”), 31 December 2019 (“FY2019”) and 31 December 2020 (“FY2020”), as extracted from the audited consolidated financial statements of the Group as set out in the annual reports of the Company for each of FY2018, FY2019 and FY2020, respectively; and (ii) the six months ended 30 June 2021 (“1H2021”) as extracted from the unaudited condensed consolidated financial statements of the Group as set out in the interim report of the Company for 1H2021.

The auditor’s reports issued by PricewaterhouseCoopers in respect of the consolidated financial statements of the Group for each of FY2018, FY2019 and FY2020 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Summary of the Consolidated Statements of Profit or Loss

	FY2018 <i>HK\$’000</i> (audited)	FY2019 <i>HK\$’000</i> (audited)	FY2020 <i>HK\$’000</i> (audited)	1H2021 <i>HK\$’000</i> (unaudited)
Revenue	1,163,310	1,160,837	1,068,977	493,483
Cost of services				
— Programming costs	(868,610)	(739,268)	(591,424)	(297,541)
— Network expenses	(334,679)	(320,790)	(295,894)	(146,562)
— Cost of sales	(86,941)	(124,267)	(125,166)	(68,583)
Selling, general and administrative and other operating expenses	<u>(362,307)</u>	<u>(340,647)</u>	<u>(290,939)</u>	<u>(134,858)</u>
Loss from operations	(489,227)	(364,135)	(234,446)	(154,061)
Interest income	2,327	4,870	423	378
Finance costs	(10,238)	(37,807)	(41,258)	(21,952)
Non-operating income	<u>42,373</u>	<u>393</u>	<u>417</u>	<u>4,123</u>
Loss before taxation	(454,765)	(396,679)	(274,864)	(171,512)
Income tax	<u>(823)</u>	<u>(287)</u>	<u>(523)</u>	<u>(3,704)</u>
Loss for the year/period	<u>(455,588)</u>	<u>(396,966)</u>	<u>(275,387)</u>	<u>(175,216)</u>
Attributable to:				
Equity shareholders of the Company	<u>(455,588)</u>	<u>(396,966)</u>	<u>(275,387)</u>	<u>(175,216)</u>
Loss per Share:				
Basic (<i>HK cents</i>)	(7.3)	(5.9)	(3.9)	(2.5)
Diluted (<i>HK cents</i>)	<u>(7.3)</u>	<u>(5.9)</u>	<u>(3.9)</u>	<u>(2.5)</u>
Loss for the year/period	(455,588)	(396,966)	(275,387)	(175,216)
Other comprehensive income for the year/period	<u>(660)</u>	<u>(74)</u>	<u>537</u>	<u>(40)</u>
Total comprehensive income for the year/period	<u>(456,248)</u>	<u>(397,040)</u>	<u>(274,850)</u>	<u>(175,256)</u>
Attributable to:				
Equity shareholders of the Company	<u>(456,248)</u>	<u>(397,040)</u>	<u>(274,850)</u>	<u>(175,256)</u>
Dividend per share	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Save as disclosed above, there is no other income or expense which are material to the Group for each of the three years ended 31 December 2020 and six months ended 30 June 2021.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statements of financial position, consolidated statements of cash flows and any other primary statements as shown in (i) the audited consolidated financial statements of the Group for FY2018 (“**2018 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for FY2019 (“**2019 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for FY2020 (“**2020 Financial Statements**”); and (iv) the unaudited condensed consolidated financial statements of the Group for 1H2021 (“**2021 Interim Financial Statements**”) together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2018 Financial Statements are set out on pages 77 to 135 of the annual report for the year ended 31 December 2018 (“**Annual Report 2018**”) of the Company, which was dated 29 March 2019. The Annual Report 2018 is posted on the Company’s website at <http://www.i-cablecomm.com>. Please also see below a direct link to the Annual Report 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltn201904251832.pdf>

The 2019 Financial Statements are set out on pages 80 to 145 of the annual report for the year ended 31 December 2019 (“**Annual Report 2019**”) of the Company, which was dated 25 March 2020. The Annual Report 2019 is posted on the Company’s website at <http://www.i-cablecomm.com>. Please also see below a direct link to the Annual Report 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042301955.pdf>

The 2020 Financial Statements are set out on pages 86 to 151 of the annual report for the year ended 31 December 2020 (“**Annual Report 2020**”) of the Company, which was dated on 30 March 2021. The Annual Report 2020 is posted on the Company’s website at <http://www.i-cablecomm.com>. Please also see below a direct link to the Annual Report 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042601938.pdf>

The 2021 Interim Financial Statements are set out on pages 23 to 56 of the interim report for the six months ended 30 June 2021 (“**Interim Report 2021**”) of the Company, which was dated 20 August 2021. The Interim Report 2021 is posted on the Company’s website at <http://www.i-cablecomm.com>. Please also see below a direct link to the Interim Report 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0923/2021092301414.pdf>

The 2018 Financial Statements, the 2019 Financial Statements, the 2020 Financial Statement and the 2021 Interim Financial Statements (but not any other part of the Annual Report 2018, the Annual Report 2019, Annual Report 2020 and the Interim Report 2021 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

As at the close of business on 15 December 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

Borrowings

The Group had unsecured bank borrowing of HK\$295 million which was repayable on demand. The borrowing was guaranteed by the Company.

The Group had outstanding convertible bonds of principal amounts of HK\$768 million in aggregate and the maturity dates of these convertible bonds are the end of the tenth year from dates of the issue on 4 June 2019 and 31 March 2021 respectively.

Lease liabilities

As at the close of business on 15 December 2021, the Group had total lease liabilities amounting to approximately HK\$75 million.

Performance bond

As at the close of business on 15 December 2021, the Group had made arrangement with a bank to provide a performance bond to the counterparty amounting to approximately HK\$34 million, of which approximately 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.

Contingent liabilities

As at the close of business on 15 December 2021, the Group did not have any contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 15 December 2021, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances or acceptances credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

4. MATERIAL CHANGE

Save and except for the following information, the Directors confirmed that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

1. As disclosed in the Company's announcement dated 29 April 2021, the Communications Authority granted an approval-in-principle to Fantastic Television Limited in respect of its application for using spectrum, on top of fixed network, as an additional means of transmission for the delivery of its free television programme service.
2. The Group has continued to raise funds for working capital and to finance business development opportunities. As disclosed in the Company's announcement dated 31 March 2021 and the Interim Report 2021, the issuance of the 2021 LCS on 31 March 2021 raised net proceeds of approximately HK\$198 million. As disclosed in the section headed "13. Loan Facility from the Offeror" in "Letter from the Board" in this Composite Document, on 21 January 2022, the Group had further obtained an unsecured loan of HK\$70 million from the Offeror.
3. As disclosed in the Interim Report 2021, the Group has continued to experience decreases in its revenue derived from the media segment due to lower subscription revenue as a result of intense competition. For the year ended 31 December 2020, the Group recorded revenue of approximately HK\$656.5 million from this segment, while for the six months ended 30 June 2021, revenue from this segment amounted to approximately HK\$289.3 million, representing approximately 44.1% of the revenue for the year ended 31 December 2020.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

2.1 Shares

As at the Latest Practicable Date, the Company had 7,134,623,520 Shares in issue. All of the Shares currently in issue are fully paid up or credited as fully paid and rank *pari passu* in all respects with each other, including all rights in respect of dividends, voting rights and capital. The Shares are listed on the Stock Exchange and none of the securities of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

No Share has been issued by the Company since 31 December 2020 (being the date on which its latest published audited accounts were prepared) and up to and including the Latest Practicable Date.

2.2 Share Options

As at the Latest Practicable Date, the Outstanding Share Options granted under the Share Option Scheme was 239,504,640, of which 119,752,320 Share Options have an exercise period from 15 June 2018 to 14 June 2028 and the remaining 119,752,320 Share Options have an exercise period from 15 June 2019 to 14 June 2028. If all such Options were exercised, a total of 239,504,640 Shares would be issued. All Outstanding Share Options have an exercise price of HK\$0.204 per Share.

2.3 Convertible bonds

As at the Latest Practicable Date, the Company had the following convertible bonds:

	Principal amount (HK\$)	Conversion price (HK\$)	Conversion Shares
2019 LCS	568,000,000	0.125	4,544,000,000
2021 LCS	200,000,000	0.068	2,941,176,470

Save as disclosed above, as at the Latest Practicable Date, the Company had no outstanding warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and the Company had not entered into any agreement to issue any Shares or warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

3. DISCLOSURE OF INTERESTS

3.1 Directors and chief executives' interests in securities

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

Share Options

Name	Date of grant	Share Options	Exercise price (HK\$)	Closing price of the Shares immediately before the date of grant ⁽²⁾ (HK\$)
Dr. Cheng	15 June 2018	63,785,600 ⁽¹⁾	0.204	0.155
Mr. David Chiu	15 June 2018	63,785,600 ⁽¹⁾	0.204	0.155
Mr. Tsang	15 June 2018	27,006,000 ⁽¹⁾	0.204	0.155
Mr. Lie Ken Jie Remy Anthony Ket Heng ⁽³⁾	15 June 2018	3,600,800 ⁽¹⁾	0.204	0.155
Mr. Andrew Chiu	15 June 2018	36,522,400 ⁽¹⁾	0.204	0.155
Mr. Hoong	15 June 2018	27,006,000 ⁽¹⁾	0.204	0.155

Notes:

- (1) 50% of the Share Options are exercisable from 15 June 2018 to 14 June 2028 (both dates inclusive); and the remaining 50% of the Share Options are exercisable from 15 June 2019 to 14 June 2028 (both dates inclusive).
- (2) The closing price per Share as stated in the daily quotation sheet issued by the Stock Exchange immediately before the date on which the Share Options were granted was HK\$0.155.

- (3) Mr. Lie Ken Jie Remy Anthony Ket Heng is the Committed Optionholder and has given the Option Irrevocable Undertaking as at the Latest Practicable Date.

Other Relevant Securities

Name	Number of Relevant Securities			Approximate percentage of the number of issued Shares (%)
	Beneficial owner	Interest of a controlled corporation	Total	
Dr. Cheng	63,785,600 ⁽¹⁾	10,568,899,364 ⁽²⁾	10,632,684,964	149.03

Notes:

- (1) These are the same Share Options stated in the table headed “Share Options” above.
- (2) Dr. Cheng held all issued shares of the Offeror and the Offeror in turn held 72.0% of Forever Top as at the Latest Practicable Date. Accordingly, both the Offeror and Forever Top are controlled corporations of Dr. Cheng. Forever Top held 3,083,722,894 Shares and the entire outstanding principal amounts of the 2019 LCS and the 2021 LCS. These 10,568,899,364 relevant securities 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 2019 LCS; and (iii) 2,941,176,470 new Shares to be issued by the Company upon full exercise of the conversion rights under the 2021 LCS.

3.2 Substantial shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or 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 or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or required to be disclosed under the Takeovers Code:

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 Limited	—	—	10,568,899,364 ⁽¹⁾	10,568,899,364	148.14
Forever Top	10,568,899,364 ⁽¹⁾	—	—	10,568,899,364	148.14
Ng Hung Sang	156,169,500	98,502,500 ⁽²⁾	464,376,000 ⁽³⁾	719,048,000	10.08
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 2019 LCS; and (iii) 2,941,176,470 new Shares to be issued by the Company upon full exercise of the conversion rights under the 2021 LCS. As at the Latest Practicable Date, Celestial Pioneer Limited holds 72.0% of Forever Top and is deemed to be interested in all the interests held by Forever Top under the SFO.
- (2) Based on the information available to the Company, Ng Hung Sang is the spouse of Ng Lai King Pamela. Ng Hung Sang is therefore deemed to be interested in 98,502,500 Shares which Ng Lai King Pamela is interested in under the SFO.
- (3) Based on the information available to the Company, 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 100% held by South China Financial Holdings Limited. South China Financial Holdings Limited was held as to approximately 29.36% by Ng Hung Sang, among which approximately 25.66% was held through his 100% owned corporations, while according to publicly available information, approximately 3.70% was held by him as beneficial owner.
- (4) Based on the information available to the Company, Ng Lai King Pamela is the spouse of Ng Hung Sang. Ng Lai King Pamela is therefore deemed to be interested in 620,545,500 Shares which Ng Hung Sang is interested in under the SFO.

3.3 Interests in the Offeror

The Offeror is wholly-owned by Dr. Cheng, who is the chairman of the Company and a non-executive Director. Save as disclosed above, as at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of the shares of the Offeror and no such person had dealt for value in the share of the Offeror.

3.4 Other interests

As at the Latest Practicable Date:

- (1) save as disclosed in the paragraphs headed “3.1 Directors and chief executives’ interests in securities” above the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares. None of the Directors have dealt with for value in any Shares during the Relevant Period;
- (2) Dr. Cheng, Mr. Tsang, Mr. David Chiu, Mr. Andrew Chiu and Mr. Hoong have given the Option Irrevocable Undertakings as at the Latest Practicable Date. Save for the above and save as disclosed in the paragraphs headed “3.1 Directors and chief executives’ interests in securities” above the Directors did not have any beneficial shareholdings or interest in Share Options in the Company which would entitle them to accept or reject the Offers;

- (3) none of the subsidiaries of the Company, any pension fund of the Group, any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (4) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (5) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with the Company and no such person had dealt for value in any relevant securities in the Company during the Relevant Period;
- (6) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares; and
- (7) there was no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on one hand and the Company, its subsidiaries or associate companies on the other hand.

3.5 Dealing in the Shares

Save for Dr. Cheng, who is the sole shareholder of the Offeror, none of the Company and the Directors is interested in any shareholding, or have dealt in the shares, of the Offeror.

Save for the SP Agreements entered into among the Vendors and the Offeror, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.

None of the Directors and the Company have dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any members of the Group.

5. MATERIAL CONTRACTS

Save for the 2021 LCS Subscription Agreement and the Loan Facility, there was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) entered into by any member of the Group within the date two years before the commencement of the Offer Period and ending on the Latest Practicable Date.

Under the 2021 LCS Subscription Agreement dated 27 January 2021, the Company agreed to issue, and Forever Top agreed to subscribe for, the 2021 LCS with a principal amount of HK\$200 million. For details of the 2021 LCS Subscription Agreement, please refer to the announcement of the Company dated 27 January 2021 in relation thereto.

6. MARKET PRICE

The table below sets out the closing price of the Shares on the Stock Exchange on: (i) the last Business Day of each of the calendar months during the period commencing six months preceding the date of the Joint Announcement up to the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

	Closing price per Share (HK\$)
31 May 2021	0.091
30 June 2021	0.093
30 July 2021	0.080
31 August 2021	0.072
30 September 2021 (Last Trading Day)	0.068
29 October 2021	N/A (<i>Note</i>)
30 November 2021	0.068
31 December 2021	0.070
Latest Practicable Date	0.066

Note: Trading of the Shares has been halted from 4 October 2021 to 9 November 2021.

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.098 per Share on 24 May 2021, and HK\$0.062 per Share on 11 January 2022, respectively.

7. QUALIFICATION OF EXPERT

The following are the qualifications of the expert who has been named in this Composite Document or who has given its opinion or advice, which is contained in this Composite Document:

Name	Qualification
Altus Capital Limited	a corporation 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, which has been appointed as the Independent Financial Adviser to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in connection with the Offers

8. CONSENT

The expert mentioned above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the text of its opinions, as the case may be, and/or letters and/or the references to its name and/or opinions and/or letters, as the case may be, in the form and context in which it appears.

9. DIRECTORS' SERVICE CONTRACTS

Each of Dr. Cheng, Mr. David Chiu, Mr. Tsang, Mr. Lie Ken Jie Remy Anthony Ket Heng, Mr. Andrew Chiu, Mr. Hoong, Ms. Ng Yuk Mui Jessica, Mr. Lam Kin Fung Jeffrey, Dr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman has entered into a letter of appointment with the Company for an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment, and save as disclosed below, each of their contracts has more than 12 months to run irrespective of the notice period. Other details of the letter of appointments are set out below:

Director	Date of letter of appointment for the current term	Term
Dr. Cheng	13 September 2017	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 14 September 2023
Mr. David Chiu	13 September 2017	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 14 September 2023

Director	Date of letter of appointment for the current term	Term
Mr. Tsang	30 November 2021	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 29 November 2024
Mr. Lie Ken Jie Remy Anthony Ket Heng	30 November 2021	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 29 November 2024
Mr. Hoong	13 September 2017	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 14 September 2023
Mr. Andrew Chiu	30 November 2021	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 29 November 2024
Ms. Ng Yuk Mui Jessica	24 June 2019	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 1 July 2022
Mr. Lam Kin Fung Jeffrey	13 September 2017	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 14 September 2023
Dr. Hu Shao Ming Herman	19 March 2021	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 31 March 2024
Mr. Luk Koon Hoo, Roger	23 March 2021	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 15 September 2022
Mr. Tang Sing Ming Sherman	19 March 2021	For an initial term of three years and renewable automatically for successive terms of three years upon expiry of the then current term of the appointment i.e. 31 December 2022

Each of Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman is entitled to, under their respective letter of appointment, a director's fee of HK\$80,000 per annum and such other benefits as may be determined by, and at the discretion of, the Board from time to time. Except for Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman, each other Director, under their respective letter of appointment, are entitled to a director's fee of HK\$60,000 per annum and such other benefits as may be determined by, and at the discretion of, the Board from time to time. No Director has receive such other benefits as determined by the Board.

Save for the above, as at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company at <http://www.i-cablecomm.com>, the website of the Stock Exchange at <https://www.hkexnews.hk>, and the website of the SFC at <https://www.sfc.hk> from the date of this Composite Document up to and including the Closing Date:

- (1) the articles of association of the Company;
- (2) the annual reports of the Company for each of the three years ended 31 December 2018, 2019 and 2020;
- (3) the interim report of the Company for the six months ended 30 June 2021;
- (4) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" of this Composite Document;
- (5) the letter from the Independent Board Committee, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this Composite Document;
- (6) the letter from Altus Capital, the text of which is set out in the section headed "Letter from Altus Capital" of this Composite Document;
- (7) the 2021 LCS Subscription Agreement;
- (8) the written consent from Altus Capital referred to in the section headed "8. Consent" in this appendix;

- (9) the letters of appointment of the Directors as referred to in the section headed “9. Directors’ Service Contracts” in this appendix;
- (10) the Loan Facility; and
- (11) this Composite Document.

11. MISCELLANEOUS

- (1) As at the Latest Practicable Date, none of the Directors had been or would be given any benefit as compensation for loss of office or otherwise in connection with the Offers;
- (2) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (3) Save for SP Agreements entered into between the Vendors and the Offeror and the Placing and Transfer Agreement, as at the Latest Practicable Date, there was no material contracts entered into by the Offeror in which any Director has a material personal interest.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF THE OFFEROR CONCERT PARTIES

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Name	Relevant Securities			Approximate percentage of the number of issued Shares (%)
	Beneficial owner	Interest of a controlled corporation	Total	
Forever Top Offeror	10,568,899,364 ⁽¹⁾	—	10,568,899,364	148.14
Dr. Cheng	—	10,568,899,364 ^{(1), (2)}	10,568,899,364	148.14
Mr. Tsang	63,785,600 ⁽³⁾	10,568,899,364 ^{(1), (2)}	10,632,684,964	149.03
Mr. David Chiu	27,006,000 ⁽³⁾	—	27,006,000	0.38
Mr. Andrew Chiu	63,785,600 ⁽³⁾	—	63,785,600	0.89
Mr. Hoong	36,522,400 ⁽³⁾	—	36,522,400	0.51
	27,006,000 ⁽³⁾	—	27,006,000	0.38

Notes:

- (1) Forever Top held 3,083,722,894 Shares and the entire outstanding principal amounts of the 2019 LCS and the 2021 LCS. These 10,568,899,364 relevant securities 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 2019 LCS; and (iii) 2,941,176,470 new Shares to be issued by the Company upon full exercise of the conversion rights under the 2021 LCS.
- (2) Dr. Cheng holds all issued shares of the Offeror and the Offeror in turn held 72.0% of Forever Top as at the Latest Practicable Date. Accordingly, Forever Top is a controlled corporation of the Offeror and both the Offeror and Forever Top are controlled corporations of Dr. Cheng.
- (3) These are all Share Options with exercise price of HK\$0.204 per Share and among which, 50% are exercisable from 15 June 2018 to 14 June 2028 and the remaining 50% are exercisable from 15 June 2019 to 14 June 2028. The Offeror Concert Parties held, in aggregate, 218,105,600 Share Options.

As of the Latest Practicable Date, save as disclosed above, neither the Offeror nor any Offeror Concert Parties owned or controlled any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror confirms that, as at the Latest Practicable Date:

- (1) save as disclosed in the section “2. Disclosure of Interests of the Offeror Concert Parties”, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns, holds or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company, and there is no outstanding derivative in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (2) save for the Option Irrevocable Undertakings as disclosed in the section “3. The Option Offer — Option Irrevocable Undertaking” in “Letter from Halcyon Securities” in this Composite Document and the LCS Irrevocable Undertaking as disclosed in the section “4. The 2019 LCS and the 2021 LCS — LCS Irrevocable Undertaking” in “Letter from Halcyon Securities” in this Composite Document, the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept or reject the Offers. The Option Irrevocable Undertakings have been given by Dr. Cheng, Mr. David Chiu, Mr. Tsang, Mr. Lie Ken Jie Remy Anthony Ket Heng, Mr. Hoong and Mr. Andrew Chiu, and the LCS Irrevocable Undertaking has been given by Forever Top. As at the Latest Practicable Date, the Offeror, which is wholly owned by Dr. Cheng, held 72.0% of all issued shares of Forever Top; and Forever Top held 43.2% of all issued Shares; and none of Mr. David Chiu, Mr. Tsang, Mr. Lie Ken Jie Remy Anthony Ket Heng, Mr. Hoong and Mr. Andrew Chiu hold any Shares. Save for the Transactions and transactions contemplated under the Placing and Transfer Agreements, none of Dr. Cheng, Mr. David Chiu, Mr. Tsang, Mr. Lie Ken Jie Remy Anthony Ket Heng, Mr. Hoong, Mr. Andrew Chiu and Forever Top has dealt for value in any Shares, Share Options or any other options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company during the Relevant Period;
- (3) save for the Transactions and transactions contemplated under the Placing and Transfer Agreement, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had not dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company during the Relevant Period;
- (4) save for the SP Agreements and the Placing and Transfer Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;

- (5) other than the consideration payable to the Vendors under the SP Agreements, there is no other consideration, compensation or benefits in whatever form provided by the Offeror, its ultimate beneficial owner or their respective concert parties to any of the Vendors or their concert parties in connection with the Transactions;
- (6) save for the SP Agreements, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner or any parties acting in concert with any of them, is a party which relates to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offers;
- (7) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent;
- (8) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between:
 - (A) (a) the Offeror, its ultimate beneficial owner or their respective concert parties on one hand and (b) the Vendors and their concert parties on the other hand; or
 - (B) (a) the Offeror, its ultimate beneficial owner or their respective concert parties on one hand and (b) the Shareholders on the other hand; and
- (9) save for as provided under the Placing and Transfer Agreement, no securities to be acquired pursuant to the Offers will be transferred, charged, pledged to any other persons.

4. GENERAL

- (1) As at the Latest Practicable Date, there was no arrangement whereby benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offers.
- (2) As at the Latest Practicable Date, save for the Placing and Transfer Agreement, there was no agreement, arrangement, or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offers.
- (3) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror and parties acting in concert with it is a party which relates to circumstances in which it may or may not seek to invoke a condition to the Offers.

5. QUALIFICATION OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this Composite Document:

Name	Qualifications
Halcyon Securities Limited	a registered institution under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, which is making the Offers on behalf of the Offeror
Halcyon Capital Limited	a registered institution under the SFO to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in connection with the Offers

6. CONSENT

Each of the expert mentioned above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the text of its opinions, as the case may be, and/or letters and/or the references to its name and/or opinions and/or letters, as the case may be, in the form and context in which it appears.

7. MISCELLANEOUS

- (1) Principal members of the Offeror Concert Parties include the Offeror, Dr. Cheng, Mr. Tsang, Mr. Cheng Kam Biu Wilson, Forever Top, Mr. David Chiu, Mr. Hoong, Mr. Andrew Chiu, Celestial Channel Limited, Chow Tai Fook Enterprises Limited, Profit Surge, Mr. Li, Expand Ocean L.P., Hony Communications Limited and Mr. John Huan Zhao.

For information of Forever Top, please see paragraphs headed “16. Information of the Parties — Forever Top” in the “Letter from Halcyon Securities” section and the paragraphs headed “10. Shareholding structures of the Company and Forever Top” in the “Letter from the Board” of this Composite Document.

The directors of Celestial Channel Limited are Dr. Cheng, Mr. Cheng Kam Biu Wilson and Mr. Tsang. Celestial Channel Limited is wholly-owned by Chow Tai Fook Enterprises Limited and Chow Tai Fook Enterprises Limited is held by Cheng Yu Tung Family (Holdings) Limited as to 48.98% and Cheng Yu Tung Family (Holdings II) Limited as at 46.65%. The Directors of Chow Tai Fook Enterprises Limited are Mr. Cheng Chi Heng, Mr. Cheng Chi Kong, Mr. Cheng Kam Biu Wilson, Mr. Cheng Kar Shing, Dr. Cheng, Mr. Cheng Sek Hung Timothy, Mr. Cheng Yu Wai, Ms. Doo Cheng Sau Ha Amy, Ms. Sun Cheng Lai Ha Cecilia, Mr. Tsang and Mr. Wong Siu Kee.

Profit Surge is wholly-owned by Mr. Li and the sole director of Profit Surge is Mr. Li.

Hony Communications Limited is the sole general partner of Expand Ocean L.P., and the sole director of Hony Communications Limited is Mr. John Huan Zhao.

- (2) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI. The correspondence address in Hong Kong is 32/F, New World Tower, 18 Queen's Road Central, Hong Kong.
- (3) The Offeror is incorporated in the BVI with limited liability on 21 March 2017.
- (4) The directors of the Offeror are Dr. Cheng, Mr. Cheng Kam Biu Wilson and Mr. Tsang.
- (5) The Offeror is ultimately beneficially owned by Dr. Cheng.
- (6) The address of Dr. Cheng, Mr. Tsang, Mr. Cheng Kam Biu Wilson, Forever Top, Celestial Channel Limited and Chow Tai Fook Enterprises Limited is 32/F, New World Tower, 18 Queen's Road Central, Hong Kong.
- (7) The address of Mr. David Chiu, Mr. Andrew Chiu and Mr. Hoong is 16th Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.
- (8) The address of Profit Surge and Mr. Li is Room 6303, The Center, No. 99 Queen's Road, Central, Hong Kong.
- (9) The address of Mr. John Huan Zhao, Expand Ocean L.P. and Hony Communications Limited is Suite 06-11, 70/F, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong.
- (10) Halcyon Capital is the financial adviser of the Offeror in relation to the Offers, and its registered address is at 11/F, 8 Wyndham Street, Central, Hong Kong.
- (11) Halcyon Securities is making the Offers on behalf of the Offeror, and its registered address is at 11/F, 8 Wyndham Street, Central, Hong Kong.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company at <http://www.i-cablecomm.com>, the website of the Stock Exchange at <https://www.hkexnews.hk>, and the website of the SFC at <https://www.sfc.hk> from the date of this Composite Document up to and including the Closing Date:

- (1) the memorandum and articles of association of the Offeror;
- (2) the letter from Halcyon Securities, the text of which is set out in the section headed "Letter from Halcyon Securities" of this Composite Document;

- (3) the written consents referred to in the section headed “6. Consent” in this appendix;
- (4) the SP Agreements;
- (5) the Placing and Transfer Agreement;
- (6) the Option Irrevocable Undertakings;
- (7) the LCS Irrevocable Undertaking; and
- (8) the Loan Facility.

The following is a form of the Option Offer Letter being sent to each Offer Optionholder in connection with the Option Offer.



Halcyon Securities Limited
11/F, 8 Wyndham Street
Central, Hong Kong

27 January 2022

To the Offer Optionholders

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO CANCEL ALL OUTSTANDING SHARE OPTIONS OF
i-CABLE COMMUNICATIONS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

A composite document dated the same date as this letter issued jointly by the Offeror and the Company (“**Composite Document**”) and a **PINK** Form of Acceptance of Option Offer is provided to you together with this letter. Terms used but not defined in this letter shall have the same meanings as defined in the Composite Document. This letter should be read in conjunction with the Composite Document.

The Company was informed by Forever Top that on 30 September 2021, the Offeror (as purchaser) has entered into (i) the DC Agreement with Mr. David Chiu (as vendor), pursuant to which the Offeror has conditionally agreed to acquire, and Mr. David Chiu has conditionally agreed to sell and assign, the DC Sale Shares and the DC Sale Loan at the aggregate consideration of HK\$148.0 million; and (ii) the PS Agreement with Profit Surge (as vendor) and Mr. Li (as guarantor of Profit Surge), pursuant to which the Offeror has conditionally agreed to acquire, and Profit Surge has conditionally agreed to sell and assign, the PS Sale Shares and the PS Sale Loan at the aggregate consideration of approximately HK\$60.9 million.

As at the date of the Joint Announcement, (i) the Offeror was the single largest shareholder of Forever Top holding 31.5% of the total number of issued shares of Forever Top; (ii) Mr. David Chiu held 24.5% of the total number of the issued shares of Forever Top; (iii) Celestial Channel Limited (a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited of which Dr. Cheng was the chairman) held 14.0% of the total number of issued shares of Forever Top; (iv) Profit Surge (which was wholly-owned by Mr. Li) held 16.0% of the total number of issued shares of Forever Top; and (v) Expand Ocean L.P. (a fund whose sole general partner was a wholly-owned company of Mr. John Huan Zhao) held 14.0% of the total

number of issued shares of Forever Top. The DC Sale Shares and the PS Sale Shares represented, in aggregate, 40.5% of the total number of issued shares of Forever Top as at the date of the Joint Announcement.

On the Transaction Completion Date, the Offeror and the Company jointly announced that Transaction Completions took place on even date. Immediately after the Transaction Completions and as at the Latest Practicable Date, (i) the Offeror held 72.0% of the total number of issued shares of Forever Top; (ii) Celestial Channel Limited held 14.0% of the total number of issued shares of Forever Top; (iii) Expand Ocean L.P. held 14.0% of the total number of issued shares of Forever Top; and (iv) the Vendors ceased to hold any interest in Forever Top. The Offeror and Celestial Channel Limited, in aggregate, held 86.0% of the total number of issued shares of Forever Top immediately after the Transaction Completions.

As at the Latest Practicable Date, the Company had a total of 7,134,623,520 Shares in issue, 239,504,640 Share Options outstanding entitling the grantees to subscribe for an aggregate of 239,504,640 Shares at an exercise price of HK\$0.204 per Share and the following convertible bonds:

	Principal amount (HK\$)	Holder	Conversion price (HK\$)	Conversion Shares
2019 LCS	568,000,000	Forever Top	0.125	4,544,000,000
2021 LCS	200,000,000	Forever Top	0.068	2,941,176,470

As at the Latest Practicable Date, Forever Top held 3,083,722,894 Shares, which represented approximately 43.2% of the Shares in issue, the Offeror Concert Parties held in aggregate 218,105,600 Share Options and Forever Top held all the outstanding 2019 LCS and 2021 LCS. For details, please see section headed “2. Disclosure of Interests of the Offeror Concert Parties” in Appendix IV to the Composite Document.

As the Offeror acquired statutory control (as referred to in the Takeovers Code) over Forever Top upon the Transaction Completions, and Forever Top holds a controlling interest in the Company, the Offeror is required to make a conditional mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Note 8 to Rule 26.1 of the Takeovers Code and Practice Note 19 to the Takeovers Code. The Offeror, through Halcyon Securities, is making a conditional mandatory general offer for all the Offer Shares pursuant to Note 8 to Rule 26.1 of the Takeovers Code and to cancel all outstanding Offer Options pursuant to Rule 13 of the Takeovers Code.

This letter sets out, among other things, the principal terms of the Option Offer, and the actions you may take in relation to any Offer Options held by you. You are advised to refer to the entire Composite Document when considering them. Your attention is also drawn to the terms and conditions of the documentation under which each of your Offer Options was granted (including the terms of the Share Option Scheme).

2. TERMS OF THE OPTION OFFER

We, on behalf of the Offeror, make the Option Offer on the following terms:

Option Offer Price for cancellation of each Offer Option HK\$0.0001 in cash

In compliance with Rule 13 of the Takeovers Code, the Option Offer Price for cancellation of the Offer Options represents the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each Offer Option.

As the Outstanding Share Options have an exercise price of HK\$0.204 per Share, which is above the Share Offer Price, and are therefore out-of-the-money, the Option Offer Price for the cancellation of each such Offer Option will be a nominal cash amount of HK\$0.0001.

The Option Offer is extended to all unexercised Offer Options but not to the Share Options held by the Offeror Concert Parties. No Option Offer is made for the Share Options held by the Offeror Concert Parties and the Offeror Concert Parties holding Outstanding Share Options as at the Latest Practicable Date had no objection to an offer not being made for their Share Options.

The Option Offer will be subject to the Share Offer becoming or being declared unconditional. Your attention is drawn to the sections headed the “6. Condition of the Offers” in the Letter from Halcyon Securities in the Composite Document which sets out the condition of the Share Offer.

Pursuant to the Expected Timetable in the Composite Document, the First Closing Date is on Thursday, 17 February 2022. The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the condition to the Offers in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent).

In accordance with the terms of the Share Option Scheme, if during the exercise period of the Share Options, an offer is made to acquire all or part of the total number of Shares in issue (other than those held by the Offeror and par parties acting in concert with it), and such offer becomes or is declared unconditional, the Company shall give written notice to all participants of the Share Option Scheme then holding Outstanding Share Options of the offer becoming unconditional as soon as reasonably practicable after becoming so aware, and each participant of the Share Option Scheme may, by notice in writing to the Company, within fourteen (14) days of the date of such notice exercise his Share Options to its full extent or to the extent specified in such notice in accordance with the rules of the Share Option Scheme (“**Latest Option Exercise Date**”).

The Share Offer will be extended to any Shares that are issued as a result of the exercise of the Offer Options and valid acceptance in respect of such issued Shares is accepted on or before the date on which the Share Offer is closed.

If the Offers do not become unconditional and lapse, the Share Options will continue to be exercisable in accordance with their respective conditions of grant.

Pursuant to the terms of the Share Option Scheme, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers if the Offers become unconditional.

Subject to the Offers having become, or having been declared, unconditional, payment in cash in respect of acceptances of the Option Offer will be made as soon as possible but in any event, within seven (7) Business Days following the later of the date on which (i) the Offers become, or are declared unconditional; and (ii) the duly completed acceptances of the Option Offer and the relevant documents of title of the Offer Options in respect of such acceptances are received by or for the Offeror to render each such acceptance complete and valid.

No fractions of a cent will be payable, and the amount of the consideration payable an Offer Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

You are advised to refer to the sections headed “10. Taxation Advice” and “11. Overseas Shareholders and Overseas Optionholders” in the Letter from Halcyon Securities in the Composite Document, and the sections headed “2. Procedures for Acceptance of the Option Offer” and “6. Nominee Registration” in Appendix I to the Composite Document.

Your attention is drawn to (i) the “Letter from the Independent Board Committee” of the Composite Document, which contains the recommendation of the Independent Board Committee to the Offer Shareholders and Offer Optionholders in relation to the Offers; and (ii) the “Letter from Altus Capital” of the Composite Document, which sets out the advice of Altus Capital to the Independent Board Committee in relation to the Offers and as to the acceptance of the Offers, and the principal factors considered by it in arriving at its advice.

The Offer Optionholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Option Offer. It is emphasised that none of the Offeror, the Company, Halcyon Capital, Halcyon Securities and their agents or any of their respective directors, officers or associates or any other person involved in the Offers accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Option Offer.

3. COURSES OF ACTION AVAILABLE TO THE OFFER OPTIONHOLDERS

In summary, the choices available to you in respect of your outstanding Offer Options are:

- (1) to the extent any of your outstanding Offer Options is not exercised on or prior to the Latest Option Exercise Date, you may accept the Option Offer in accordance with its terms (as set out in the Composite Document and the **PINK** Form of Acceptance of Option Offer) and receive the Option Offer Price if the Offers become unconditional, by allowing such unexercised outstanding Offer Options to remain unexercised on the Latest Option Exercise Date, and returning, duly completed and signed, the **PINK** Form of Acceptance of Option Offer enclosed together with the relevant document(s) as soon as possible and in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date;
- (2) you may in accordance with the terms of the Share Option Scheme exercise all of your outstanding Offer Options (to the extent not already exercised) or only some of them to the extent specified in your notice of exercise, by submitting a notice of exercise of Options to the Company up to the Latest Option Exercise Date. Any Shares issued as a result of the exercise of such Outstanding Share Options as mentioned above will be subject to and eligible to participate in the Share Offer. Please refer to the Composite Document for the details of the Share Offer in this regard; or
- (3) do nothing, in which case pursuant to the terms of the Share Option Scheme, the Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers if the Offers become unconditional.

Each Outstanding Share Option you hold is independent and you should make a separate decision for each one.

For further details, please refer to the remaining sections of this letter, the Composite Document, the **PINK** Form of Acceptance of Option Offer and the terms and conditions of the Share Option Scheme.

4. OUTSTANDING OPTIONS HELD AS AT THE LATEST PRACTICABLE DATE

Information on the Outstanding Share Options held by you as at the Latest Practicable Date is available from the company secretary of the Company. If any of your Outstanding Share Options are exercised after the Latest Practicable Date, you may, before the expiry of the Offer Period, accept the Option Offer only in respect of those outstanding Offer Options which remain unexercised at the time of acceptance of the Option Offer.

5. LAPSED OPTIONS

Please note that nothing in this letter or the Composite Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of the Share Option Scheme. You cannot exercise, or accept the Option Offer in respect of, a Share Option once it lapses in accordance with its terms.

6. PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

In making your decision as an Optionholder, you must rely on your own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of the Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, Halcyon Capital, Halcyon Securities, Independent Financial Adviser, or their respective professional advisers. Optionholders should consult your own professional advisers for professional advice. If you are in any doubt as to any aspect of this letter, the Composite Document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

7. GENERAL

- (1) All communications, notices, the **PINK** Form of Acceptance of Option Offer, cheques, certificates and other documents of any nature, if delivered by or sent to or from you as an option holder or your designated agents by post, shall be posted at your own risk, and none of the Offeror, the Company, Halcyon Capital, Halcyon Securities and any of their respective directors, the Registrar and other parties involved in the Offers and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (2) The provisions set out in the Composite Document and the **PINK** Form of Acceptance of Option Offer form part of the terms of the Option Offer.
- (3) The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (4) The due execution of a **PINK** Form of Acceptance of Option Offer in respect of the Option Offer will constitute an authority to the Offeror, Halcyon Capital, Halcyon Securities or such person(s) as any of them may direct (i) to complete on behalf of the Accepting Optionholder the **PINK** Form of Acceptance of Option Offer and any other document(s); and (ii) to do any other act that may be necessary or expedient for the purpose of cancelling all rights of the Optionholders in respect of the outstanding Offer Options which are the subject of such acceptance.

- (5) By completing the **PINK** Form of Acceptance of Option Offer in respect of a particular outstanding Offer Option, you irrevocably authorise the Offeror, Halcyon Capital, Halcyon Securities and/or their respective agents to send a cheque to you by ordinary post at your own risk.

8. ACTIONS TO BE TAKEN FOR ACCEPTING THE OPTION OFFER

To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Acceptance of Option Offer in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer. You should insert the total number of Options for which the Option Offer is accepted. If no number is inserted in the box title “Number of Options to be cancelled” or the number of Share Options inserted is greater than the number of your registered holding of Share Options or is greater or smaller than the number of the Options represented by the option certificate tendered for acceptance of the Option Offer, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted by you and received by the Registrar at or before the latest time for acceptance of the Option Offer.

The duly completed and signed **PINK** Form of Acceptance of Option Offer should be forwarded, together with the relevant option certificate(s) (and/or satisfactory indemnity or indemnities required in respect thereof) (if applicable) you intend to tender, stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand, in an envelope marked “**i-CABLE Communications Limited — Option Offer**” to the Registrar as soon as possible and in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date, or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive.

If the option certificate(s) (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Acceptance of Option Offer should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your option certificate(s) (if applicable), you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

No stamp duty will be deducted from the amount paid or payable to Optionholders who accept the Option Offer.

If the Share Offer is withdrawn or lapses, the Option Offer will be withdrawn or lapse too. In such case, the Offeror shall, at the Optionholders’ own risk as soon as possible but in any event within ten (10) days thereof, return by ordinary post the relevant option certificate(s) (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the **PINK** Form of Acceptance of Option Offer to the relevant Optionholders.

No acknowledgment of receipt of any **PINK** Form of Acceptance of Option Offer and/or option certificate(s) (if applicable) will be given.

References to the Offers in the Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.

9. RESPONSIBILITY STATEMENT

The directors of the Offeror accept full responsibility for the accuracy of the information contained in this letter, and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this letter have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Yours faithfully,
For and on behalf of
Halcyon Securities Limited
Gilbert Lam
Executive Director