i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1097)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Revenue	**1,068,977**	1,160,837
Loss from operations	**(234,446)**	(364,135)
Depreciation	**220,220**	225,961
Amortisation of other intangible assets	**4,054**	1,610
Loss from operations before depreciation and amortisation of other intangible assets *(Note 1)*	**(10,172)**	(136,564)
Loss for the year	**(275,387)**	(396,966)
	HK cents	*HK cents*
Basic loss per share	**(3.9)**	(5.9)
Diluted loss per share	**(3.9)**	(5.9)
	31 December 2020	31 December 2019
	HK$'000	*HK$'000*
Total assets	**1,608,280**	1,878,747
Total liabilities	**(1,243,113)**	(1,238,730)
Total equity	**365,167**	640,017
Net gearing ratio *(Note 2)*	**136%**	68%

- With the effective cost saving initiatives, the financial performance of i-CABLE Communications Limited (the "Company" or "i-CABLE"), its subsidiaries and consolidated structured entities (collectively the "Group") for the year ended 31 December 2020 has improved as compared to the last year. The Group has further improved the loss for the year ended 31 December 2020 by approximately 31%, as compared to the last year.

- Since Forever Top (Asia) Limited ("Forever Top" or the "Controlling Shareholder") became the controlling shareholder of the Company in September 2017, with the implementation of efficacious cost controls and reallocation of resources among business units to maximise the value of the resources devoted, the operating expenses shrank during the last three consecutive years. The operating expenses decreased from approximately HK$1,525 million for the year ended 31 December 2019 to approximately HK$1,303 million for the year ended 31 December 2020.

- The number of broadband customers in December 2020 increased by approximately 13% as compared to December 2019. Revenue from the telecommunications segment achieved an average annual growth rate of approximately 9% over the last three years. The increase was mainly contributed by the revenue streams from the various collaborations with China Mobile Hong Kong Company Limited ("CMHK").

- On the pay television ("Pay TV") subscription business front, the customer base contracted during the year ended 31 December 2020 which vitiated the Pay TV subscription revenue for the year ended 31 December 2020. However, the revenue generated from the airtime sales on the Hong Kong Open TV ("Open TV") platform during the year ended 31 December 2020 has improved by approximately 61% when compared to the last year.

- Segment results of both the media segment and telecommunications segment demonstrated improvements during the year ended 31 December 2020 as compared to the last year. The segment results before depreciation and amortisation of other intangible assets for the second half of the year 2020 has improved as compared to the first half of the year 2020.

Notes:

1. *The Group presents the loss from operations before depreciation and amortisation of other intangible assets, a non-HKFRS financial measure, which is a supplemental information in relation to the operating performance of the Group to enable the stakeholders to evaluate and compare the performance across the same industry.*

2. *Net gearing ratio represents total interest-bearing borrowings and convertible bonds less cash and bank balances and restricted bank balances divided by total equity.*

BUSINESS REVIEW

OPERATING ENVIRONMENT

The Coronavirus Disease 2019 ("COVID-19") pandemic has brought unprecedented challenges and profound uncertainties in the business environment. Notwithstanding the deteriorated Hong Kong economy, the financial performance of the Group for the year ended 31 December 2020 has improved as compared to the year ended 31 December 2019. The improvement was primarily driven by the Group's effective cost-saving initiatives and the increase in revenue from various collaborations with CMHK. The Group has also been formulating an organisation restructuring which includes, among other things, (i) cost-saving initiatives; (ii) introduction of new contents and channels; (iii) new television content co-operation models; and (iv) strategic review on possible restructuring of the Group's business portfolio to achieve cost-saving and improve profitability. On the subscription business front, keen competition has continued to contract the subscription customer base of Pay TV service while the number of subscribers of the broadband service continued to grow from network upgrades and sales and marketing strategies. With efficacious sales and marketing campaign and the introduction of diverse contents, the advertising revenue from Open TV improved during the year under review, while Pay TV advertising revenue declined due to the challenging macroeconomic environment in Hong Kong and intensified competition among over-the-top (OTT) platforms and digital media, the decline was offset by creative selling and the introduction of value-added advertising services with comprehensive marketing solutions.

Business

Customers	**December 2020** ***('000)***	December 2019 *('000)*
Television	**736**	772
Broadband	**197**	175
Telephony	**76**	82

The outbreak of COVID-19 caused severe disruptions to global social and economic activities which further dampened consumer sentiment. In addition to the blazing competition in the market, the Pay TV subscription customer base and the subscription average revenue per user ("ARPU") continued to contract.

The Group has continued to upgrade our broadband network in order to provide high speed Gigabit-capable Passive Optical Network ("GPON") services to subscribers, resulting in an increase of approximately 13% in the customer base as at 31 December 2020 comparing to that as at 31 December 2019. The growth was also attributable to the timely adoption of effective sales and marketing strategies and recognition from the market for the quality of network service. Diverse service subscription packages with new contents and combination were also launched to enhance customer retention of broadband service.

The Group currently owns and operates a territory-wide telecommunications network which covers over two million households in Hong Kong. In year 2020, the Group continued to expand its core network of fibre coverage and increase core network capacity to cater for both residential and commercial markets and prepare for business growth. The Group also invested in expanding network coverage of GPON in order to provide fibre to the home ("FTTH") high-speed internet services to subscribers. The Group has strived to stabilise the broadcasting and hybrid fibre coaxial (HFC) network to secure high transmission quality and widen network availability.

One of the Group's major sources of revenue in the telecommunications segment was generated from the various collaborations with CMHK in full range covering, among other things, contents, network consultation and rollout as well as mobile business. We keep utilising our network expertise and strength to facilitate the design, planning and installation of CMHK's infrastructure work in Hong Kong. The Group will continue to explore new partnership opportunities to sustain business growth in year 2021.

Open TV witnessed revenue growth with huge demand of airtime sales during the year ended 31 December 2020. The introduction of new sales initiatives and diversified advertising solutions led to an increase in sales in digital and social media platforms. Overall, the advertising revenue from Open TV achieved an impressive year-to-year growth in year 2020 amid deteriorating economic conditions. Subscription revenue from Pay TV declined due to intense market competition from OTT platforms and digital media. The decline was partially offset by creative selling and the introduction of value-added advertising services with comprehensive marketing solutions. The Group will continue to offer integrated marketing solutions, creative content sponsorship, product placement and multi-platform media bundling in order to capture more business opportunities and expand revenue sources in year 2021 and beyond.

As the exclusive commercial airtime sales distributor and content provider for the MTR In-train TV of MTR Corporation Limited ("MTR"), we continue to provide exciting contents, including local and international news, financial news, sports news, entertainment news and infotainment, to passengers throughout the day. Impacted by the closure of Lo Wu and Lok Ma Chau stations due to COVID-19, the flow of people across the border dropped significantly, together with the prevalent domestic and external headwinds, advertisers acted prudently on advertising spending, some of the committed advertising plans were deferred and leading to the decline in revenue brought by MTR In-train TV. The Group adopted various approaches to mitigate the impact of this challenging situation including offering tailor-made mini-programmes and integrated advertising solutions to identify and capitalise on new business opportunities. The bundled selling of MTR Mobile with MTR In-train TV in year 2020 opened a new source of income, created new sales formats from off to on media platforms. It also initiated interests of potential advertisers to successfully drive new business revenue. The Group will continue to enhance our sales and marketing strategies in order to facilitate the resilience of business operations against future crises, it is expected that the Group will benefit from the expansion of new lines and new trains when they are put into service from year 2021 onwards.

The Group consolidated our advantages and reinforced our strength across media platforms in year 2020 by amplifying our audience reach and introducing new genres of content to different platforms. Since its rollout in September 2019, i-CABLE News OTT App reached over 0.6 million downloads by 31 December 2020. The Group has always set its sight on delivering first-hand news, finance, sports as well as lifestyle content. In light of this goal, the Group produced and introduced a vast variety of new programmes in year 2020, including "Shopping with Pretty" (靚女掃貨團), "Patrick's Kitchen" (泰山自煮之親子便當), "Listen to the Doctor" (聽吓醫生講), "Good Morning Principle" (校長！早晨), "Chit Chat with Mum" (講媽Beli Bala) and "King of Postnatal Care Helper" (陪月王之坐月餐).

In June 2020, i-CABLE introduced enhanced version of its mobile application, i-CABLE Mobile, by adding two free television channels — Open TV (Channel 77) and Hong Kong International Business Channel (Channel 76). In addition, a wider range of content, including free and paid content, is available on-demand. While compatible with both iOS and Android smartphones and tablets, viewers can watch their favourite programmes at all times on-the-go.

The Group has implemented several ways to achieve resource optimisation throughout the year including reinforcing collaboration with various strategic partners, enriching our content and refining channel line-up to highlight our unique strength of genres. The Group will continue to unlock greater synergistic value by introducing premium content for multiple platforms, especially mobile application, and expanding revenue streams in oversea markets.

Programming

As an established and popular betting channel in Pay TV market, Channel 18 maintains enormous popularity in horse-racing circle due to its professional production and commentaries. Immense vibrant programmes are produced to widen customer base. "Racing Popularity~Sanchez" (珊姐有約) and "Emily's Racing Series" (Emily賽馬世界) are the brand new series that bring the most updated entertaining stories of local racing circle, while "18 Betting Tower" (18烽火台) provides audience with professional betting information and analysis. In response to Hong Kong Jockey Club's new bet-type, "The Forecast" (二重彩), "Forecast Talk" (開心二重奏) were specially produced to provide audience with specific insight and betting tips.

On the sports front, major sports events were cancelled or postponed due to COVID-19. The Group continued to deliver exclusive sports events to viewers such as UEFA Nations League (歐洲國家聯賽), European Qualifiers to EURO 2020 (歐洲國家盃外圍賽), J.League (日本職業足球聯賽), Russian Football Premier League (俄羅斯超級足球聯賽), German Cup (德國盃足球賽), Chinese Basketball League (中國職業籃球聯賽), etc.. The Group introduced two self-produced programmes, namely "Beyond Adversity" (高山低谷) and "Insider 2020" (體壇打不死) to fill in the window period in the sports calendar. The Group also offered world-class sports leagues and tournaments such as Serie A (意大利甲組足球聯賽), Ligue 1 (法國甲組足球聯賽), Major League Soccer (美國職業足球賽), AFC Championship League (亞冠盃) and so forth.

As the COVID-19 situation remained severe throughout the year, Open TV (Channel 77) endeavoured to produce new variety programmes within the territory and with the support from various government departments. Programme highlights included "Best of Cha Chaan Teng" (茶餐廳龍虎榜), "Pet Shop Keeper" (貓店長), "Drink Around HK" (酒勻全香港), "Unplugged Sunday" (5個星星的晚上), "Undercover Takeaway" (餓底外賣員), "Ode to Heritage" (難得有傳人), "Police Story" (守護香港的故事), "Stand by You" (無署不在) and "Original Group" (原始組). All these programmes arouse viewers' awareness and interest resulted in an improvement in TV ratings in the second half of last year.

In the fourth quarter, the Group enriched its Pay TV content by acquiring new channels including Russia Today TV, Outdoor Channel and Al Jazeera English, aiming to complement i-CABLE's highly recognised, award-winning news and creative local production programmes, and provide a range of new international genres for our Pay TV subscribers.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Review of 2020 Results

Revenue of the Group for the year ended 31 December 2020 decreased by approximately HK$92 million or 8% to approximately HK$1,069 million (2019: HK$1,161 million).

Cost of services of the Group for the year ended 31 December 2020, including programming costs, network expenses and cost of sales, decreased by approximately HK$172 million to approximately HK$1,012 million (2019: HK$1,184 million). Programming costs and network expenses decreased by approximately 20% and 8% respectively, while cost of sales increased by approximately 1% as compared to the year ended 31 December 2019. Selling, general and administrative and other operating expenses of the Group decreased by approximately 15% as compared to the year ended 31 December 2019.

Loss from operations of the Group for the year ended 31 December 2020 was approximately HK$234 million, representing an improvement in loss from operations of approximately 36%, as compared with the loss from operations of approximately HK$364 million for the year ended 31 December 2019.

During the year ended 31 December 2020, the Group has redeemed the money market funds and recognised a gain on disposal of the financial assets at fair value through profit and loss ("FVTPL") of approximately HK$0.3 million (2019: HK$Nil). Each of the investment is less than 5% of the total assets of the Group as at the date of redemption.

Finance costs of the Group for the year ended 31 December 2020 increased by approximately HK$3 million or 8% to approximately HK$41 million (2019: HK$38 million), of which approximately HK$28 million (2019: HK$15 million) was interest expenses on unlisted long-term convertible bonds issued in June 2019 (the "2019 LCS").

After the recognition of interest income, finance costs, non-operating income and income tax, the Group recorded a net loss of approximately HK$275 million for the year ended 31 December 2020 (2019: HK$397 million). Basic and diluted loss per share for the year ended 31 December 2020 was approximately HK3.9 cents (2019: HK5.9 cents).

(B) Segmental Information

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

Media

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

Revenue derived from the media segment for the year ended 31 December 2020 decreased by approximately 13% to approximately HK$656 million (2019: HK$752 million) on lower subscription revenue.

Operating expenses before depreciation and amortisation of other intangible assets incurred by the media segment for the year ended 31 December 2020 decreased by approximately 19% to approximately HK$781 million (2019: HK$ 961 million). As referred to the section headed "Segment Information" in Note 7 to the consolidated financial statements in this final results announcement, media segment loss before depreciation and amortisation of other intangible assets for the year ended 31 December 2020 decreased to approximately HK$125 million (2019: HK$209 million) mainly due to net effect of the decrease in programming costs and the decrease in revenue.

Telecommunications

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

Revenue derived from the telecommunications segment for the year ended 31 December 2020 increased by approximately HK$4 million to approximately HK$413 million (2019: HK$409 million).

Operating expenses before depreciation and amortisation of other intangible assets incurred by the telecommunications segment for the year ended 31 December 2020 decreased by approximately 2% to approximately HK$240 million (2019: HK$244 million). As referred to the section headed "Segment Information" in Note 7 to the consolidated financial statements in this final results announcement, telecommunications segment profit before depreciation and amortisation of other intangible assets for the year ended 31 December 2020 increased by approximately 4% to approximately HK$172 million (2019: HK$165 million).

(C) Liquidity, Financial Resources and Capital Structure

As at 31 December 2020, the Group had cash and bank balances and restricted bank balances of approximately HK$157 million and HK$11 million respectively as compared to approximately HK$242 million and HK$18 million respectively as at 31 December 2019. The cash and bank balances and restricted bank balances of the Group as at 31 December 2020 and 2019 are mainly denominated in Hong Kong Dollar ("HK$"). The net gearing ratio, measured in terms of the total interest-bearing borrowings and convertible bonds less cash and bank balances and restricted bank balances divided by total equity, was approximately 136% (31 December 2019: 68%). The capital structure of the Group was approximately 65% debt and approximately 35% equity as at 31 December 2020, representing an increase of approximately 13% and a decrease of approximately 13% respectively as compared with approximately 52% debt and approximately 48% equity as at 31 December 2019.

Consolidated net asset value of the Group as at 31 December 2020 was approximately HK$365 million, representing a decrease of approximately 43%, as compared with consolidated net asset value of the Group as at 31 December 2019 of approximately HK$640 million.

The carrying amount of interest-bearing borrowings denominated in HK$ as at 31 December 2020 was HK$295 million (31 December 2019: HK$345 million), which carried interest at variable rates and was repayable on demand. The committed borrowing facilities available to the Group but not drawn as at 31 December 2020 amounted to HK$105 million (31 December 2019: HK$55 million).

On 4 June 2019, the rights issue on the basis of three (3) new ordinary shares of the Company (the "Rights Shares") for every four (4) existing shares of the Company (the "Shares") then held at the subscription price of HK$0.1 per Rights Share (the "Rights Issue") was completed and 928,603,364 Rights Shares have been allotted and issued by the Company to the shareholders of the Company (the "Shareholders") who accepted and validly applied paid for the Rights Shares. The net proceeds raised from the Rights Issue amounted to approximately HK$84.5 million. Besides, on 4 June 2019, the issuance of the 2019 LCS with the principal amount of HK$568 million by the Company to the Controlling Shareholder was completed. The 2019 LCS would be convertible into 4,544,000,000 new Shares upon full conversion of the 2019 LCS based on the initial conversion price (the "Conversion Price") of HK$0.125 per conversion share and the coupon rate of the 2019 LCS is 2.0% per annum and payable quarterly. During the year ended 31 December 2020, there had not been any conversion of the 2019 LCS. Details of the Rights Issue were set out in the announcements of the Company dated 25 January 2019, 27 May 2019, 31 May 2019 and 4 June 2019, the circular of the Company dated 8 April 2019 (the "Circular") and the prospectus of the Company dated 9 May 2019. Details of the 2019 LCS were set out in the announcements of the Company dated 25 January 2019 and 4 June 2019 and the Circular.

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

The carrying amount of the 2019 LCS denominated in HK$ as at 31 December 2020 was approximately HK$369 million (31 December 2019: HK$353 million). Details of the 2019 LCS were set out in the section headed "Convertible Bonds" in Note 14 to the consolidated financial statements in this final results announcement.

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

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

During the year ended 31 December 2020, capital expenditure on property, plant and equipment amounted to approximately HK$100 million (2019: HK$133 million), the additions to right-of-use assets were approximately HK$26 million (2019: upon the adoption of Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16"), the Group recognised right-of-use assets amounted to approximately HK$199 million as at 1 January 2019 and the additions to right-of-use assets during the year ended 31 December 2019 amounted to approximately HK$3 million), the additions to programming library were approximately HK$43 million (2019: HK$37 million) and the additions to other intangible assets were approximately HK$1 million (2019: HK$20 million).

The Group financed its operations generally with internally generated cash flows, the available credit facilities and the net proceeds raised from the Rights Issue and the issuance of the 2019 LCS.

(D) Contingent Liabilities

As at 31 December 2020, the Group did not have any contingent liabilities.

(E) Guarantees

As at 31 December 2020, a corporate guarantee had been provided by the Company to a bank of HK$400 million (31 December 2019: HK$400 million) in respect of the facility of borrowing up to HK$400 million (31 December 2019: HK$400 million) to a wholly-owned subsidiary of the Company, of which HK$295 million (31 December 2019: HK$345 million) was utilised by the subsidiary of the Company.

As at 31 December 2020, the Group had made an arrangement with a bank to provide a performance bond to a counterparty amounting to approximately HK$34 million (31 December 2019: two separate performance bonds were provided to counterparties amounting to approximately HK$36 million), of which approximately HK$4 million (31 December 2019: HK$6 million) was secured by bank deposits. The performance bond is to guarantee in favour of the counterparty the Group's performance in fulfilling the obligations under a contract.

(F) Human Resources

The Group had 1,272 employees as at 31 December 2020 (31 December 2019: 1,420). Total gross salaries and related costs before capitalisation and incurred for the year ended 31 December 2020 amounted to approximately HK$403 million (31 December 2019: HK$529 million). The remuneration of the directors of the Company (the "Directors") and the employees of the Group is determined with reference to their qualifications, experience, duties and responsibilities with the Group, as well as the Group's performance and the prevailing market conditions. Besides, the Group regularly provides training courses for the employees of the Group to meet their needs. Under the share option scheme of the Company adopted on 24 May 2018 (the "Share Option Scheme"), share options of the Company (the "Share Options") may be granted to the Directors and eligible employees of the Group to subscribe for Shares.

(G) Operating Environment

In view of the intensifying competition from OTT platforms and digital media, the Group's revenue for the year ended 31 December 2020 was mainly affected by the decline of subscription revenue.

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

For broadband service, despite a saturated market with price war triggered by the incumbents, we are glad to see an increase of approximately 13% in the ending subscriber base to approximately 197,000 as at 31 December 2020 as compared with approximately 175,000 as at 31 December 2019. This improvement was mainly due to the upgrade of our network to provide high speed GPON services, and further enhancement in churn management.

(H) Charge on Group Assets

As at 31 December 2020, restricted bank balances of approximately HK$11 million (31 December 2019: HK$18 million) were made by the Group to secure certain banking facilities granted to the Group.

(I) Material Acquisitions and Disposals and Significant Investments

There was no material acquisition or disposal of subsidiaries, associated companies and joint ventures or significant investments of the Group, which would have been required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), during the year ended 31 December 2020.

(J) Future Plans for Material Investments or Capital Assets

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

The Group's ongoing capital expenditure will be funded by internal cash flows generated from operations, the available credit facilities, and the net proceeds from the issuance of the unlisted long-term convertible bonds in the principal amount of HK$200 million (the "2021 LCS") as disclosed in the announcement of the Company dated 27 January 2021 and the circular of the Company dated 2 March 2021. The subscription agreement entered on 27 January 2021 between the Company and Forever Top (the "2021 LCS Subscription Agreement") and the transactions contemplated thereunder were approved by the independent Shareholders at the general meeting of the Company on 23 March 2021.

(K) Outlook

Since Forever Top became the controlling shareholder of the Company as a result of being the underwriter of the open offer completed in September 2017, the Group has been focusing on formulating an organisational restructuring which included, among other things, (i) cost-saving initiative; (ii) introduction of new contents and channels; (iii) new television content co-operation models; and (iv) strategic review on possible restructuring of the Group's business portfolio to achieve cost saving and improve profitability, and on the financial performance of the Group.

In addition, the Group launched its integrated Cantonese channel under the domestic free television programme service licence in May 2017 and rebranded Cantonese free television channel to be "Hong Kong Open TV" in year 2018. The Group has expanded its operation to include an English news desk and Putonghua finance desk, to support the newly established Hong Kong International Business Channel, a 24-hour English free television channel in Hong Kong, on Channel 76 in July 2018 and focuses on providing financial news and information with programmes in both English and Putonghua. In June 2020, i-CABLE introduced enhanced version of its mobile application, i-CABLE Mobile, by adding two free television channels — Hong Kong Open TV and Hong Kong International Business Channel. The enhanced and versatile network offers the consumers a brand new experience of enjoyment and convenience of multimedia platform viewership. The above measures could strengthen the overall competitiveness of the Group.

The Group entered into the network development agreement in relation to a strategic collaboration with CMHK in telecommunications and value-added media-related services. The cross-platform collaboration would dynamically integrate strengths and creativity of the two companies, develop higher-quality, diversify telecommunications services, and strengthen sales channels. The two companies will continue to work together to take the development of the local telecommunications and media market to a new level. The partnership with CMHK represents a significant step forward in the future development of the Group.

In year 2021, with expectation of booming market demands and opportunities for data centre business, the Group will continue to extend the service coverage to major data centres and commercial buildings in Hong Kong, enhancing peer-to-peer connections with major data centre, international carriers and global internet service providers. The Group will continue to explore collaboration with strategic telecom partners to enhance network coverage and provide IP Transit service for enterprises, one stop enterprises solution and data centre connectivity business. Priority emphasise are given to the business-to-business ("B2B") business sector in the future.

With respect to the telecommunications segment, the Group provides its broadband internet access services through the backbone of the Group's territory-wide television broadcasting infrastructure and launched the mobile communications service, iMobile. In order to improve business competitiveness, it is essential for the Group to continue investing in network and to actively seek collaborative opportunities with leading technology and communication providers to deliver quality services and solutions to its customers, and develop new revenue streams in the 5G era.

The media segment of the Group is experiencing intense competition in a crowded marketplace with a super dominant operator. The proliferation of online contents — many of those free of charge — offer abundance of choices to users, changing their viewing behavior and posting extra threat to the Group's TV subscription business. At the same time, the increasingly keen competition for exclusive contents has raised acquisition costs. Pressure on subscription and viewership persists as competition is expected to remain keen, thus the business remains challenging. i-CABLE News OTT App focusing on news and finance was launched in year 2019 to expand channel reach to viewers, while enhancing cross-platform synergy as well as business opportunity. On top of the contents produced for TV network broadcasting, the Group has also invested in creative contents customised for OTT platforms, as being aware that exclusive programmes are vastly important to the network. The Group has also produced a vast variety of new lifestyle content in year 2020 and will launch on the Group's digital platform in year 2021.

Meanwhile, the Greater Bay Area ("GBA") is posting a significant opportunity for the Group to shape and expand the business development by collaborating with major media and operators within the region. The partnership with GuangDong Radio and Television and the establishment of Greater Bay Area News Centre serve as the initial attempts to tap into the market and businesses in relation to the region. The Group will continue to leverage its competitive advantages, while at the same time embrace the mutually beneficial commercial potential of greater collaboration within the GBA.

As the COVID-19 situation remained severe throughout the year 2020 and has disrupted Hong Kong's economy, a series of precautionary and control measures have been and will continue to be implemented in Hong Kong. The Group has implemented preventive measures in response to COVID-19, including but not limited to, quarantine arrangement, flexible working hours and work from home arrangement, promoting personal hygiene and keeping safe social distance, reinforcing the telemarketing operations to promote contactless marketing strategy, to minimise the disruption of business operations. The Group has also reviewed the cash flow forecast for the next twelve months from the date of the year ended 31 December 2020, taking into account the fund raising exercise of the 2021 LCS announced on 27 January 2021 and the 2021 LCS Subscription Agreement and the transactions contemplated thereunder were approved by the independent Shareholders at the general meeting of the Company on 23 March 2021, the credit facilities currently available and the internal generated cash flows, the Group would have sufficient funds to satisfy its working capital and capital expenditure requirements. The Group will pay close attention to the development of COVID-19 and its impact to the Group and take proactive measures as appropriate.

The Group will continue to explore new opportunities in the market and exercise prudence to invest in programming library, contents enrichment, new media development, customer service improvement, higher speed broadband service upgrades, as well as marketing and media initiatives to sharpen the competitiveness of the Group. The Group is also well prepared to capitalise on the opportunity brought by the upcoming 5G mobile communication network and the emerging market in the GBA.

(L) Events after the Reporting Period

Save as disclosed below, the Group does not have any material events affecting the Group's financial performance and/or financial position significantly that have occurred since the end of the financial year ended 31 December 2020.

On 27 January 2021, the Company and the Controlling Shareholder entered into the 2021 LCS Subscription Agreement. Pursuant to the 2021 LCS Subscription Agreement, the Company has conditionally agreed to issue, and the Controlling Shareholder has conditionally agreed to subscribe for, the 2021 LCS as detailed in the announcement of the Company dated 27 January 2021 and the circular of the Company dated 2 March 2021. The 2021 LCS Subscription Agreement and the transactions contemplated thereunder were approved by the independent Shareholders at the general meeting of the Company on 23 March 2021.

(M) Compliance with Relevant Laws and Regulations

During the year ended 31 December 2020, there was no incidence of non-compliance with the relevant laws and regulations of the place in which the Group operates that has a significant impact on the business operations of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2020

	Note	**2020** **HK$'000**	2019 *HK$'000*
Revenue	*6, 7*	**1,068,977**	1,160,837
Cost of services			
— Programming costs		**(591,424)**	(739,268)
— Network expenses		**(295,894)**	(320,790)
— Cost of sales		**(125,166)**	(124,267)
Selling, general and administrative and other operating expenses		**(290,939)**	(340,647)
Loss from operations		**(234,446)**	(364,135)
Interest income		**423**	4,870
Finance costs		**(41,258)**	(37,807)
Non-operating income		**417**	393
Loss before taxation	*8*	**(274,864)**	(396,679)
Income tax	*9*	**(523)**	(287)
Loss for the year		**(275,387)**	(396,966)
Attributable to:			
Equity shareholders of the Company		**(275,387)**	(396,966)
Loss per share			
Basic	*10*	**(3.9) HK cents**	(5.9) HK cents
Diluted		**(3.9) HK cents**	(5.9) HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
Loss for the year	**(275,387)**	(396,966)
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Currency translation difference	**537**	(74)
Total comprehensive income for the year	**(274,850)**	(397,040)
Attributable to:		
Equity shareholders of the Company	**(274,850)**	(397,040)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**704,304**	787,072
Right-of-use assets		**112,203**	124,308
Programming library		**70,888**	80,993
Other intangible assets		**15,737**	19,340
Contract acquisition costs		**7,071**	10,174
Interest in an associate		**–**	–
Deferred tax assets		**300,525**	300,525
Deposits, prepayments and other receivables		**26,525**	27,561
		1,237,253	1,349,973
Current assets			
Inventories		**9,980**	12,020
Trade receivables and contract assets	*11*	**112,299**	106,474
Deposits, prepayments and other receivables		**67,153**	76,862
Contract acquisition costs		**13,622**	18,433
Financial assets at fair value through profit or loss		**–**	54,766
Restricted bank balances		**10,550**	18,320
Cash and bank balances		**157,423**	241,899
		371,027	528,774
Total assets		**1,608,280**	1,878,747
EQUITY			
Capital and reserves			
Share capital	*13*	**7,928,975**	7,928,975
Reserves		**(7,563,808)**	(7,288,958)
Total equity		**365,167**	640,017

	Note	2020 HK$'000	2019 HK$'000
LIABILITIES			
Non-current liabilities			
Convertible bonds	*14*	**368,881**	352,587
Lease liabilities		**68,051**	83,280
Other non-current liabilities		**22,068**	22,068
		459,000	457,935
Current liabilities			
Trade payables	*12*	**69,126**	39,220
Accrued expenses and other payables		**246,319**	230,242
Receipts in advance and customers' deposits		**132,065**	134,671
Interest-bearing borrowings		**295,000**	345,000
Lease liabilities		**41,535**	31,599
Current tax liabilities		**68**	63
		784,113	780,795
Total liabilities		**1,243,113**	1,238,730
Total equity and liabilities		**1,608,280**	1,878,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

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

The consolidated financial statements for the year ended 31 December 2020 (the "Financial Statements") are presented in thousands of Hong Kong dollars (*HK$'000*), unless otherwise stated. The Financial Statements have been approved for issue by the board of Directors on 30 March 2021.

The financial information relating to the years ended 31 December 2020 and 2019 that is included in this final results announcement does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements of the Group for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the consolidated financial statements of the Group for the year ended 31 December 2020 in due course.

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

2. BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Financial Statements have been prepared under the historical cost convention, except for financial assets at FVTPL, which are measured at fair value.

The preparation of Financial Statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4 below.

During the year ended 31 December 2020, the Group incurred a net loss of HK$275 million (2019: HK$397 million) and as at 31 December 2020, the Group's current liabilities exceeded its current assets by HK$413 million (31 December 2019: HK$252 million). Included in its current liabilities was an interest-bearing borrowing of HK$295 million drawn from a banking facility of HK$400 million which is immediately repayable on demand and subject to review at any time from the date of this final results announcement.

In preparing the Financial Statements, the Directors have given careful consideration of the liquidity requirement for the Group's operations, the performance of the Group and available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by management which covers a period of not less than twelve months from 31 December 2020. The Directors have taken into account the following plans and measures in assessing the sufficiency of working capital requirements in the foreseeable future:

1. The Group expected to complete the issue of the 2021 LCS of HK$200 million to Forever Top which holds 43.2% shareholding of the Company in late March 2021. The subscription agreement in relation to the 2021 LCS and the transactions contemplated thereunder were approved by the independent Shareholders of the Company in the general meeting of the Company held on 23 March 2021.

2. The banking facility was renewed in mid-March 2019. As the facility is subject to review at any time from the date of this final results announcement, the Directors expect the revolving bank loan facility will be successfully renewed such that the outstanding loan balance of HK$295 million will be rolled over with substantially the same terms as the current facility, which also include the bank's overriding right to demand repayment.

3. There have been continuing progress and achievements of the organisational restructuring which include cost saving initiatives, introduction of new contents, cooperation model with other partners and strategic review of its business portfolio.

4. Forever Top has also confirmed its intention to provide further financial support, from time to time as and when is necessary to the Group in the next twelve months from 31 December 2020. Taking into account the fact that (i) Forever Top has provided continuous financial support to the Group since it became the largest shareholder of the Company in September 2017; and (ii) based on the documents and information currently available and having made all necessary enquiries, nothing came to the attention of the Directors to cause them to believe that Forever Top is unable to provide financial support as and when is required by the Group in the next twelve months from 31 December 2020.

Based on the cash flow projections and taking into account reasonable possible downside changes to the cash flow assumptions in the cash flow projections for the period ending 31 December 2021, the expected completion of the issue of the unlisted long-term convertible bonds with principal amount of HK$200 million to Forever Top, the continuous availability of existing banking facility, and from time to time as and when is necessary, the financial support from Forever Top, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in coming twelve months from 31 December 2020. Accordingly, the Directors consider it is appropriate to prepare the Financial Statements on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Amendments to standards and revised framework effective in the current accounting period

During the year ended 31 December 2020, the Group has adopted the following amendments to standards and revised framework which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2020:

HKFRS 3 (Amendments)	Definition of a Business
HKAS 1 and HKAS 8 (Amendments)	Definition of Material
Conceptual Framework for Financial Report 2018	Revised Conceptual Framework for Financial Reporting

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

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

The following new standard, amendments to standards, accounting guideline and interpretation have been published which are mandatory for the Group's accounting periods beginning on or after 1 January 2021 but have not been early adopted by the Group:

HKFRS 17	Insurance Contracts[4]
HKFRS 3 (Amendments)	Reference to the Conceptual Framework[6]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions[1]
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform Phase 2[2]
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current[4]
HKAS 16 (Amendments)	Property, Plant and Equipment — Proceeds before Intended Use[3]
HKAS 37 (Amendments)	Onerous Contract — Cost of Fulfilling a Contract[3]
Annual Improvements	Annual Improvement to HKFRSs 2018–2020 Cycle[3]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations [3]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]

(1) Effective for annual periods beginning on or after 1 June 2020
(2) Effective for annual periods beginning on or after 1 January 2021
(3) Effective for annual periods beginning on or after 1 January 2022
(4) Effective for annual periods beginning on or after 1 January 2023
(5) Effective date is to be determined
(6) Effective for business combinations for which the acquisition date is on or after the beginning of the first accounting periods beginning on or after 1 January 2022

The Group has already commenced an assessment of the impact of these new standard, amendments to standards, accounting guideline and interpretation, and does not expect that they would have any significant impact on its results and financial position.

4. ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Financial risk factors

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

There have been no changes in the risk management policies since 31 December 2019.

(b) Liquidity risk

Compared to the year ended 31 December 2019, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

(c) Fair values of financial instruments

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

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

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2020				
Assets				
Financial assets at FVTPL				
— Money market funds	**–**	**–**	**–**	**–**
At 31 December 2019				
Assets				
Financial assets at FVTPL				
— Money market funds	54,766	–	–	54,766

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2020 and 2019.

6. REVENUE

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

7. SEGMENT INFORMATION

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

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

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

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

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

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

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

Information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below:

	Year ended 31 December					
	Media		Telecommunications		Total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue	**656,485**	751,867	**412,700**	409,178	**1,069,185**	1,161,045
Less: Inter-segment revenue	**–**	–	**(208)**	(208)	**(208)**	(208)
Revenue from external customers	**656,485**	751,867	**412,492**	408,970	**1,068,977**	1,160,837
Revenue from contracts with customers:						
Timing of revenue recognition:						
At a point in time	**20,743**	17,426	**36,728**	30,863	**57,471**	48,289
Over time	**593,557**	698,736	**375,298**	377,576	**968,855**	1,076,312
Revenue from other sources:						
Rental income	**42,185**	35,705	**466**	531	**42,651**	36,236
	656,485	751,867	**412,492**	408,970	**1,068,977**	1,160,837
Reportable segment (loss)/profit before depreciation and amortisation of other intangible assets	**(124,987)**	(209,042)	**172,319**	164,674	**47,332**	(44,368)
Depreciation	**(128,781)**	(136,517)	**(80,838)**	(82,475)	**(209,619)**	(218,992)
Amortisation of other intangible assets	**(4,054)**	(1,610)	**–**	–	**(4,054)**	(1,610)
Reportable segment results before corporate expenses and corporate depreciation	**(257,822)**	(347,169)	**91,481**	82,199	**(166,341)**	(264,970)
Corporate expenses					**(57,504)**	(92,196)
Corporate depreciation					**(10,601)**	(6,969)
Loss from operations					**(234,446)**	(364,135)
Interest income					**423**	4,870
Finance costs					**(41,258)**	(37,807)
Non-operating income					**417**	393
Income tax					**(523)**	(287)
Loss for the year					**(275,387)**	(396,966)

Geographical segment:

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

Information about major customer:

Revenue of approximately HK$131,953,000 (2019: HK$103,070,000) were derived from a single external customer during the year ended 31 December 2020, of which approximately HK$129,393,000 (2019: HK$103,070,000) and approximately HK$2,560,000 (2019: HK$Nil) were attributed to the telecommunications segment and the media segment respectively.

8. LOSS BEFORE TAXATION

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

	2020 *HK$'000*	2019 *HK$'000*
Interest income		
Interest income from deposits with banks	**(423)**	(4,870)
Finance costs		
— Interest expenses on borrowings	**7,315**	14,540
— Interest expenses on lease liabilities	**6,289**	7,867
— Interest expenses on convertible bonds	**27,654**	15,400
Staff costs, including Directors' emoluments		
Salaries, wages and other benefits*	**363,278**	481,655
Share-based payment	**–**	4,614
Contributions to defined contribution retirement plans	**22,885**	27,875
Other items		
Depreciation		
— assets held for use under operating leases	**24,782**	23,594
— other assets	**158,224**	166,421
— right-of-use assets	**37,214**	35,946
	220,220	225,961
Amortisation		
— programming library**	**52,803**	71,677
— contract acquisition costs	**24,151**	29,481
— other intangible assets	**4,054**	1,610
Net loss allowance on trade receivables	**1,859**	4,275
Carrying amount of inventories consumed and sold	**11,111**	11,050
Write down of inventories	**812**	1,170
Rental expenses in respect of land and buildings under short-term leases and low-value leases not included in lease liabilities	**10,526**	18,616
Auditor's remuneration		
— audit services	**2,790**	2,280
— non-audit services	**1,217**	446
Net foreign exchange (gain)/loss	**(691)**	2,269
Rental income under operating leases in respect of		
— subleased land and buildings	**–**	(35)
— owned plant and machinery	**(42,651)**	(36,201)
Non-operating income		
— gain on disposal of a subsidiary	**(17)**	–
— net gain on disposal of property, plant and equipment	**(96)**	(167)
— gain on modification of lease contracts	**(11)**	(169)
— gain on disposal of financial assets at FVTPL	**(293)**	–
— fair value gains on financial assets at FVTPL	**–**	(166)

* During the year ended 31 December 2020, subsidies of approximately HK$68,591,000 (2019: HK$Nil) from the Employment Support Scheme under the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region were included in salaries, wages and other benefits.

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

9. INCOME TAX

Hong Kong and other jurisdictions profits tax has been provided at the rate of 16.5% (2019: 16.5%) and at the rates of taxation prevailing in the jurisdictions in which the Group operates respectively.

Income tax in the consolidated statement of profit or loss represents:

	2020	2019
	HK$'000	*HK$'000*
Current income tax		
Provision for the year	**523**	287
	523	287
Deferred income taxation		
Utilisation of prior years' tax losses recognised	**4,747**	2,681
Benefit of previously unrecognised tax losses now recognised	**–**	(430)
Origination and reversal of temporary differences	**(4,747)**	(2,251)
	–	–
Income tax	**523**	287

10. LOSS PER SHARE

The calculation of basic loss per Share is based on the loss attributable to equity Shareholders of the Company of approximately HK$275,387,000 (2019: HK$396,966,000) and the weighted average number of 7,134,623,520 Shares (2019: 6,765,535,880 Shares) in issue during the year.

Weighted average number of the Shares

	2020	2019
Issued Shares at 1 January	**7,134,623,520**	6,206,020,156
Effect of Rights Issue	**–**	559,515,724
Weighted average number of the Shares at 31 December	**7,134,623,520**	6,765,535,880

The diluted loss per Share for the years ended 31 December 2020 and 2019 equals to the basic loss per Share since the exercise of the outstanding Share Options granted under the Share Option Scheme and conversion rights attached to the unlisted long-term convertible bonds would not have a dilutive effect on the loss per Share.

11. TRADE RECEIVABLES AND CONTRACT ASSETS

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**98,535**	104,071
Less: loss allowance	**(21,236)**	(20,588)
	77,299	83,483
Contract assets	**35,000**	22,991
	112,299	106,474

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

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**48,201**	42,745
31 to 60 days	**12,085**	18,893
61 to 90 days	**7,773**	10,569
Over 90 days	**9,240**	11,276
	77,299	83,483

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

12. TRADE PAYABLES

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

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**7,209**	9,612
31 to 60 days	**16,605**	19,619
61 to 90 days	**6,697**	7,469
Over 90 days	**38,615**	2,520
	69,126	39,220

13. SHARE CAPITAL

(i) Issued share capital

	2020 Number of shares	***HK$'000***	2019 Number of shares	*HK$'000*
Ordinary shares, issued and fully paid:				
At 1 January	**7,134,623,520**	**7,928,975**	6,206,020,156	7,844,472
Shares issued under Rights Issue *(Note 13(iii))*	**–**	**–**	928,603,364	92,860
Transaction costs incurred in respect of Rights Issue	**–**	**–**	–	(8,357)
At 31 December	**7,134,623,520**	**7,928,975**	7,134,623,520	7,928,975

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares of the Company are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All ordinary shares of the Company rank equally with regard to the Company's residual assets.

(ii) Share Option Scheme

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

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

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

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

No Share Option was exercised during the years ended 31 December 2020 and 2019. The Share Options carrying the rights to subscribe 19,547,200 Shares were lapsed during the year ended 31 December 2020 (2019: 26,131,520 Shares). As at 31 December 2020, there were outstanding exercisable Share Options carrying the rights to subscribe 241,562,240 Shares (2019: 261,109,440 Shares).

(iii) Rights Issue

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

14. CONVERTIBLE BONDS

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

On the date of issuance of the 2019 LCS, the fair value of liability component of approximately HK$343,719,000 was recognised and the fair value of approximately HK$224,281,000, representing equity element, was recognised and presented in equity heading "equity component of convertible bonds" at initial recognition. The effective interest rate of the liability component was 7.69% per annum.

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

15. DIVIDEND

The board of Directors does not recommend the payment of any dividend for the year ended 31 December 2020 (2019: HK$Nil).

16. CAPITAL COMMITMENTS

Capital commitments outstanding as at 31 December 2020 were as follows:

	2020	2019
	HK$'000	*HK$'000*
Property, plant and equipment		
— Contracted but not provided for	**1,003**	4,736
Programming library		
— Contracted but not provided for	**10,884**	16,614
	11,887	21,350

17. GUARANTEES

As at 31 December 2020, a corporate guarantee had been provided by the Company to a bank of HK$400,000,000 (2019: HK$400,000,000) in respect of the facility of borrowing up to HK$400,000,000 (2019: HK$400,000,000) to a wholly-owned subsidiary of the Company, of which HK$295,000,000 (2019: HK$345,000,000) was utilised by the subsidiary of the Company.

As at 31 December 2020, the Group had made an arrangement with a bank to provide a performance bond to the counterparty amounting to approximately HK$33,830,000 (2019: two separate performance bonds were provided to the counterparties amounting to approximately HK$36,050,000), of which approximately HK$3,830,000 (2019: HK$6,050,000) 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.

18. COMPARATIVES FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. There is no impact on net loss, net assets or net cash flows as a result of the reclassification.

19. EVENTS AFTER THE REPORTING PERIOD

On 27 January 2021, the Company entered into the 2021 LCS Subscription Agreement with Forever Top, pursuant to which the Company has conditionally agreed to issue, and Forever Top has conditionally agreed to subscribe for, the 2021 LCS. The principal amount of the 2021 LCS is HK$200,000,000. The 2021 LCS has a maturity of 10 years, with a coupon rate of 2% per annum, and can be convertible into Shares of the Company at an initial conversion price of HK$0.068 per share which is subject to adjustments as set out in the 2021 LCS Subscription Agreement.

Details are set out in the Company's published announcement dated 27 January 2021 and circular dated 2 March 2021. The 2021 LCS Subscription Agreement and the transactions contemplated thereunder were approved by the independent Shareholders on 23 March 2021.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance practices, and procedures and to complying with the statutory and regulatory requirements with an aim to maximising the Shareholders' values and interests as well as enhancing the stakeholders' transparency and accountability. During the year ended 31 December 2020, the Company had complied with all applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the following deviation:

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

Dr. Cheng Kar-Shun, Henry (the vice-chairman of the Board and a non-executive Director) and Mr. Lam Kin-Fung, Jeffrey (an independent non-executive Director, the chairman of the compensation committee of the Company and a member of the nomination committee of the Company) were unable to attend the annual general meeting of the Company held on 18 June 2020 (the "AGM") as they had other engagements at the time of such meeting. Ms. Ng Yuk Mui Jessica (a non-executive Director) was unable to attend the AGM because she was unwell on that day.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. The Company, having made specific enquiries of all the Directors, was not aware of any non-compliance with the required standard set out in the Model Code during the year ended 31 December 2020.

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

AUDIT COMMITTEE AND REVIEW OF FINAL RESULTS

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

The Financial Statements have been reviewed by the Audit Committee with no disagreement.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2020 (2019: HK$Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2020.

CLOSURE OF REGISTER OF MEMBERS

For determining the eligibility to attend and vote at the forthcoming annual general meeting of the Company (the "Forthcoming AGM") to be held on Thursday, 10 June 2021, the Register of Members of the Company will be closed from Monday, 7 June 2021 to Thursday, 10 June 2021, both days inclusive, during which period no transfer of Shares can be registered. In order to ascertain Shareholders' rights for the purpose of attending and voting at the Forthcoming AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4 June 2021.

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

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises eleven Directors, namely Tan Sri Dato' David Chiu (Chairman), Dr. Cheng Kar-Shun, Henry (Vice-chairman), Mr. Tsang On Yip, Patrick, Mr. Hoong Cheong Thard, Mr. Lie Ken Jie Remy Anthony Ket Heng and Ms. Ng Yuk Mui Jessica as non-executive Directors, Mr. Andrew Wah Wai Chiu as executive Director, and Mr. Lam Kin-Fung, Jeffrey, Dr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman as independent non-executive Directors.