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i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1097)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Revenue	989,197	1,068,977
Loss from operations	(308,629)	(234,446)
Depreciation	214,992	220,220
Amortisation of other intangible assets	4,040	4,054
Loss from operations before depreciation and amortisation of other intangible assets ^(Note 1)	(89,597)	(10,172)
Loss for the year	(363,652)	(275,387)
	HK cents	HK cents
Basic loss per share	(5.1)	(3.9)
Diluted loss per share	(5.1)	(3.9)
	31 December	31 December
	2021	2020
	HK\$'000	HK\$'000
Total assets	1,485,592	1,608,280
Total liabilities	(1,339,503)	(1,243,113)
Total equity	146,089	365,167
Net gearing ratio ^(Note 2)	504%	136%

- The financial performance of i-CABLE Communications Limited (the “Company” or “i-CABLE”), its subsidiaries and consolidated structured entities (collectively the “Group”) for the year ended 31 December 2021 has declined as compared to the last year. Loss for the year ended 31 December 2021 increased by approximately HK\$88 million, as compared to that for 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 four consecutive years. The operating expenses decreased from approximately HK\$1,303 million for the year ended 31 December 2020 to approximately HK\$1,298 million for the year ended 31 December 2021.
- The number of broadband customers in December 2021 increased by approximately 3% as compared to December 2020. Revenue from the telecommunications segment achieved an average annual growth rate of approximately 7% over the last four 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 2021 which vitiated the Pay TV subscription revenue for the year ended 31 December 2021. However, the revenue generated from the advertising revenue during the year ended 31 December 2021 has improved when compared to the last year.
- Segment loss before depreciation and amortisation of other intangible assets of the media segment increased and segment profit before depreciation and amortisation of other intangible assets of the telecommunications segment dropped during the year ended 31 December 2021 as compared to the last year.

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

2021 was a challenging year, the novel coronavirus pandemic (the “COVID-19”) continued its spread across the globe and has worsened the business environment. During this challenging year, the Group pressed ahead to attain higher customer satisfaction. The Group delivered an outstanding broadcast of the Olympic Games Tokyo 2020 which brought the public awareness of the media platforms of the Group and recorded a growth in both the number of broadband customers and advertising revenue as compared to 2020. The Group also continued to generate revenue from various collaborations with CMHK during the financial year under review. However, the Group’s Pay TV business remained weak in light of the intensified competition among various multimedia platforms.

	December 2021 (’000)	December 2020 (’000)
Customers		
Pay TV	715	736
Broadband	202	197
Telephony	73	76

Media

The Pay TV business landscape in Hong Kong has been crowded. In addition to local competitors, the launch of subscription-based video streaming service providers from around the world is redefining home entertainment and inflicting stiffer than ever competition for fee-paying customers. The rise of premium-based video sharing channels on the Internet is also giving customers a legitimate alternative and draining the Group’s customer base.

With the reduction of exclusive content offered by the Pay TV, the Group experienced a reduction in the audience size and average revenue per user (“ARPU”) of the Pay TV in year 2021. This also unavoidably affected the advertising opportunities on that platform.

The Olympic Games Tokyo 2020 was postponed due to the worldwide COVID-19 and took place in year 2021 from 23 July 2021 to 8 August 2021. The Government of the Hong Kong Special Administrative Region announced in mid-May 2021 that it has purchased the broadcasting rights to the Olympic Games Tokyo 2020 and allowed the Group to broadcast the event to the audience. Significant programming resources of the Group had been allocated and a team of dedicated staff and contractors and invited professional sports commentators and speakers had been deployed for the preparation of such major sports event. Although it was the first time that the Group broadcast the Olympic Games on its free television (“Free TV”) channels, the Group received positive comments from the audience. The Group also introduced a series of ancillary programmes, including “Tokyo Olympiad” (東奧8米厘), “Olympic Loving Sports 2021” (奧運愛•體育) and “Tokyo 2020 Olympic Filler” (Fun分鐘衝奧) before the Olympic Games Tokyo 2020.

During the Olympic Games Tokyo 2020, the Group strategically rearranged the Free TV’s fringe time and prime time programme line up and provided live telecast on an average of 15 hours per day, while 5 Pay TV channels were designated as Olympic platforms and were opened for free to audiences to ensure wider audience coverage. The Pay TV channels carried full coverage of live matches and covered over 2,000 hours during the Olympic Games Tokyo 2020. Daily highlights of the Olympic Games Tokyo 2020 were scheduled throughout the day via both Free TV and Pay TV to provide viewers with the latest news and medal statistics. The Group delivered round-the-clock coverage of the events and successfully brought the audience’s interest to a fever pitch.

The Group has utilised all of its digital platforms, including the mobile applications such as i-CABLE Mobile App, Hong Kong Open TV Mobile App and i-CABLE News App, and rallied all of the Group’s allocated resources to produce quality programmes in order to bring and deliver this important and world-focused event to the audience in Hong Kong. Video-on-demand was also available on the Group’s digital platforms, almost 400 hours and 11 genres of the Olympic Games Tokyo 2020 were put to ensure this major sports event was brought to Hong Kong audience. The enhanced and versatile network offers audience a brand-new experience of enjoyment and convenience of multimedia platform viewing, as well as meeting the change in audience viewing habits.

Furthermore, riding on the good relationship with shopping malls, owners of commercial building and MTR Corporation Limited (“MTR”), as well as the aim of provision of good quality programmes to support Hong Kong athletes, over 7,000 outdoor screens such as those in shopping malls, commercial buildings, Government sports centre, and MTR In-train and MTR stations simulcasted or broadcast the Group’s programmes so that the Group’s audience and other Hong Kong citizens could watch the Olympic Games Tokyo 2020 while they were not at home. The Group has been continuously utilising its resources and creating synergies by delivering content on different platforms and upgrading its customer experience on the new digital platform. The digital platforms recorded significant increment in viewership. The page views and users of i-cable.com had increased by 194% and 133%, respectively. The page views and

users of hkopentv.com had increased by 282% and 286%, respectively. The screenviews of “i-CABLE News App” and “i-CABLE Mobile App” had increased by 94% and 404%, respectively. The Olympic Games Tokyo 2020 had also brought the Free TV’s viewership to new heights. Almost 7 rating points had been recorded.

The Olympic Games Tokyo 2020 production was a great success, the programmes were highly praised by the public. It represented the Group’s another milestone in bringing major sports events to Hong Kong viewers and has developed a positive image to the Group’s viewers. The Group will continue to bring in high quality and professional sports programmes to its audience.

Programming

As an established and popular betting channel in the Pay TV market, Channel 18 maintains enormous popularity in the horse-racing circle due to its professional production and commentaries. Immense vibrant programmes are produced to widen the customer base. The mobile application “Racing GPS” (賽馬GPS), which provides access to the racing channel on the new media, professional racing information and analysis, as well as the membership scheme with exclusive events and online interaction, has been very popular in the horse-racing circle.

The COVID-19 continued to hit in year 2021, travelogue programmes production was substantially halted, Free TV channel, Hong Kong Open TV (Channel 77) endeavoured to produce new variety programmes within Hong Kong. Programme highlights include “Where Does She Go” (姐姐去哪兒), “Parents Prop Guide” (學霸睇樓團), “Welcome to My House” (星宅大曝光), “All About Breakfast” (關於早餐的一些事), “Say Yes to the New Adventures” (駕輕就熟), “Be a Good Chef in 1 sec” (一秒廚神), “Smooth Sailing” (碧波遊浪記), “Happy Healthy Pets” (至Fit Pet Pet診聊所) as well as the Group’s new season signature programme “Unbelievable” (怪談).

On the sports front, the Group continued to deliver exclusive sports events to viewers, such as Copa America 2021 (2021美洲國家盃), FIFA Club World Cup 2020 (2020世界冠軍球會盃), ISU World Figure Skating Championships 2021 (2021世界花樣滑冰錦標賽), EFL Championship (英格蘭冠軍聯賽), Carabao Cup (英格蘭聯賽盃), German Soccer League (德國甲組足球聯賽), AFF Suzuki Cup 2020 (東南亞足球錦標賽), FINA World Swimming Championships (世界短池游泳錦標賽), Russian Premier League (俄羅斯超級足球聯賽), FIVB Women’s Volleyball Nations League 2021 (2021世界女排聯賽), Chinese Basketball League (中國職業籃球聯賽) as well as FIBA Competitions (FIBA籃球聯賽). The Group was committed to producing and delivering local sports competitions and news to audience, including “Loving Sports” (愛•體育) which focuses on local sports and local athletes, and “Interschool Sports STEM Challenge” (學屆體育常識大比併) which focuses on academic circle and collaborated with Volleyball Association of Hong Kong, China (香港排球總會) for the broadcasting of Hong Kong Volleyball League (香港排球聯賽).

The Group also continued to pile up new contents to its customers. 16 new channels were launched in year 2021, including TechStorm, HITS, HITS MOVIES, Eurosport, Travel Channel, France 24 English and France 24 French, DW English and Sky News. The Group aims to build a sustainable gateway to its Pay TV subscribers by offering highly recognised and award-winning news, creative local production programmes, and a range of new international genres.

The Free TV channel, Hong Kong Open TV (“Hong Kong Open TV”) observed a recovery amid severe impact from the COVID-19 in year 2021. It maintained revenue growth with a demand of airtime sales from real estates and fast moving consumer goods and Government categories.

The advertising revenue from digital and social media platforms also recorded a growth in year 2021. With the newly revamped digital platforms, continuous growth in revenue from digital and social media platforms is one of the targets of the Group this year. The Group will continue to offer more value-added services including 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 2022 and beyond.

As the exclusive commercial airtime sales distributor and content provider for the MTR In-train TV, the Group continued to provide various contents, including instant local and international news, financial news, sports news, entertainment news and infotainment, to passengers throughout the day. The Group continued to face business challenges in year 2021 from the closures of cross borders at Lo Wu and Lok Ma Chau which directly affected passenger flow from Mainland China. Some of the Group’s customers adopted a conservative approach in advertising spending on MTR In-train TV. The bundled selling of MTR Mobile with MTR In-train TV continued to generate new revenue stream from offline to online media platforms with significant growth in year 2021.

The Group succeeded in reaching audience across multiple platforms and markets. The number of downloads of “i-CABLE News App” increased during the financial year under review while the Group simultaneously extended its reach on social media. The Group has always been dedicated to delivering the finest news, financial information, sports news as well as lifestyle content. The Group created two new social media channels “有線生活” and “有線健康” that had 2 million video views in year 2021.

The Group has always set its sight on delivering first-hand news, financial information, sports news as well as lifestyle content. In view of this goal, the Group self-produced over 100 online videos with various contents, 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belibala), “King of Postnatal Care Helper” (陪月王之坐月餐), “HK Special Career” (香港特工), “Talking Ethnicity HK” (族個講), “Interviewing Venerable Sik Chang Lin” (紡如人生愈放下愈快樂) and “Calligraphy with Chua Lam” (「瀾」得過癮書寫快活哲學) in year 2021.

The Group had implemented several ways to achieve resource optimisation throughout the year 2021, including reinforcing collaboration with various strategic partners, enriching its content and refining channel line-up to highlight its 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.

Telecommunications

For the broadband services, the Group recorded an increase in customer base as at 31 December 2021 as compared to that as at 31 December 2020. The growth was mainly attributable to the timely adoption of effective sales and marketing strategies, recognition from the market for the Group’s quality of network services, as well as the continuous network upgrade to high speed Gigabit-capable Passive Optical Network (“GPON”) services. Diverse service subscription packages with new contents, combination and smart home solutions were also launched to increase customer retention of broadband services.

The Group currently owns and operates a territory-wide telecommunications network which covers over two million households in Hong Kong. In year 2021, the Group continued to expand its core network of fibre coverage and increase core network capacity to cater for both residential and commercial markets to drive for business growth. The Group also invested in the network expansion of GPON in order to provide fibre to the home (“FTTH”) high-speed internet services to more subscribers. The Group also started running data centre connectivity business and developed commercial broadband and provided enterprise solutions for its data centre customers, which created a new source of income.

The Group continued to generate one of the major sources of revenue through its strategic collaboration with CMHK spanning across different areas, including network consultation and rollout, and mobile business. With the Group’s network development expertise and execution capabilities, the Group will remain to be a valuable partner of CMHK.

To strengthen the Group’s competitiveness in the market, iMobile was introduced as a new mobile service brand of the Group in December 2020. Strong initial demand was observed which uplifted the Group’s subscription revenue as part of its service bundles.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Review of 2021 Results

Revenue of the Group for the year ended 31 December 2021 decreased by approximately HK\$80 million or 7% to approximately HK\$989 million (2020: HK\$1,069 million).

The total operating expenses of the Group decreased to approximately HK\$1,298 million for the year ended 31 December 2021 from approximately HK\$1,303 million for the year ended 31 December 2020. In which, cost of services of the Group for the year ended 31 December 2021, including programming costs, network expenses and cost of sales, increased by approximately HK\$14 million to approximately HK\$1,026 million (2020: HK\$1,012 million). Programming costs and network expenses both decreased by approximately 1%, respectively, while cost of sales increased by approximately 20% as compared to the year ended 31 December 2020, which was mainly due to the increase in revenue derived from the telecommunications segment and the increase in advertising revenue under the media segment. Selling, general and administrative and other operating expenses of the Group decreased by approximately 6% as compared to the year ended 31 December 2020.

Loss from operations of the Group for the year ended 31 December 2021 was approximately HK\$309 million, representing an increase in loss from operations of approximately 32%, as compared with the loss from operations of approximately HK\$234 million for the year ended 31 December 2020.

Finance costs of the Group for the year ended 31 December 2021 increased by approximately HK\$5 million or 12% to approximately HK\$46 million (2020: HK\$41 million), of which approximately HK\$36 million (2020: HK\$28 million) was the total interest expense on unlisted long-term convertible bonds issued in June 2019 (the “2019 LCS”) and March 2021 (the “2021 LCS”).

After the recognition of interest income, finance costs, non-operating income, net and income tax, the Group recorded a net loss of approximately HK\$364 million for the year ended 31 December 2021 (2020: HK\$275 million). Basic and diluted loss per share for the year ended 31 December 2021 was approximately HK5.1 cents (2020: HK3.9 cents).

(B) Segmental Information

The principal activities of the Group comprise 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 2021 decreased by approximately 13% to approximately HK\$572 million (2020: HK\$656 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 2021 decreased by approximately 3% to approximately HK\$760 million (2020: HK\$781 million). As disclosed in “Segment Information” in Note 7 to the consolidated financial statements in this final results announcement, the loss before depreciation and amortisation of other intangible assets of the media segment for the year ended 31 December 2021 increased to approximately HK\$188 million (2020: HK\$125 million), which was mainly due to net effect of the decrease in revenue, the decrease in programming costs and the decrease in selling, general and administrative and other operating expenses.

Telecommunications

The telecommunications segment includes operations related to broadband internet access services, portal operation, 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 2021 increased by approximately HK\$4 million to approximately HK\$417 million (2020: HK\$413 million).

Operating expenses before depreciation and amortisation of other intangible assets incurred by the telecommunications segment for the year ended 31 December 2021 increased by approximately 11% to approximately HK\$266 million (2020: HK\$240 million). As disclosed in “Segment Information” in Note 7v to the consolidated financial statements in this final results announcement, the profit before depreciation and amortisation of other intangible assets from the telecommunications segment for the year ended 31 December 2021 decreased by approximately 12% to approximately HK\$151 million (2020: HK\$172 million), which was mainly due to the increase in salaries, wages and other benefits, and cost of sales.

(C) Liquidity, Financial Resources and Capital Structure

As at 31 December 2021, the Group had cash and bank balances and restricted bank balances of approximately HK\$70 million and HK\$11 million, respectively as compared to approximately HK\$157 million and HK\$11 million, respectively as at 31 December 2020. The decrease in cash and bank balances was mainly due to the net cash used in operations and investing activities and offsetting by the proceeds received from issue of the 2021 LCS. The cash and bank balances and restricted bank balances of the Group as at 31 December 2021 and 2020 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 504% (31 December 2020: 136%). Such increase was mainly due to the issuance of the 2021 LCS and decrease in total equity in 2021. The capital structure of the Group was approximately 85% debt and approximately 15% equity as at 31 December 2021, representing an increase of approximately 20% and a decrease of approximately 20%, respectively as compared with approximately 65% debt and approximately 35% equity as at 31 December 2020.

Consolidated net asset value of the Group as at 31 December 2021 was approximately HK\$146 million, representing a decrease of approximately 60%, as compared with consolidated net asset value of the Group as at 31 December 2020 of approximately HK\$365 million.

The carrying amount of interest-bearing borrowings denominated in HK\$ as at 31 December 2021 was HK\$295 million (31 December 2020: HK\$295 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 2021 amounted to HK\$105 million (31 December 2020: HK\$105 million).

The 2019 LCS

On 4 June 2019, the issuance of the 2019 LCS with the principal amount of HK\$568 million by the Company to Forever Top, the controlling shareholder of the Company, was completed. The 2019 LCS would be convertible into 4,544,000,000 new ordinary shares of the Company (the “Share(s)”) upon full conversion of the 2019 LCS based on the initial conversion price of HK\$0.125 per conversion share and the coupon rate of the 2019 LCS is 2.0% per annum and payable quarterly. During the year ended 31 December 2021, there had not been any conversion of the 2019 LCS. Details of the 2019 LCS are set out in the announcements of the Company dated 25 January 2019 and 4 June 2019 and the circular of the Company dated 8 April 2019 (the “2019 Circular”).

The carrying amount of the 2019 LCS denominated in HK\$ as at 31 December 2021 was approximately HK\$386 million (31 December 2020: HK\$369 million). Details of the 2019 LCS were set out in “Convertible Bonds” in Note 14 to the consolidated financial statements in this final results announcement.

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

The 2021 LCS

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

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

The carrying amount of the 2021 LCS denominated in HK\$ as at 31 December 2021 was approximately HK\$136 million (31 December 2020: Nil). Details of the 2021 LCS were set out in “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 2021, capital expenditure on property, plant and equipment amounted to approximately HK\$120 million (2020: HK\$100 million), the additions to right-of-use assets were approximately HK\$6 million (2020: HK\$26 million), the additions to programming library were approximately HK\$48 million (2020: HK\$43 million) and the additions to other intangible assets were approximately HK\$0.2 million (2020: HK\$0.6 million).

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

(D) Contingent Liabilities

As at 31 December 2021, the Group did not have any contingent liabilities.

(E) Guarantees

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

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

(F) Human Resources

The Group had 1,155 employees as at 31 December 2021 (31 December 2020: 1,272). Total gross salaries and related costs before capitalisation and incurred for the year ended 31 December 2021 amounted to approximately HK\$405 million (31 December 2020: HK\$403 million). The remuneration of the directors of the Company ("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 among various multimedia platforms, the Group's revenue for the year ended 31 December 2021 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 improved during the period under review.

For broadband service, despite a saturated market with price war triggered by the incumbents, the Group is glad to see an increase of approximately 3% in the number of subscribers to approximately 202,000 as at 31 December 2021 as compared to approximately 197,000 as at 31 December 2020. This improvement was mainly due to the timely adoption of effective sales and marketing strategies, recognition from the market for the Group's quality of network services, as well as the continuous upgrade of the Group's network to provide high speed GPON services, and further enhancement in churn management.

(H) Charge on Group Assets

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

(I) Material Acquisitions and Disposals and Significant Investments

There was no material acquisition or disposal of subsidiaries, associated companies and joint ventures or significant investments of the Group, which would have been required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the year ended 31 December 2021.

(J) Future Plans for Material Investments or Capital Assets

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

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

(K) Outlook

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

Despite the fact that intense market competition will remain the Group's existing business, the Group is confident that it will be able to ride on the post COVID-19 rebound and deliver more value to its stakeholders given its advantage as one of the major service providers in information and communications technology ("ICT") in Hong Kong with wide customer reach, competitive service offerings, valuable business partnerships and a capable and experienced management team.

The Communications Authority of Hong Kong has recently granted a formal approval 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 TV service. The Group is expected to bring wider and more extensive audience coverage in order to drive incremental advertising revenue and recruit more diversified product categories. Together with the innovative content and integrated marketing solutions service, more business opportunities would be captured for expanding the Group's revenue streams.

The proliferation of online content (many of which were offered free of charge) provides an abundance of choice to users, changes their viewing behavior and poses extra threat to the Group's Pay TV subscription and Free TV business. However, the Group believes that local infotainment content is still creating value to its viewers. The Group has been devoting and will continue to devote resources to promote high quality and diversified programmes for serving audience in the territory and to improve the video streaming services through digital platforms for the viewers. To enhance the competitiveness, the Group will continue to explore the opportunities to acquire more content to capture and engage more customers as well as opportunities to invest in streaming technologies and other digital and new media platforms to meet the changing preferences and habits of viewers.

The Group has successfully bid of the multi-year contract with MTR for the exclusive commercial airtime sales distributor and content provider for the MTR In-train TV during the period from year 2019 to 2023. The full opening of Tuen Ma Line marked a significant milestone in the railway network development linking the eastern and the western regions of the New Territories and eastern Kowloon and strengthens the connectivity of the whole Hong Kong network. The planned opening of the service of East Rail Line cross-harbour extension during the middle of 2022 will enhance the business opportunities in the MTR In-train TV platform in 2022, due to the expected rising numbers of passengers. The Group will continue to enhance its sales and marketing strategies by adopting creative selling strategy of content sponsorship and integrated marketing solutions to diversify the product portfolio.

Under the current situation in Hong Kong where social distancing is still being strictly observed, demand for connectivity and data transmission by both individuals and businesses will continue to surge in the foreseeable future. The Group's reliable and cost efficient fibre broadband service is expected to draw new users in the coming year. The Group will focus on harvesting its substantially invested network and creating more value for its existing customer base by offering more diverse and timely value-added services via collaboration with new partners through its well-established platforms.

Meanwhile, the Greater Bay Area ("GBA") illustrates an extraordinary opportunity for the Group to shape and expand its business by collaborating with major media and operators within the region. The partnership with Guangdong Radio and Television marks the Group's initial expansion in the region. With the growing business and job opportunities in the GBA, the Group will continue to explore and capture the massive opportunities where it can leverage its competitive advantages in the GBA.

The COVID-19 has posed significant challenges to businesses in Hong Kong both commercially and operationally, and this has increased the demand on running their companies remotely, securely and efficiently at affordable costs. The requirement for remote office has in particular led to heightened bandwidth requirements from corporate customers keen to ensure operational continuity. The Group expects the trend will continue to drive demand for its high-quality and reliable network and data connectivity services in different industry verticals. Leveraging on the Group's well established network coverage and technological capabilities, the Group will seek to expand its services to data centre connectivity, commercial broadband and enterprise solutions to meet the surging demand. This will also increase the Group's market penetration in the upcoming economic rebound.

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

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

With the new page of mobile service, the Group will take the opportunities to further increase new subscribers by cross-selling within the in-base customers including broadband, telephony and Pay TV services. Concurrently, the Group has been enhancing and will continue to enhance its mobile applications technically, including i-CABLE Mobile App, Hong Kong Open TV Mobile App, and i-CABLE News App, in an attempt to reach and retain wider audience coverage.

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

Looking ahead, the Group embraces challenges as the world is clouded by the COVID-19 and Hong Kong is on a bumpy path to recovery. The Group will pay close attention to the development of the COVID-19 and its impact to the Group and the market and take proactive measures promptly as appropriate. The Group will continue its plan to deliver high speed broadband services through network upgrades, offer commercial broadband and enterprise solutions and continue to explore new business opportunities from the proliferation of 5G mobile communication network and devices, as well as the emerging market in the GBA to support customers' needs under "new normal" situation in Hong Kong. At the same time, the Group will diligently monitor and review its spending on programming library, contents enrichment, and new media development without sacrificing the quality of its services and to ensure the competitiveness of the Group.

(L) Events After the Reporting Period

On 21 January 2022, Hong Kong Cable Television Limited ("HKC", a wholly-owned subsidiary of the Company), as the borrower, entered into a loan agreement with Celestial Pioneer Limited ("Celestial Pioneer", a company holding 72.0% of the total number of issued shares of Forever Top, which holds 43.2% shareholding of the Company) as the lender, pursuant to which, the borrower obtained an unsecured loan with a principal amount of HK\$70 million for a term of 3 years from the date of the loan agreement, with an interest rate of 2.5% per annum.

Save as disclosed above, 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 2021.

(M) Compliance with Relevant Laws And Regulations

During the year ended 31 December 2021, 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 2021

		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6, 7	989,197	1,068,977
Cost of services			
— Programming costs		(583,057)	(591,424)
— Network expenses		(292,870)	(295,894)
— Cost of sales		(149,638)	(125,166)
Selling, general and administrative and other operating expenses		(272,261)	(290,939)
Loss from operations		(308,629)	(234,446)
Interest income		1,177	423
Finance costs		(46,307)	(41,258)
Non-operating income, net		1,544	417
Loss before taxation	8	(352,215)	(274,864)
Income tax	9	(11,437)	(523)
Loss for the year		(363,652)	(275,387)
Attributable to:			
Equity shareholders of the Company		(363,652)	(275,387)
Loss per share			
Basic	10	(5.1) HK cents	(3.9) HK cents
Diluted		(5.1) HK cents	(3.9) HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(363,652)	(275,387)
Other comprehensive income for the year		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation difference	<u>(36)</u>	<u>537</u>
Total comprehensive income for the year	<u>(363,688)</u>	<u>(274,850)</u>
Attributable to:		
Equity shareholders of the Company	<u>(363,688)</u>	<u>(274,850)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		650,140	704,304
Right-of-use assets		74,231	112,203
Programming library		67,991	70,888
Other intangible assets		11,863	15,737
Contract acquisition costs		5,383	7,071
Interest in an associate		–	–
Deferred tax assets		289,501	300,525
Deposits, prepayments and other receivables		35,996	26,525
		1,135,105	1,237,253
		1,135,105	1,237,253
Current assets			
Inventories		6,863	9,980
Trade receivables and contract assets	<i>11</i>	108,031	112,299
Deposits, prepayments and other receivables		48,207	67,153
Contract acquisition costs		10,938	13,622
Financial assets at fair value through profit or loss		95,736	–
Restricted bank balances		10,550	10,550
Cash and bank balances		70,162	157,423
		350,487	371,027
		350,487	371,027
Total assets		1,485,592	1,608,280

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
EQUITY			
Capital and reserves			
Share capital	<i>13</i>	7,928,975	7,928,975
Reserves		(7,782,886)	(7,563,808)
Total equity		146,089	365,167
LIABILITIES			
Non-current liabilities			
Convertible bonds	<i>14</i>	521,929	368,881
Lease liabilities		36,192	68,051
Other non-current liabilities		21,373	22,068
		579,494	459,000
Current liabilities			
Trade payables	<i>12</i>	57,613	69,126
Accrued expenses and other payables		253,172	246,319
Receipts in advance and customers' deposits		115,213	132,065
Interest-bearing borrowings		295,000	295,000
Lease liabilities		38,930	41,535
Current tax liabilities		81	68
		760,009	784,113
Total liabilities		1,339,503	1,243,113
Total equity and liabilities		1,485,592	1,608,280

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 is engaged in television subscription business, domestic free television programme services, advertising, channel carriage, television relay service, programme licensing, theatrical release, other television related businesses, broadband internet access services, portal operation, 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 2021 (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 31 March 2022.

The financial information relating to the years ended 31 December 2021 and 2020 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 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the consolidated financial statements of the Group for the year ended 31 December 2021 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 fair value through profit or loss (“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 2021, the Group incurred a net loss of HK\$364 million (2020: HK\$275 million) and as at 31 December 2021, the Group's current liabilities exceeded its current assets by HK\$410 million (2020: HK\$413 million). Included in its current liabilities was an interest-bearing borrowing of HK\$295 million drawn from a banking facility of HK\$400 million which is immediately repayable on demand and subject to review at any time from the date of this final results announcement. Besides the banking facility, the Group has received financing from time to time from Forever Top, a substantial shareholder holding 43.2% shareholding of the Company, through rights issue and issue of the 2019 LCS in June 2019 to improve the Group's liquidity. During the year ended 31 December 2021, the Group had further completed a second issue of long-term convertible bonds of HK\$200 million to Forever Top (Note 14).

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 12 months from 31 December 2021. The Directors have taken into account the following plans and measures in assessing the sufficiency of working capital requirements in the foreseeable future:

1. The Group's banking facility was last 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.
2. There have been continuing progress and achievements of the organisational restructuring which include cost saving initiatives, introduction of new contents, co-operation model with other partners and strategic review of its business portfolio.
3. In January 2022, the controlling shareholder of Forever Top advanced an unsecured 3-year interest-bearing loan of HK\$70 million to the Group.
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 12 months from 31 December 2021. Taking into account the fact that (i) Forever Top has provided continuous financial support to the Group since it became the largest shareholder of the Company in September 2017; and (ii) based on the back to back financial support by Forever Top's beneficial shareholders 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 12 months from 31 December 2021.

Based on the cash flow projections and taking into account reasonably possible downside changes to the cash flow assumptions in the cash flow projections for the period ending 31 December 2022, the continuous availability of existing banking facility, and from time to time as and when is necessary, the financial support from Forever Top, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming 12 months from 31 December 2021. 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 effective in the current accounting period

During the year ended 31 December 2021, the Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2021:

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

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

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

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

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

⁽¹⁾ Effective for annual periods beginning or after 1 April 2021

⁽²⁾ Effective for annual periods beginning on or after 1 January 2022

⁽³⁾ Effective for annual periods beginning on or after 1 January 2023

⁽⁴⁾ Effective date is to be determined

⁽⁵⁾ 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, HKFRS Practice Statement, 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 2020.

(b) Liquidity risk

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

(c) Fair values of financial instruments

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

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2021				
Assets				
Financial assets at FVTPL				
— Listed debt securities	8,731	—	—	8,731
— Redemption option of long-term convertible bonds	—	—	87,005	87,005
	<u>8,731</u>	<u>—</u>	<u>87,005</u>	<u>95,736</u>
At 31 December 2020				
Assets				
Financial assets at FVTPL				
— Money market funds	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

During the years ended 31 December 2021 and 2020, 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 cost or amortised cost were not materially different from their fair values as at 31 December 2021 and 2020.

6. REVENUE

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

7. SEGMENT INFORMATION

The Group managed its businesses according to the nature of services provided. The Group's chief operating decision maker ("CODM"), which comprises executive Directors 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, 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, net 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, net and income tax, but after amortisation of programming library, amortisation of contract acquisition costs, depreciation of property, plant and equipment and right-of-use assets and amortisation of other intangible assets.

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

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

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

Information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below:

	Media		Year ended 31 December		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	572,487	656,485	416,918	412,700	989,405	1,069,185
Less: Inter-segment revenue	<u>–</u>	<u>–</u>	<u>(208)</u>	<u>(208)</u>	<u>(208)</u>	<u>(208)</u>
Revenue from external customers	<u>572,487</u>	<u>656,485</u>	<u>416,710</u>	<u>412,492</u>	<u>989,197</u>	<u>1,068,977</u>
Revenue from contracts with customers:						
Timing of revenue recognition:						
At a point in time	19,269	20,743	46,412	36,728	65,681	57,471
Over time	499,783	593,557	369,892	375,298	869,675	968,855
Revenue from other sources:						
Rental income	<u>53,435</u>	<u>42,185</u>	<u>406</u>	<u>466</u>	<u>53,841</u>	<u>42,651</u>
	<u>572,487</u>	<u>656,485</u>	<u>416,710</u>	<u>412,492</u>	<u>989,197</u>	<u>1,068,977</u>
Reportable segment (loss)/profit before depreciation and amortisation of other intangible assets	(187,864)	(124,987)	150,982	172,319	(36,882)	47,332
Depreciation	(116,602)	(128,781)	(88,543)	(80,838)	(205,145)	(209,619)
Amortisation of other intangible assets	<u>(4,040)</u>	<u>(4,054)</u>	<u>–</u>	<u>–</u>	<u>(4,040)</u>	<u>(4,054)</u>
Reportable segment results before corporate expenses and corporate depreciation	<u>(308,506)</u>	<u>(257,822)</u>	<u>62,439</u>	<u>91,481</u>	<u>(246,067)</u>	<u>(166,341)</u>
Corporate expenses					(52,715)	(57,504)
Corporate depreciation					<u>(9,847)</u>	<u>(10,601)</u>
Loss from operations					(308,629)	(234,446)
Interest income					1,177	423
Finance costs					(46,307)	(41,258)
Non-operating income, net					1,544	417
Income tax					<u>(11,437)</u>	<u>(523)</u>
Loss for the year					<u>(363,652)</u>	<u>(275,387)</u>

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\$139,813,000 (2020: HK\$131,953,000) were derived from a single external customer during the year ended 31 December 2021, of which approximately HK\$137,813,000 (2020: HK\$129,393,000) and approximately HK\$2,000,000 (2020: HK\$2,560,000) were attributed to the telecommunications segment and the media segment respectively.

8. LOSS BEFORE TAXATION

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income		
Interest income from deposits with banks and listed debt securities	(1,177)	(423)
Finance costs		
— Interest expenses on borrowings	5,116	7,315
— Interest expenses on lease liabilities	5,578	6,289
— Interest expenses on convertible bonds	35,613	27,654
Staff costs, including Directors' emoluments		
Salaries, wages and other benefits*	369,718	363,278
Contributions to defined contribution retirement plans	16,565	22,885
Other items		
Depreciation		
— assets held for use under operating leases	22,833	24,782
— other assets	151,125	158,224
— right-of-use assets	41,034	37,214
	<u>214,992</u>	<u>220,220</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Amortisation		
— programming library**	50,684	52,803
— contract acquisition costs	16,057	24,151
— other intangible assets	4,040	4,054
(Reversal of loss allowance)/net loss allowance on trade receivables	(3,930)	1,859
Carrying amount of inventories consumed and sold	9,140	11,111
Write down of inventories	1,316	812
Rental expenses in respect of land and buildings under short-term leases and low-value leases not included in lease liabilities	9,227	10,526
Auditor's remuneration		
— audit services	2,560	2,790
— non-audit services	819	1,217
Net foreign exchange gain	(289)	(691)
Rental income under operating leases in respect of		
— owned plant and machinery	(53,841)	(42,651)
Non-operating income, net		
— gain on disposal of a subsidiary	—	(17)
— net loss/(gain) on disposal of property, plant and equipment	136	(96)
— gain on modification of lease contracts	(148)	(11)
— gain on disposal of financial assets at FVTPL	—	(293)
— loss on redemption of financial assets at FVTPL	70	—
— net fair value gains on financial assets at FVTPL	(1,602)	—

* During the year ended 31 December 2021, no subsidy (2020: subsidies of approximately HK\$68,591,000) 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% (2020: 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
Provision for the year	413	523
Deferred income taxation	11,024	—
Income tax	11,437	523

10. LOSS PER SHARE

(a) Basic 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\$363,652,000 (2020: HK\$275,387,000) and the weighted average number of 7,134,623,520 Shares (2020: 7,134,623,520 Shares) in issue during the year.

(b) Diluted loss per share

The diluted loss per Share for the years ended 31 December 2021 and 2020 equals to the basic loss per Share since the exercise of the outstanding Share Options of the Company 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	98,806	98,535
Less: loss allowance	<u>(17,328)</u>	<u>(21,236)</u>
	81,478	77,299
Contract assets	<u>26,553</u>	<u>35,000</u>
	<u>108,031</u>	<u>112,299</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	42,313	48,201
31 to 60 days	12,963	12,085
61 to 90 days	9,639	7,773
Over 90 days	<u>16,563</u>	<u>9,240</u>
	<u>81,478</u>	<u>77,299</u>

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

12. TRADE PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	8,694	7,209
31 to 60 days	10,266	16,605
61 to 90 days	8,633	6,697
Over 90 days	<u>30,020</u>	<u>38,615</u>
	<u><u>57,613</u></u>	<u><u>69,126</u></u>

13. SHARE CAPITAL

(i) *Issued share capital*

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

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 10 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 2021 and 2020. No Share Options carrying the rights to subscribe were lapsed during the year ended 31 December 2021 (2020: 19,547,200 Shares). As at 31 December 2021, there were outstanding exercisable Share Options carrying the rights to subscribe 241,562,240 Shares (2020: 241,562,240 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 approximately HK\$92,860,000 (net proceeds of approximately HK\$84,503,000).

14. CONVERTIBLE BONDS

(a) The 2019 LCS

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

On the date of issuance of the 2019 LCS, the fair value of liability component of approximately HK\$343,719,000 was recognised and the fair value of approximately HK\$224,281,000, representing equity element, was recognised and presented in equity heading “equity component of convertible bonds” at initial recognition. The effective interest rate of the liability component was 7.69% per annum. As at 31 December 2021, the carrying amount of liability component of the 2019 LCS is approximately HK\$386,387,000 (2020: HK\$368,881,000).

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

(b) The 2021 LCS

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

On the date of issuance of the 2021 LCS, the fair value of liability component of approximately HK\$131,806,000 was recognised, the fair value of approximately HK\$144,610,000, representing equity element, was recognised and presented in equity heading “equity component of convertible bonds” and the fair value of the redemption option of approximately HK\$78,061,000 was recognised as financial assets at fair value through profit or loss at initial recognition. The effective interest rate of the liability component was 6.88% per annum. As at 31 December 2021, the carrying amount of liability component and redemption option of the 2021 LCS is approximately HK\$135,542,000 (2020: Nil) and approximately HK\$87,005,000 (2020: Nil) respectively.

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 2021 (2020: HK\$Nil).

16. CAPITAL COMMITMENTS

Capital commitments outstanding as at 31 December 2021 were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Property, plant and equipment		
— Contracted but not provided for	5,335	1,003
Programming library		
— Contracted but not provided for	<u>16,214</u>	<u>10,884</u>
	<u><u>21,549</u></u>	<u><u>11,887</u></u>

17. GUARANTEES

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

As at 31 December 2021, the Group had made an arrangement with a bank to provide a performance bond to the counterparty amounting to approximately HK\$33,830,000 (2020: HK\$33,830,000), of which approximately HK\$3,830,000 (2020: HK\$3,830,000) 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. EVENTS AFTER THE REPORTING PERIOD

On 21 January 2022, HKC (a wholly-owned subsidiary of the Company), as the borrower, entered into a loan agreement with Celestial Pioneer (a company holding 72.0% of the total number of issued shares of Forever Top) as the lender, pursuant to which, the borrower obtained an unsecured loan with a principal amount of HK\$70 million for a term of 3 years from the date of the loan agreement, with an interest rate of 2.5% per annum.

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 2021, 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 C.1.6 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.

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

On 10 June 2021, Dr. Cheng, as the then Vice-chairman and a non-executive Director, was unable to attend the annual general meeting of the Company held on 10 June 2021 as he had other engagement at the time of such meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as 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 2021.

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 of the Company (the “Audit Committee”) with majority of the members being independent non-executive Directors with terms of reference adopted 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 2021 as set out in this final results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this final results announcement.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2021 (2020: HK\$Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2021.

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 Tuesday, 14 June 2022, the Register of Members of the Company will be closed from Thursday, 9 June 2022 to Tuesday, 14 June 2022, 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 Wednesday, 8 June 2022.

By order of the Board
i-CABLE Communications Limited
Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 31 March 2022

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