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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 2022

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Revenue	895,199	989,197
Loss from operations	(588,185)	(308,629)
Depreciation	207,344	214,992
Amortisation of other intangible assets	4,064	4,040
Impairment losses	240,854	–
Loss from operations before depreciation, amortisation of other intangible assets and impairment losses <i>(Note 1)</i>	(135,923)	(89,597)
Loss for the year	(885,718)	(363,652)
	HK cents	HK cents
Basic loss per share	(12.4)	(5.1)
Diluted loss per share	(12.4)	(5.1)
	31 December	31 December
	2022	2021
	HK\$'000	HK\$'000
Total assets	879,494	1,485,592
Total liabilities	(1,619,023)	(1,339,503)
Total (deficit)/equity	(739,529)	146,089
Net gearing ratio <i>(Note 2)</i>	-146%	504%

- Due to the outbreak of the fifth wave of the novel coronavirus pandemic (the “COVID-19”) leading to the prolonged border closures, the stagnant tourism-related business and poor appetite for local consumption, the Hong Kong economy saw a continuous deterioration and contraction. 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 2022 has declined as compared to last year.
- The revenue of the Group for the year ended 31 December 2022 declined by approximately HK\$94 million to approximately HK\$895 million from approximately HK\$989 million for the year ended 31 December 2021. The decrease in revenue from both media and telecommunications segments amounted to approximately HK\$76 million and HK\$18 million respectively for the year ended 31 December 2022 as compared to that of 2021, which were mainly due to the keen market competition and the contraction of the customer base.
- On the media segment, the customer base of pay television (“Pay TV”) continued to contract during the year ended 31 December 2022 which vitiated the Pay TV subscription revenue for the year ended 31 December 2022. Advertising revenue generated from television (“TV”) and MTR In-train TV during the year ended 31 December 2022 has also declined due to the contraction of the local consumption affected by the fifth wave of the COVID-19 in Hong Kong and the prolonged border closures.
- The number of broadband customers in December 2022 decreased by approximately 2% as compared to December 2021. Revenue generated from the telecommunications segment decreased by approximately HK\$18 million from approximately HK\$417 million for the year ended 31 December 2021 to approximately HK\$399 million for the year ended 31 December 2022. As Hong Kong’s economic activities were slowed down by the fifth wave of the COVID-19 and the fierce price war amongst the telecommunication providers, the business performance of the telecommunications segment was inevitably affected.
- Loss for the year ended 31 December 2022 increased by approximately HK\$522 million, representing an increase of approximately 143%, as compared to that of 2021. The increase in the loss of the Group was mainly attributable to, among other things, (i) the non-cash write down of deferred tax assets of approximately HK\$176 million, the recognition of the aggregate non-cash impairment losses on property, plant and equipment, right-of-use assets, programming library, other related intangible assets and contract acquisition costs of approximately HK\$241 million for the year ended 31 December 2022, which were primarily due to the termination (the “Licence Termination”) of the domestic pay television programme service licence (the “Pay TV Licence”) of Hong Kong Cable Television Limited (“HKC”), an indirect wholly-owned subsidiary of the Company, with effect from 1 June 2023; (ii) the decline in revenue by approximately HK\$94 million for the year ended 31 December 2022 as compared to that of 2021, in particular, the decrease in revenue in the media segment, which was mainly due to the keen competition in the market; and (iii) the recognition of fair value losses on financial assets at fair value through profit and loss for the year ended 31 December 2022 of approximately HK\$56 million.

Notes:

- 1. The Group presents the loss from operations before depreciation, amortisation of other intangible assets and impairment losses, a non-Hong Kong Financial Reporting Standards 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 deficit/equity.*

BUSINESS REVIEW

OPERATING ENVIRONMENT

2022 was another challenging year as Hong Kong was clouded by the fifth wave of the COVID-19. The business operating conditions in all sectors were obstructed by the stringent social distancing measures and the slowdown in economic activities. The Hong Kong economy saw a continuous deterioration and contraction. The prolonged border closures, the stagnant tourism-related business and poor appetite in local consumption have led to deeper contraction of the overall economy. Advertising revenue on TV, together with the advertising revenue on the MTR In-train TV, of the Group was severely affected in 2022. The increasing availability of paid content produced by local, regional and global competitors continued to drive down market price to consumers and stifle competition. The evolving products and experience provided by other players continued to draw customers from the Pay TV subscription base. Besides, the media business of the Group remained tough in light of the intensified competition among various multimedia platforms. Telecommunications business activities were further hit hard by the lockdowns and resultant social distancing measures. A sharp reduction of customer flow affected the direct sales and promotion activities. Services installation, network upgrade and construction plans have also largely slowed down. Severe competition among the telecommunications operators in Hong Kong has led to continuous price reduction. Despite the tough operating environment, the Group's broadband customers base remained comparably stable in 2022 amid the COVID-19.

	December 2022	December 2021
Customers	('000)	('000)
Pay TV	662	715
Broadband	198	202
Telephony	68	73

Media

Though the Group was facing this tough economic and social environment, the Group upheld professionalism and corporate responsibility as one of the integrated communications service providers in Hong Kong. With continuous investment, the Group devoted resources in transforming media operations and bringing better content and spectrum coverage to the respected audiences and customers.

In summary, the Group has the following key media achievements in 2022:

- Completion of the free-to-air TV spectrum coverage expansion to approximately 99% of the Hong Kong population in September 2022, enabling the Group to serve most local TV audiences. Increased coverage provided it with more business opportunities and deeper market penetration.
- Produced a series of new customer-centric and diverse content to improve engagement and promoted the importance of “Narrating Hong Kong’s Story” (說好香港故事).
- Successfully launched a new consumer facing brand “HOY” and transformed Channel 77 “Hong Kong Open TV” to “HOY TV”, representing that the Group aims high while keeping the pronunciation “HOY” the same as “開” in Cantonese to retain the cultural characteristics of Hong Kong.
- Successfully launched a new free-to-air news and infotainment Channel 78, “HOY Infotainment”, on 21 November 2022.
- Acquired the exclusive broadcasting rights of the Asian Games in Hong Kong, which will be held in Hangzhou, the People’s Republic of China (the “PRC”) in September 2023. This year also marked the seventh consecutive year of the Group being the official broadcaster of the Asian Games.
- Maximised viewership and media influence through upgrade and revamp of digital media platforms.

These activities and initiatives raised public awareness of the Group’s presence in free-to-air TV platforms in late 2022 and undoubtedly paved the way for the Group’s media business in 2023.

Committing to Society

Leveraging the media power and influence, the Group shouldered its own social responsibility to bring positive energy to the society and Hong Kong citizens and has been the first broadcaster in Hong Kong to produce a series of edutainment live programmes to support Hong Kong people in the course of fighting against the fifth wave of the COVID-19. Below are the key programmes the Group produced in 2022:

- To entertain Hong Kong citizens who chose to stay at home during the fifth wave of the COVID-19, the Group launched the campaign of “CABLE x HKOTV Stay with you Fight Against Pandemic” (有線•香港開電視 陪你在家的開心嘞), through which the Group catered to Hong Kong citizen’s information need in relation to the COVID-19 in multiple aspects.

- A live programme, “Keep Fighting Virus” (全城抗疫講呢啲), was produced which provided and clarified health information and aimed to ease public concern.
- A live programme, “CABLE Stars Lesson” (有線星級學堂：輕鬆在家gym), was produced in which Hong Kong athletes were invited to teach the public how to do exercise at home to stay healthy.
- Over 150 celebrities were gathered to record cheering video clips endorsed in the anti-epidemic project, and more than 40 medical professionals worked together to compose and perform the song “Never Give Up” (不要放棄) to salute our medical community.
- Viewer-centric programmes like “Cooking in Pandemic” (疫境中的餐桌), and “Anti-pandemic Quick Tips” (抗疫懶人包) were produced to provide viewers with cooking tips and health information while staying home.
- The Group also produced its first co-production documentary, “Combat COVID-19” (疫轉時刻), in collaboration with Guangdong Television.

Uniting and Narrating Hong Kong’s Story

In celebrating the 25th anniversary of the establishment of the Hong Kong Special Administrative Region (the “HKSAR”) of the PRC, the Group produced a series of special programmes including “A 25-Year Journey” (走過25年) and “A 25-Year Journey: Exclusive Interview” (走過25年：專訪系列), which contained interviews with politicians and business entrepreneurs who witnessed the changes of Hong Kong over the past 25 years. A drama series, “Stories of Lion Rock Spirit” (獅子山下的故事), were telecasted to tell the resilient and struggling story of Hong Kong ordinary people over the past three decades, representing the collective memory of Hong Kong people’s famous “Lion Rock Spirit”. Grasping this moment, the Group created a series of marketing solutions initiatives and tailored new advertising packages to government sectors and commercial clients to support the celebration of the 25th anniversary of the establishment of the HKSAR and noticed an upsurge in the advertising revenue on TV and sponsorship revenue, and MTR In-train TV advertising revenue.

Expanding Reach

The Group obtained formal approval from the Communications Authority granting Fantastic Television Limited to use the free-to-air TV spectrum broadcasting as an additional means of transmission for the delivery of the Group’s free television (“Free TV”) service in February 2022. On 1 April 2022, Channel 77 and Channel 76 were transmitted via the free-to-air TV spectrum. On 21 November 2022, Channel 78 was launched and transmitted via the free-to-air TV spectrum. The signal coverage of the free-to-air TV spectrum successfully reached approximately 99% of the Hong Kong

population in September 2022. Such substantial spectrum coverage enabled the Group to serve the most Hong Kong audience and provide more diversified programme choices to Hong Kong households. It directly enhanced the Group’s competitiveness and expanded reach among various multimedia platforms.

Additionally, the Group had dedicated resources in developing digital media channels to expand the reach and increase audience engagement. The Facebook pages operated by the Group, in total, have accumulated more than 2 million followers as at 31 December 2022, reaching over 43 million users. Together with the dynamic content strategy in social media, the number of engagements on the main Facebook pages (HOY, i-CABLE News, i-CABLE Life and i-CABLE Health) reached 110 million engagements on Facebook in 2022, representing an increase of 90% as compared to that in 2021.

The Group launched a new mobile application for HOY in June 2022 to facilitate mobile viewing experience. Viewers can watch Channel 77 and 78’s popular programmes on demand and enjoy 24-hour live broadcast through the Mobile App “HOY”. Mobile App “i-CABLE News — News & Lifestyle” (有線新聞 — 新聞、財經及生活資訊平台) had accumulated over 860,000 downloads while “i-CABLE Mobile” (i-CABLE流動版), containing subscribed content, had accumulated over 1.4 million downloads as at 31 December 2022.

Continuous Transformation and Diversification

Following on the expansion of audience reach through free-to-air TV spectrum and the multimedia channel delivery, the Group launched consumer-facing brand “HOY” in the fourth quarter of 2022. First, “Hong Kong Open TV” Channel 77, was renamed as “HOY TV” in October 2022 to provide the channel with a new identity, personalities, and content directions. Under the well-publicised campaign “全面進化 重新啟航”, HOY TV produced quality, diversified and viewer-centric programmes to “Narrating Hong Kong’s Story” (說好香港故事). Second, HOY Infotainment (HOY資訊台) Channel 78, was officially launched in November 2022 to provide Hong Kong households with a new free-to-air news and infotainment channel. To demonstrate the Group’s commitment to producing the best quality free-to-air news programmes to the respected audience, the Group has renovated the News studio in Cable TV Tower. In addition to the original three LED screens, AR (Augmented Reality) technology has been introduced, which expands the current studio space as well as our visionary infinitely. Under the Group’s value proposition of “Spotlight on Hong Kong. Eye on the World”, HOY Infotainment joined hands with the reputable i-CABLE News team and provided audience with first-hand quality local and international news as well as global financial updates, sports news and infotainment, which were very well-received by the audience. This brought the Group’s media operation and Hong Kong television industry to a new chapter. In addition, the Group has been realigning and diversifying the contents of its three Free TV channels, including Hong Kong International Business Channel (Channel 76), HOY TV (Channel 77) and HOY Infotainment (Channel 78), to meet audiences’ needs.

Content Enrichment

The Group has strived to maintain its competitive edge by providing channel and content diversity to audience.

Below are some of the Group's diverse and distinctive programmes produced and acquired by HOY TV in 2022, which include drama, lifestyle, health, infotainment and so forth, and have contributed to the increase in viewership and attracted advertising revenue on TV and sponsorship.

- **Drama:** Hong Kong-produced drama “In the Storm” (黑金風暴), starring Raymond Lam (林峯) and Chrissie Chau (周秀娜).
- **Lifestyle:** “Theme Cook” (煮題COOK), ”Farmer Martin” (馬田港原味), “Noodle Bowls” (搞掂食碗麵), “Departure Again” (重新出發), “Far Away from Home” (離鄉別井的故事), “Top 10 of Asia Taiwan” (亞洲TOP TEN 台灣篇) and “Good Deal in Japan (Tokyo)” (日圓5算攻略(東京)).
- **Health:** “Fit to the Road” (Fit開有條路), “Osamu Hayashi’s Lecture” (健康原因講多D) and “Kaka’s Home Clinic” (嘉嘉醫療自助班).
- **Infotainment:** “City Focus” (一線搜查), the first community-centred programme of the Group, highlighting latest social issues. In line with HOY TV’s long-standing mission of “Serving the Needs of Audiences”, the programme had revealed more than 300 community issues by the end of December 2022.
- **Reality Show:** “YOUNIVERSE” (就是青春), the first talent show to provide a platform for Hong Kong young talents to discover their dreams and excel their potentials.
- **Success story:** “Girl Boss” (有種老闆娘) and “Mui’s Cafe 2” (開間咖啡店2) were produced to promote women’s success stories.

HOY Infotainment provided audience with impartial and high-quality local news, global finance, sports, and infotainment programmes, including “World Living” (全世界睇住), “Money and Wisdom” (財智•商傳), “Let’s Talk” (有理有得傾), “China Express” (中國在線), “Anchor’s Focus” (主播視角). To create truly inclusive programmes for audiences with different needs, HOY Infotainment also featured the first sign language programme “News Report in Sign Language” (手語新聞報道).

Hong Kong International Business Channel (HKIBC), Free TV Channel 76, provides audience with English news bulletins that cover the day's top local and international stories, Bloomberg, English business and current events programmes including "All About Money", "Talk the Walk", and Mandarin financial programmes "Money Buzz", "Market Express" and "Wealth Touch". Live broadcasts of important events including the "Global Financial Leaders' Investment Summit" (國際金融領袖投資峰會) were also televised through the channel. Additionally, an all-new informative light-hearted English talk show "Friday Beyond Spotlights", was aired to provide the global business audience with facts and insights from different business elites and entrepreneurs.

On the sports front, the Group has always supported the development of international and local sports events. The Group has successfully acquired the exclusive broadcast rights of "The 19th Asian Games Hangzhou 2022" in Hong Kong in October 2022. This year also marked the seventh consecutive year of us being the broadcaster of the Asian Games. A wide variety of exclusive world-class competitions were broadcasted to viewers through the Group's Pay TV, Free TV and various digital media channels. Sports events included FIBA 3x3 Basketball World Tour 2022 Hong Kong Masters (FIBA 3x3世界巡迴賽 — 香港大師賽), the German Cup ("DFB-Pokal") (德國盃足球賽), Hong Kong Sevens (香港國際七人欖球賽), FINA World Swimming Championships (世界游泳錦標賽), Chinese Basketball League (中國職業籃球聯賽), FIVB Women's Volleyball Nations League (FIVB世界女排聯賽), FIVB Men's Volleyball Nations League (FIVB世界男排聯賽) and so forth. The Group continued to feature prominent football leagues from around the world with professional analysis and Cantonese commentary to its viewers. The Group leveraged the multimedia platforms and broadcasted world-class sports events to Hong Kong audience. Apart from world-class sports events, the Group has been committed to producing and delivering local sports competitions and news to viewers, including "Loving Sports" (愛•體育) which focuses on local sports and local athletes.

Channel 18 has maintained enormous popularity in the horse-racing circle due to its well-received professional production and commentaries of the horse-racing content in the Group's Pay TV market. "Race Card Talk" (排位拆局) provided first-hand race card information to viewers. A series of professional horse racing analysis programmes, including "Be a Big Punter" (我要做大戶), "Race Forecast" (賽馬預測) and "18 Betting Tower" (18烽火台), were produced. "Trackside" (賽事傳真) and "Racing Review" (賽後嘢Day) continued to be popular among viewers. The Group had launched the mobile application "Racing GPS" (賽馬GPS), which provides live broadcasting, on-demand archives of racing programmes, professional racing information, analysis and membership scheme with exclusive events and online engagement campaigns. "Give you a number" (畀個No.你), a new programme launched in line with the new pool campaign "練馬師王 Trainer Challenge" of the Hong Kong Jockey Club, provided viewers with more updated and precise data analysis for placing bets. A fresh programme tour was launched to promote horse racing programmes and to interact with Channel 18's fans.

Despite the Group's continued efforts in content enrichment, competition in the paid content business in Hong Kong was intense and the customer base of the Pay TV subscription business continued to contract, leading to a decrease in Pay TV subscription revenue. The entry of new streaming services and various subscription platforms with diverse content range and attractive pricing also affected the Pay TV's subscription business. Coupled with the impact of poor market sentiment as a result of the fifth wave of the COVID-19, revenue from the media segment continuously decreased, as compared to that of 2021.

Digital Media

To keep up with the digital transformation, the Group has hired a team of high calibre professionals and has successfully revamped the websites of HOY TV Channel 77 and i-CABLE in April 2022 and May 2022 respectively, and launched HOY Infotainment Channel 78 in November 2022 to enhance user experience on digital platforms. Following HOY Infotainment's premiere on 21 November 2022, a combined website for HOY TV and HOY Infotainment *hoy.tv* was introduced to provide a single convenient online platform to its loyal viewers. With the adoption of cloud infrastructure, both websites of HOY and i-CABLE have been providing more stable live streaming experience with high scalability. Video on demand content was largely increased on *hoy.tv* with over 1,800 episodes of dramas, entertainment and informative programmes available. Apart from news, finance and sports, the Group has expanded digital content pillars to lifestyle and entertainment on *i-cable.com* and other social media platforms. With website revamp and content enrichment, the Group recorded monthly active users of 1.67 million and 0.187 million on its *i-cable.com* and *hoy.tv* websites in December 2022, representing year-to-year growth of 203% and 80% respectively.

MTR In-train TV Advertising

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. Due to the fifth wave of the COVID-19, and hence the stringent social distancing measures and the slowdown of economic activities, the demand for outdoor media has decreased. The continuation of cross border closures at Lo Wu and Lok Ma Chau also directly limited passenger flow from Mainland China to Hong Kong. Tourism-related business sectors were still hard hit in 2022. Some advertisers that mainly focus on cross-border customers still adopted a conservative approach in advertising spending on the MTR In-train TV.

Telecommunications

The Group currently owns and operates a territory-wide telecommunications network which covers over 2 million households in Hong Kong. For the broadband services, the fierce competition in the broadband market presented immense price pressure on the operators, while the business sentiment was worsened for fixed network carriers under the fifth wave of the COVID-19 and tightening of social distancing measures. Revenue from the telecommunications business decreased as compared to that in the last year. With the agility of the team and tremendous effort in creating value-for-money campaigns and offers for the customers of the Group, the number of broadband customers remained comparably stable in 2022. Diverse service subscription packages with new contents, bundled products and smart home solutions were launched to increase customer retention of broadband services. Moreover, in year 2022, 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, and also invested in the network expansion of Gigabit-capable Passive Optical Network (“GPON”), in order to provide Fibre-to-the-Home (“FTTH”) high speed internet services to more subscribers.

The Group continued to generate one of the major sources of revenue through its strategic collaboration with China Mobile Hong Kong Company Limited (“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 a valuable partner of CMHK.

To capture the accelerated growth of data centre industry in Hong Kong, the Group has been leveraging its well-established network coverage and technology to expand its services to cover data centre connectivity since 2021. Moderate growth in terms of client number and revenue contribution has been observed from our data centre business. The Group continued to expand network coverage and core capacity to meet new business needs and prepare for future growth, through direct investment and strategic partnership with its key business partners.

To keep up with the 5G coverage and strengthen product competitiveness in the market of the Group, a new mobile partnership has been established with the aim to bring 5G mobile services to the customers.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Review of 2022 Results

Revenue of the Group for the year ended 31 December 2022 decreased by approximately HK\$94 million or 10% to approximately HK\$895 million (2021: approximately HK\$989 million). The decrease in revenue was mainly due to the decrease in revenue generated from the media segment, which was primarily due to the keen competition in the market.

The total operating expenses of the Group increased to approximately HK\$1,483 million for the year ended 31 December 2022 from approximately HK\$1,298 million for the year ended 31 December 2021. In which, cost of services of the Group for the year ended 31 December 2022, including programming costs, network expenses and cost of sales, increased by approximately HK\$111 million to approximately HK\$1,137 million (2021: approximately HK\$1,026 million). Programming costs, network expenses and cost of sales increased by approximately 2%, 32% and 4% respectively as compared to the year ended 31 December 2021, which was mainly due to the recognition of non-cash impairment losses on property, plant and equipment, programming library, other related intangible assets and contract acquisition costs for the year ended 31 December 2022 as a result of the Licence Termination with effect from 1 June 2023. Selling, general and administrative and other operating expenses of the Group increased by approximately 27% as compared to the year ended 31 December 2021, which was mainly due to the recognition of the non-cash impairment losses on property, plant and equipment, right-of-use assets and contract acquisition costs for the year ended 31 December 2022.

The above-mentioned impairment losses in aggregate amounted to approximately HK\$241 million (2021: HK\$Nil), of which approximately HK\$93 million (2021: HK\$Nil), HK\$77 million (2021: HK\$Nil) and HK\$71 million (2021: HK\$Nil) were included within programming costs, network expenses and selling, general and administrative and other operating expenses of the Group, respectively, for the year ended 31 December 2022 as a result of the Licence Termination with effect from 1 June 2023.

Loss from operations of the Group for the year ended 31 December 2022 was approximately HK\$588 million, representing an increase of approximately 90%, as compared with the loss from operations of approximately HK\$309 million for the year ended 31 December 2021.

On top of the recognition of the non-cash impairment losses on certain assets mentioned above, the loss of the Group for the year ended 31 December 2022 included the recognition of fair value losses on financial assets at fair value through profit or loss (“FVTPL”) of approximately HK\$56 million for the year ended 31 December 2022, as compared to the net fair value gains on financial assets at FVTPL of approximately HK\$2 million recognised for the year ended 31 December 2021.

Finance costs of the Group for the year ended 31 December 2022 increased by approximately HK\$10 million or 22% to approximately HK\$56 million (2021: approximately HK\$46 million), of which approximately HK\$39 million (2021: approximately HK\$36 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 expenses, net and income tax, which included the write down of deferred tax assets of approximately HK\$176 million which was primarily due to the Licence Termination with effect from 1 June 2023, the Group recorded a net loss of approximately HK\$886 million for the year ended 31 December 2022 (2021: approximately HK\$364 million), representing an increase of approximately 143%, as compared to the last year. Basic and diluted loss per share for the year ended 31 December 2022 was approximately HK12.4 cents (2021: approximately HK5.1 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 2022 decreased by approximately HK\$76 million to approximately HK\$496 million (2021: approximately HK\$572 million), which was mainly due to the lower subscription revenue and the decline in advertising revenue.

Operating expenses before depreciation, amortisation of other intangible assets and impairment losses incurred by the media segment for the year ended 31 December 2022 decreased to approximately HK\$709 million (2021: approximately HK\$760 million). As disclosed in “Segment Information” in Note 7 to the consolidated financial statements in this final results announcement, the loss before depreciation, amortisation of other intangible assets and impairment losses of the media segment for the year ended 31 December 2022 increased to approximately HK\$212 million (2021: approximately HK\$188 million), which was mainly due to the net effect of the decrease in revenue, the decrease in programming costs and the increase 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 2022 decreased by approximately HK\$18 million to approximately HK\$399 million (2021: approximately HK\$417 million) due to the lower subscription revenue.

Operating expenses before depreciation, amortisation of other intangible assets and impairment losses incurred by the telecommunications segment for the year ended 31 December 2022 were approximately HK\$264 million, at the similar level as last year (2021: approximately HK\$266 million). As disclosed in “Segment Information” in Note 7 to the consolidated financial statements in this final results announcement, the profit before depreciation, amortisation of other intangible assets and impairment losses from the telecommunications segment for the year ended 31 December 2022 decreased by approximately 11% to approximately HK\$135 million (2021: approximately HK\$151 million), which was mainly due to the decrease in subscription revenue.

(C) Liquidity, Financial Resources and Capital Structure

As at 31 December 2022, the Group had cash and bank balances and restricted bank balances of approximately HK\$42 million and HK\$17 million, respectively as compared to approximately HK\$70 million and HK\$11 million, respectively as at 31 December 2021. The decrease in cash and bank balances was mainly due to the net cash used in operations and investing activities and offsetting with the net cash from financing activities. The cash and bank balances and restricted bank balances of the Group as at 31 December 2022 and 2021 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 deficit/equity, was a negative of approximately 146% (as divided by total deficit) (31 December 2021: approximately 504% (as divided by total equity)). As at 31 December 2022, the Group recorded total assets of approximately HK\$879 million which were financed by liabilities of approximately HK\$1,619 million offsetting with the deficit of approximately HK\$740 million. As at 31 December 2021, the Group recorded total assets of approximately HK\$1,486 million which were financed by liabilities of approximately HK\$1,340 million and equity of approximately HK\$146 million. The decrease in equity was attributable to the loss for the year.

Consolidated net liability value of the Group as at 31 December 2022 was approximately HK\$740 million, while the Group recorded a consolidated net asset value of approximately HK\$146 million as at 31 December 2021.

The carrying amount of interest-bearing borrowings denominated in HK\$ as at 31 December 2022 was approximately HK\$591 million (31 December 2021: approximately HK\$295 million), of which HK\$295 million carried interest at variable rates and was repayable on demand; approximately HK\$296 million are unsecured, carry interest at fixed rates ranging from 2.5% to 3.0% per annum and with a term of three years from the date of respective loan agreements. The committed borrowing facilities available to the Group but not drawn as at 31 December 2022 amounted to HK\$105 million (31 December 2021: approximately HK\$105 million) and subsequently, there was no related committed borrowing facilities but not drawn as a result of the revision of the limit of the renewed facility from HK\$400 million to HK\$295 million on 24 March 2023.

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 (Asia) Limited (“Forever Top” or “Controlling Shareholder”), 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 (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. 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”). During the year ended 31 December 2022, there had not been any conversion of the 2019 LCS.

The carrying amount of the 2019 LCS denominated in HK\$ as at 31 December 2022 was approximately HK\$405 million (31 December 2021: approximately HK\$386 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. 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"). During the year ended 31 December 2022, there had not been any conversion or redemption of the 2021 LCS.

The carrying amount of the 2021 LCS denominated in HK\$ as at 31 December 2022 was approximately HK\$141 million (31 December 2021: approximately HK\$136 million). 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 net proceeds raised from the issuance of the 2021 LCS have all been utilised as at 31 December 2022 according to the intended use of proceeds as disclosed in the 2021 Circular.

The Group takes a centralised approach to the Group's funding and treasury management as well as optimisation of the funding cost-efficiency. The management (i) strives to maintain 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 fluid financial market conditions.

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

During the year ended 31 December 2022, capital expenditure on property, plant and equipment amounted to approximately HK\$114 million (2021: approximately HK\$120 million), the additions to right-of-use assets were approximately HK\$12 million (2021: approximately HK\$6 million), the additions to programming library were approximately HK\$47 million (2021: approximately HK\$48 million) and the additions to other intangible assets were HK\$Nil (2021: approximately HK\$0.2 million).

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

(D) Contingent Liabilities

As at 31 December 2022, the Group did not have any contingent liabilities.

(E) Guarantees

As at 31 December 2022, a corporate guarantee had been provided by the Company to a bank of HK\$400 million (31 December 2021: HK\$400 million) in respect of the facility of borrowing up to HK\$400 million (31 December 2021: HK\$400 million) to a wholly-owned subsidiary of the Company, of which HK\$295 million (31 December 2021: HK\$295 million) was utilised by the subsidiary of the Company. On 24 March 2023, the above-mentioned corporate guarantee provided by the Company to a bank was revised from HK\$400 million to HK\$295 million in respect of the renewed facility of borrowing up to HK\$295 million to a wholly-owned subsidiary of the Company, of which HK\$295 million was utilised by the subsidiary of the Company.

As at 31 December 2022, the Group had made arrangements with a bank to provide two separate performance bonds to counterparties amounting to approximately HK\$40 million (31 December 2021: approximately HK\$34 million), of which approximately HK\$10 million (31 December 2021: approximately HK\$4 million) was secured by bank deposits. The performance bonds are to guarantee in favour of the counterparties the Group's performance in fulfilling the obligations under a contract and the requirements as set out in the licence issued by a regulatory body.

(F) Human Resources

The Group had 1,151 full-time employees as at 31 December 2022 (31 December 2021: 1,155). Total salaries and related costs before capitalisation and incurred for the year ended 31 December 2022 amounted to approximately HK\$372 million (31 December 2021: approximately HK\$405 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 among various multimedia platforms and the telecommunication providers, the Group's revenue for the year ended 31 December 2022 decreased due to the decline in the subscription revenue and the advertising revenue from the TV and MTR In-train TV.

Keen business competition in the market has continued to contract the subscription customer base of Pay TV service and the subscription average revenue per user ("ARPU") was affected.

For broadband service, due to a saturated market with price war triggered by the incumbents, there was a slight decrease of approximately 2% in the number of subscribers to approximately 198,000 as at 31 December 2022 as compared to approximately 202,000 as at 31 December 2021.

(H) Charge on Group Assets

As at 31 December 2022, restricted bank balances of approximately HK\$17 million (31 December 2021: approximately 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 Listing Rules during the year ended 31 December 2022.

(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 and the available credit facilities.

(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; (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 any potential partnerships and development opportunities of new digital and enterprise solutions.

With the relaxation of the COVID-19 measures, the reopening of the Hong Kong-China border and the resumption of inbound and outbound travel, the Group expects Hong Kong to gradually return to normalcy with an increase in business activities and consumer confidence. 2023 will continue to be a significant year of transformation for its media business as the Group transitioned out of its Pay TV business. On the telecommunications side, the Group aims to build on its solid foundation. Talents and partnerships remain its biggest assets in helping it transform. Therefore, the Group's focus for 2023 will be retaining talents as well as recruiting new blood. The Group is also looking to extend its business through mutually beneficial partnerships.

Media

The global trend of reduction of subscribers on Pay TV platforms and shift to online streaming media is unavoidable. In view of the rapidly changing media landscape in Hong Kong and fierce competition among the global paid TV content providers and pay TV operators, the Group obtained approval from the Government of the HKSAR on 14 February 2023 for the Licence Termination with effect from 1 June 2023. HKC has put in place satisfactory exit plans for its subscribers and will focus on the execution of those plans for a smooth transition. After the termination of the Pay TV services, the Group will continue to provide Free TV programme services and operate other businesses as usual. This marked a strategic step forward for the Group in focusing its resources on media investment on its Free TV Channels and multimedia businesses. The local Free TV market is no longer dominated and monopolised, and various business possibilities and opportunities are evolving. Evident by strong box office results of various Cantonese movies and shows, demand for locally-produced content with originality and diversity in Hong Kong is increasing. The Group will continue to focus in producing exceptional local content and extending their maximum reach to audiences via various channels. The Group's further reach, influence and more diversified products and intellectual properties will drive incremental advertising revenue and other new revenue models.

While the broadcasting business is rapidly changing and remains competitive, the Group's core value and mission remains clear as an influencing broadcaster to its viewers and to pursue and promote the importance of "Narrating Hong Kong's Story" (說好香港故事). The Group cares for its audience and will continue to produce authentic engaging content to resonate its audiences' minds. In 2023, the Group will continue to actively seek suitable opportunities for regional and international content collaborations, as well as to explore the production of new television series and new innovative formats of programmes.

As the first 24-hour TV news channel in Hong Kong, the Group will continue to develop the "i-CABLE News" brand. i-CABLE News will continue to be the news content provider of our three Free TV Channels including Hong Kong International Business Channel (Channel 76), HOY TV (Channel 77) and HOY Infotainment (Channel 78). The i-CABLE News team will strive to create an omnichannel and a one-stop media platform to live stream press conferences and major events in the city. New programmes such as "領航之星", a talk show in Mandarin interviewing corporate executives in Mainland China, "Closer Look", an in-depth English news programme, and "家家有求", a programme focusing on fixing interior design problems will also be rolled out gradually in 2023. Besides, the top rated programmes like "City Focus" (一線搜查), "Let's Talk" (有理有得傾) and "Money and Wisdom" (財智•商傳), "World Living" (全世界睇住) and "Anchor Focus" (主播視角) Season 2 will be released during the third quarter of 2023.

The proliferation of online content has been making the media battlefield more intense, the Group continues to believe embracing digital technologies is pivotal for it to turn around. The Group will focus on enhancing features on its mobile applications, including HOY Mobile App, i-CABLE News App, and mobile websites to pursue a higher quality digital experience to audiences. With rapid development of 5G wireless network and popularity of content streaming on smartphones, the Group will invest in content delivery technologies to enrich customer experience in enjoying the content anytime and anywhere to broaden the Group's revenue streams. The Group will continue to strive to improve its video streaming capacity and quality on its digital platforms.

With the launch of the new consumer-facing brand HOY, the increase in the signal coverage of free-to-air TV spectrum, and the launch of all-new news and infotainment channel Free TV Channel 78 HOY Infotainment, the Group expects to bring its rich and diverse content to wider and more extensive audience coverage in order to further drive incremental advertising revenue from more diversified product sectors. The Group will continue to invest in high-quality self-produced programmes and acquire innovative programmes and design more integrated marketing solutions services to further expand the Group's revenue streams.

To further extend the digital experience of audience, Mobile App “Racing GPS” (賽馬GPS) will continue to provide more entertaining and high-quality horse-racing programmes to cater for the demand of current customers and attract new users despite the Licence Termination.

The acquisition of exclusive Hong Kong region broadcast rights of the Asian Games which will be held in September 2023, which represents the seventh consecutive year that we will be delivering the most anticipated sports events to the Group’s audience. The Group is committed to providing Hong Kong audience with extensive online and offline interactive experiences through multi-channel marketing. The Group will broadcast contests of Hong Kong athletes and spread positive vibes. On top of this important Asian sports event, the Group had secured the exclusive broadcasting right of “Hong Kong Sevens” (香港國際七人欖球賽), the world-class rugby tournament, which will be held from late March to early April 2023 in Hong Kong. Following “Hong Kong Sevens”, the Group will broadcast an international volleyball competition “FIVB Women’s Volleyball Nations League” (FIVB世界女排聯賽) in June 2023.

The Group expects more business opportunities to be captured in 2023 through provision of value-added integrated marketing solutions services and multi-platforms media bundling services. In this regard, the Group has been actively recruiting new sales and digital solutions talents to provide fresh and novel insights and marketing solutions to its advertisers. The Group will continue to polish its sales and marketing strategies by adopting creative selling strategy of content sponsorship and product portfolio.

As the exclusive commercial airtime sales distributor and content provider for the MTR In-train TV, cross borders re-opening with the Mainland China together with the uplift of restrictive social and travel measures in early 2023 are anticipated to bring further increase of patronage on the MTR and MTR In-train TV advertising revenue to the Group. Advertisers of pharmacy, health-related products and toiletries would expect to conduct more active marketing and targeting activities to the increasing number of cross-boundary passengers. Moreover, the full commissioning of the cross-harbour extension of East Rail Line, providing passengers with enhanced connectivity, will continue to bring in more passenger flows. Together with the gradual introduction of new MTR trains in 2023, the Group expects it will further enhance the growth of revenue on the MTR In-train TV.

Meanwhile, the Greater Bay Area (“GBA”) presents an extraordinary opportunity for the Group to shape and expand its business by collaborating with major media and operators within the region. With the growing business and job opportunities in the GBA and the re-opening of the border between Hong Kong and Mainland China, the Group will continue to explore and capture more partnership opportunities in the GBA.

Telecommunications

With new housing projects to be launched by the Government of the HKSAR in 2023, mild growth in the residential broadband market is anticipated. The Group expects the market competition among fixed-line operators to remain strong and the ARPU of fixed-line broadband to remain under pressure in 2023. As a territory-wide telecommunications network provider which covers over 2 million households in Hong Kong, the Group will continue to expand its core network of fibre coverage and increase its core network capacity to cater for both residential and commercial markets in order to drive for business growth. The GPON enabling FTTH high-speed internet services will continue to be the Group's anchor product. The Group will continue to explore opportunities in maximising the value of the core fibre and communication network of the Group.

Leveraging on its well-established infrastructure, the Group continues to enhance its broadband internet access services through expanding its network coverage. The Group expects to see more resilience in the enterprise solution market as corporates continue to catch up on enterprise digitalisation and technological upgrade to facilitate the new normal of a hybrid work mode. The Group expects that the trend will continue to drive demand for its high-quality and reliable network and data connectivity services in different industry verticals. The Group will continue to invest in and expand the enterprise solutions business in order to build this new income stream for the Group.

To capture the rising demand for mobile connectivity products, a new mobile partnership has been successfully established with an aim to bring 5G mobile services to its target customers. The Group will take the opportunities and leverage potential synergies to further increase new subscribers by cross-selling within the in-base customers.

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 Group will target further growth in revenue through closer collaboration with CMHK. The two companies will continue to work together in taking the development of the local telecommunications and media market to a new level.

Looking ahead, the Group will rise to the challenges as Hong Kong is on the path to recovery from the COVID-19. The Group will continue to pay close attention to and 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 in Hong Kong with wide customer reach, competitive

service offerings, valuable business partnerships and an innovative and experienced management team. The Group will continue to pursue its plan to deliver high-speed broadband services through network upgrades, and explore new business opportunities. Simultaneously, the Group will diligently monitor and review its spending on programming library, content enrichment, and new media development.

(L) Events After the Reporting Period

On 9 January 2023, HKC, as the borrower, entered into a loan agreement with Celestial Pioneer Limited (a company holding 72.0% of the total number of issued shares of Forever Top) as the lender, pursuant to which, HKC obtained an unsecured loan with a principal amount of HK\$80 million for a term of three years from the date of the said loan agreement, with an interest rate of 5.0% per annum.

In view of the rapidly changing media landscape in Hong Kong, and fierce competition among global Pay TV content providers and Pay TV operators, HKC submitted an application for the Licence Termination to the Government of the HKSAR. On 14 February 2023, the Chief Executive in Council has approved the Licence Termination with effect from 1 June 2023. Following the approval, HKC remains bound by the terms and conditions of its Pay TV Licence until the termination, and thereafter HKC will remain as a subsidiary of the Company and the Group will continue to provide Free TV programme services and other businesses as usual, including without limitations broadband telecommunications services, telephony services, network construction and mobile services, allowing a more flexible utilisation and investment of HKC's talents and resources. For details, please refer to the Company's announcement dated 14 February 2023. Due to the Licence Termination, as well as the assessment of the business prospect of the Group in light of the latest market environment, the Group recognised the non-cash write down of deferred tax assets and non-cash impairment losses on programming library, property, plant and equipment, right-of-use assets, other related intangible assets and contract acquisition costs for the year ended 31 December 2022. For details, please refer to "Segment Information" in Note 7 and "Loss before Taxation" in Note 8 to consolidated financial statements in this final results announcement.

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 2022.

(M) Compliance with Relevant Laws and Regulations

During the year ended 31 December 2022, 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 2022

		2022	2021
	Note	HK\$'000	HK\$'000
Revenue	6, 7	895,199	989,197
Cost of services			
— Programming costs		(594,504)	(583,057)
— Network expenses		(386,841)	(292,870)
— Cost of sales		(155,448)	(149,638)
Selling, general and administrative and other operating expenses		<u>(346,591)</u>	<u>(272,261)</u>
Loss from operations		(588,185)	(308,629)
Interest income		1,111	1,177
Finance costs		(55,561)	(46,307)
Non-operating (expenses)/income, net		<u>(55,456)</u>	<u>1,544</u>
Loss before taxation	8	(698,091)	(352,215)
Income tax	9	<u>(187,627)</u>	<u>(11,437)</u>
Loss for the year		<u>(885,718)</u>	<u>(363,652)</u>
Attributable to:			
Equity shareholders of the Company		<u>(885,718)</u>	<u>(363,652)</u>
Loss per share			
Basic	10	<u>(12.4) HK cents</u>	<u>(5.1) HK cents</u>
Diluted		<u>(12.4) HK cents</u>	<u>(5.1) HK cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year	(885,718)	(363,652)
Other comprehensive income for the year <i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation difference	<u>100</u>	<u>(36)</u>
Total comprehensive income for the year	<u>(885,618)</u>	<u>(363,688)</u>
Attributable to:		
Equity shareholders of the Company	<u>(885,618)</u>	<u>(363,688)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		457,567	650,140
Right-of-use assets		9,655	74,231
Programming library		11,075	67,991
Other intangible assets		2,661	11,863
Contract acquisition costs		3,683	5,383
Deferred tax assets		102,144	289,501
Deposits, prepayments and other receivables		34,132	35,996
		620,917	1,135,105
		620,917	1,135,105
Current assets			
Inventories		6,473	6,863
Trade receivables and contract assets	<i>11</i>	106,219	108,031
Deposits, prepayments and other receivables		41,565	48,207
Contract acquisition costs		6,102	10,938
Financial assets at fair value through profit or loss		40,081	95,736
Restricted bank balances		16,550	10,550
Cash and bank balances		41,587	70,162
		258,577	350,487
		258,577	350,487
Total assets		879,494	1,485,592

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
EQUITY			
Capital and reserves			
Share capital	<i>13</i>	7,928,975	7,928,975
Reserves		(8,668,504)	(7,782,886)
Total (deficit)/equity		(739,529)	146,089
LIABILITIES			
Non-current liabilities			
Convertible bonds	<i>14</i>	546,040	521,929
Interest-bearing borrowings	<i>15</i>	296,035	–
Lease liabilities		7,820	36,192
Other non-current liabilities		21,373	21,373
		871,268	579,494
Current liabilities			
Trade payables	<i>12</i>	50,278	57,613
Accrued expenses and other payables		247,316	253,172
Receipts in advance and customers' deposits		117,811	115,213
Interest-bearing borrowings	<i>15</i>	295,000	295,000
Lease liabilities		37,258	38,930
Current tax liabilities		92	81
		747,755	760,009
Total liabilities		1,619,023	1,339,503
Total equity and liabilities		879,494	1,485,592

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 service, advertising, channel carriage, television relay service, programme licensing, theatrical release, other television related businesses, broadband internet access services, portal operation, telephony services, network leasing, network construction, mobile service and mobile agency service as well as other internet access related businesses.

The consolidated financial statements for the year ended 31 December 2022 (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 (the “Board”) of directors (the “Directors”) of the Company on 27 March 2023.

The financial information relating to the years ended 31 December 2022 and 2021 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 2021 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 2022 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 2022, the Group incurred a net loss of HK\$886 million (2021: HK\$364 million) which included non-cash impairment losses and write-down of certain assets of HK\$417 million. As at 31 December 2022, the Group's current liabilities exceeded its current assets by HK\$489 million (31 December 2021: HK\$410 million) and total deficit amounted to HK\$740 million (31 December 2021: total equity of HK\$146 million). Total operating cash outflows amounted to HK\$89 million (2021: HK\$59 million) and total cash outflow amounted to HK\$29 million during the year (2021: HK\$87 million). Included in the Group's current liabilities was an interest-bearing bank borrowing of HK\$295 million which is immediately repayable on demand and subject to review at any time and in any event not less than annually. Besides the banking facility, the Group has received financing from time to time from Forever Top (Asia) Limited ("Forever Top"), a substantial shareholder holding 43.2% shareholding of the Company, through rights issue and issue of long-term convertible bonds in June 2019 and March 2021 to improve the Group's liquidity. During the year ended 31 December 2022, the controlling shareholder of Forever Top further advanced unsecured 3-year interest-bearing loans totalling in aggregate HK\$300 million to the Group. Subsequently to the year end in January 2023, the controlling shareholder of Forever Top further advanced an unsecured 3-year interest-bearing loan of HK\$80 million to the Group. On 14 February 2023, the Chief Executive in Council approved the Licence Termination with effect from 1 June 2023.

In view of such circumstances, 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 forecast prepared by management which covers a period of twelve months from 31 December 2022. 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 recently renewed in mid-March 2023 and the outstanding loan balance of HK\$295 million has been rolled over, which will continue to be subject to the clause of the bank's overriding right to demand repayment;
2. Following the approval to terminate the Pay TV Licence, Hong Kong Cable Television Limited remains bound by the terms and conditions of the Pay TV Licence until the Licence Termination with effect from 1 June 2023, and thereafter the Group will continue to provide free television programme services and other businesses as usual, including broadband telecommunications services, telephony services, network construction and mobile services. The Group will continue with its strategic transformation plan to enhance the Group's business performance; enrichment of contents; cooperation with other partners and cost savings initiatives; and
3. Forever Top has entered into an irrevocable deed of undertaking for a period of twelve months from 31 December 2022 to provide financial support to the Group, up to a cap with reference to the latest funding requirement based on the 12-month cash flow forecast as approved by the board of directors of the Company, as and when necessary up to 31 December 2023. In turn, Forever Top has received back to back financial support undertakings from its beneficial shareholders.

Notwithstanding the above, whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions are subject to inherent uncertainties. In particular, whether the Group will be able to continue as a going concern would depend upon the continuous availability of existing banking facility, the successful implementation of cost saving initiatives and enhancement of business performance, and from time to time as and when is necessary, the financial support from Forever Top as backed by the beneficial shareholders of Forever Top.

The Directors, after due consideration of the basis of the Group's plans and measures as well as the reasonably possible downside changes to the cash flow assumptions in the cash flow projections, consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2022. Accordingly, the Directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

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

During the year ended 31 December 2022, the Group has adopted the following amendments to standards and accounting guideline which are relevant to the Group's operations and are mandatory for accounting period beginning on 1 January 2022:

HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions beyond 30 June 2021
HKAS 16 (Amendments)	Property, Plant and Equipment — Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements	Annual Improvement to HKFRSs 2018–2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of these amendments to standards and accounting guideline 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 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 and interpretation have been published which are mandatory for the Group's accounting periods beginning on or after 1 January 2023 but have not been early adopted by the Group:

HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback ⁽²⁾
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts ⁽¹⁾
HKFRS 17 (Amendments)	Initial application of HKFRS 17 and HKFRS 9 — Comparative Information ⁽¹⁾
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁽¹⁾
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current ⁽²⁾
HKAS 1 (Amendments)	Non-current Liabilities with Covenants ⁽²⁾
HKAS 8 (Amendments)	Definition of Accounting Estimates ⁽¹⁾
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽¹⁾
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽²⁾
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾

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

⁽²⁾ Effective for accounting periods beginning on or after 1 January 2024

⁽³⁾ Effective date is to be determined

The Group does not expect that these new standard, amendments to standards, HKFRS Practice Statement and interpretation would have any material 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 financial risk management policies since 31 December 2021.

(b) Liquidity risk

Compared to the year ended 31 December 2021, there was no other material change in the contractual undiscounted cash outflows for financial liabilities, except for the contractual undiscounted cash outflows for the loans from Celestial Pioneer Limited of approximately HK\$317,158,000 with a term of 3 years from the date of the respective loan agreements and interest thereon (Note 15(b)).

(c) Price risk

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

Sensitivity analysis

At 31 December 2022, if the price of the Group's investments recognised as financial assets at FVTPL had been 1% higher/lower with all other variables held constant, the loss for the year would have decreased/increased by approximately HK\$27,000 (2021: approximately HK\$87,000).

Based on the share price of the Company as at 31 December 2022, if the share price of the Company had been HK\$0.01 higher/lower with all other variables held constant, the fair value of the redemption option of long-term convertible bonds recognised as financial assets at FVTPL would have increased by approximately HK\$4,904,000 and decreased by approximately HK\$9,311,000, respectively (2021: decreased by approximately HK\$3,780,000 and HK\$21,236,000, respectively) and the loss for the year would have decreased by approximately HK\$4,904,000 and increased by approximately HK\$9,311,000, respectively (2021: increased by approximately HK\$3,780,000 and HK\$21,236,000, respectively).

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

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

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

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

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

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

	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 2022				
Assets				
Financial assets at FVTPL				
— Listed debt securities	2,673	–	–	2,673
— Redemption option of long-term convertible bonds	–	–	37,408	37,408
	<u>2,673</u>	<u>–</u>	<u>37,408</u>	<u>40,081</u>
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>

During the years ended 31 December 2022 and 2021, 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 following table presents the changes in Level 3 financial instrument for the years ended 31 December 2022 and 2021:

	2022	2021
	HK\$'000	HK\$'000
Redemption option:		
At the beginning of the year	87,005	–
Inception of redemption option of long-term convertible bonds	–	78,061
Unrealised fair value change recognised in non-operating (expenses)/income, net	(49,597)	8,944
	<u>37,408</u>	<u>87,005</u>
At the end of the year	37,408	87,005

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

	Fair value as at		Unobservable inputs	Range of unobservable inputs as at		Relationship of unobservable inputs to fair value
	31 December			inputs as at		
	2022	2021		2022	2021	
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Redemption option of long-term convertible bonds	37,408	87,005	Discount rate	9.40%	6.88%	The higher the discount rate, the lower the fair value of the redemption option of long-term convertible bonds

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

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

The carrying amounts of the Group's financial instruments carried at costs or amortised cost were not materially different from their fair values as at 31 December 2022 and 2021.

6. REVENUE

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

7. SEGMENT INFORMATION

The Group managed its businesses according to the nature of services provided. The Group's chief operating decision maker (the "CODM"), which comprises executive 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, impairment losses on property, plant and equipment, right-of-use assets, programming library, other related intangible assets and contract acquisition costs, corporate expenses, corporate depreciation of property, plant and equipment, corporate impairment losses, interest income, finance costs, non-operating (expenses)/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, corporate impairment losses, interest income, finance costs, non-operating (expenses)/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, 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 2022 and 2021 is set out below:

	Year ended 31 December					
	Media		Telecommunications		Total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	496,472	572,487	398,935	416,918	895,407	989,405
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>496,472</u>	<u>572,487</u>	<u>398,727</u>	<u>416,710</u>	<u>895,199</u>	<u>989,197</u>
Revenue from contracts with customers:						
Timing of revenue recognition						
At a point in time	18,246	19,269	35,243	46,412	53,489	65,681
Over time	433,297	499,783	363,097	369,892	796,394	869,675
Revenue from other sources:						
Rental income	44,929	53,435	387	406	45,316	53,841
	<u>496,472</u>	<u>572,487</u>	<u>398,727</u>	<u>416,710</u>	<u>895,199</u>	<u>989,197</u>
Reportable segment (loss)/profit before depreciation, amortisation of other intangible assets and impairment losses	(212,150)	(187,864)	135,072	150,982	(77,078)	(36,882)
Depreciation	(105,793)	(116,602)	(86,997)	(88,543)	(192,790)	(205,145)
Amortisation of other intangible assets	(4,064)	(4,040)	-	-	(4,064)	(4,040)
Impairment losses	(180,257)	-	(47,147)	-	(227,404)	-
Reportable segment results before corporate expenses, corporate depreciation and corporate impairment losses	<u>(502,264)</u>	<u>(308,506)</u>	<u>928</u>	<u>62,439</u>	<u>(501,336)</u>	<u>(246,067)</u>
Corporate expenses					(58,845)	(52,715)
Corporate depreciation					(14,554)	(9,847)
Corporate impairment losses					(13,450)	-
Loss from operations					(588,185)	(308,629)
Interest income					1,111	1,177
Finance costs					(55,561)	(46,307)
Non-operating (expenses)/income, net					(55,456)	1,544
Income tax					(187,627)	(11,437)
Loss for the year					<u>(885,718)</u>	<u>(363,652)</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Segment assets		
Media	373,735	662,928
Telecommunications	<u>379,086</u>	<u>498,568</u>
	752,821	1,161,496
Corporate assets	24,529	34,595
Deferred tax assets	<u>102,144</u>	<u>289,501</u>
Total assets	<u><u>879,494</u></u>	<u><u>1,485,592</u></u>
Segment liabilities		
Media	913,143	786,459
Telecommunications	<u>692,640</u>	<u>537,681</u>
	1,605,783	1,324,140
Corporate liabilities	13,148	15,282
Current tax liabilities	<u>92</u>	<u>81</u>
Total liabilities	<u><u>1,619,023</u></u>	<u><u>1,339,503</u></u>

During the year ended 31 December 2022, capital expenditure on property, plant and equipment amounted to approximately HK\$114 million (2021: approximately HK\$120 million), the additions to right-of-use assets were approximately HK\$12 million (2021: approximately HK\$6 million), the additions to programming library were approximately HK\$47 million (2021: approximately HK\$48 million) and the additions to other intangible assets were HK\$Nil (2021: approximately HK\$0.2 million).

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\$134,618,000 (2021: approximately HK\$139,813,000) were derived from a single external customer during the year ended 31 December 2022, of which approximately HK\$132,318,000 (2021: approximately HK\$137,813,000) and approximately HK\$2,300,000 (2021: approximately HK\$2,000,000) were attributed to the telecommunications segment and the media segment, respectively.

8. LOSS BEFORE TAXATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income		
Interest income from deposits with banks and listed debt securities	(1,111)	(1,177)
Finance costs		
— Interest expenses on borrowings	12,571	5,116
— Interest expenses on lease liabilities	3,519	5,578
— Interest expenses on convertible bonds	39,471	35,613
Staff costs, including Directors' emoluments		
Salaries, wages and other benefits*	342,748	369,718
Contributions to defined contribution retirement plans	14,927	16,565
Other items		
Depreciation		
— assets held for use under operating leases	18,139	22,833
— other assets	147,893	151,125
— right-of-use assets	41,312	41,034
	<u>207,344</u>	<u>214,992</u>
Impairment losses**		
— Property, plant and equipment	138,884	—
— Right-of-use assets	34,382	—
— Programming library	55,924	—
— Other related intangible assets	5,138	—
— Contract acquisition costs	6,526	—
	<u>240,854</u>	<u>—</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amortisation		
— programming library***	48,228	50,684
— contract acquisition costs	13,672	16,057
— other intangible assets	4,064	4,040
Net loss allowance/(reversal of loss allowance) on trade receivables	7,087	(3,930)
Carrying amount of inventories consumed and sold	7,932	9,140
Write down of inventories	1,692	1,316
Rental expenses in respect of land and buildings under short-term leases and low-value leases not included in lease liabilities	9,529	9,227
Auditor's remuneration		
— audit services	2,784	2,560
— non-audit services	1,118	819
Net foreign exchange loss/(gain)	700	(289)
Rental income under operating leases in respect of		
— owned plant and machinery	(45,316)	(53,841)
Non-operating expenses/(income), net		
— net (gain)/loss on disposal of property, plant and equipment	(96)	136
— gain on modification of lease contracts	(13)	(148)
— loss on redemption of financial assets at FVTPL	—	70
— fair value losses/(net fair value gains) on financial assets at FVTPL	55,655	(1,602)

* During the year ended 31 December 2022, subsidies of approximately HK\$25,010,000 (2021: HK\$Nil) from the Employment Support Scheme under the Anti-epidemic Fund set up by the Government of the HKSAR were included in salaries, wages and other benefits.

** The impairment losses of approximately HK\$93,256,000, HK\$77,145,000 and HK\$70,453,000 were included within programming costs, network expenses and selling, general and administrative and other operating expenses, respectively, in the consolidated statement of profit or loss of the Group for the year ended 31 December 2022. The aggregate amount of the impairment losses recognised for the year ended 31 December 2022 were amounted to approximately HK\$240,854,000, primarily as a result of the Licence Termination with effect from 1 June 2023, as well as management's assessment of the business prospect of the Group in light of the latest market environment.

*** 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% (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
Provision for the year	270	413
Deferred income taxation*	<u>187,357</u>	<u>11,024</u>
Income tax	<u><u>187,627</u></u>	<u><u>11,437</u></u>

* During the year ended 31 December 2022, write down of previously recognised deferred tax assets of approximately HK\$176,318,000 was recognised, primarily as a result of the Licence Termination with effect from 1 June 2023, as well as management's assessment of the business prospect of the Group in light of the latest market environment.

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\$885,718,000 (2021: approximately HK\$363,652,000) and the weighted average number of 7,134,623,520 ordinary shares of the Company (2021: approximately 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 2022 and 2021 equals to the basic loss per share since the exercise of the outstanding share options of the Company (the "Share Options") granted under the share option scheme of the Company adopted on 24 May 2018 (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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	107,711	98,806
Less: loss allowance	<u>(24,289)</u>	<u>(17,328)</u>
	83,422	81,478
Contract assets	<u>22,797</u>	<u>26,553</u>
	<u><u>106,219</u></u>	<u><u>108,031</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	47,462	42,313
31 to 60 days	11,332	12,963
61 to 90 days	6,766	9,639
Over 90 days	<u>17,862</u>	<u>16,563</u>
	<u><u>83,422</u></u>	<u><u>81,478</u></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	5,947	8,694
31 to 60 days	17,430	10,266
61 to 90 days	12,301	8,633
Over 90 days	<u>14,600</u>	<u>30,020</u>
	<u><u>50,278</u></u>	<u><u>57,613</u></u>

13. SHARE CAPITAL

(i) Issued share capital

	2022		2021	
	Number of shares	HK\$'000	Number of shares	HK\$'000
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>7,134,623,520</u>	<u>7,928,975</u>	<u>7,134,623,520</u>	<u>7,928,975</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 2022 and 2021. During the year ended 31 December 2022, Share Options carrying the rights to subscribe 241,562,240 Shares was lapsed (2021: Nil). As at 31 December 2022, there were no outstanding exercisable Share Options carrying the rights to subscribe Shares (2021: 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 ordinary 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 2022, the carrying amount of liability component of the 2019 LCS is approximately HK\$405,277,000 (2021: approximately HK\$386,387,000).

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 ordinary 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 FVTPL at initial recognition. The effective interest rate of the liability component was 6.88% per annum. As at 31 December 2022, the carrying amount of liability component and redemption option of the 2021 LCS is approximately HK\$140,763,000 (2021: approximately HK\$135,542,000) and approximately HK\$37,408,000 (2021: approximately HK\$87,005,000) respectively.

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

15. INTEREST-BEARING BORROWINGS

	2022			2021		
	Current HK\$'000	Non- current HK\$'000	Total HK\$'000	Current HK\$'000	Non- current HK\$'000	Total HK\$'000
Bank loan (<i>Note (a)</i>)	295,000	–	295,000	295,000	–	295,000
Loans from Celestial Pioneer Limited (<i>Note (b)</i>)	–	296,035	296,035	–	–	–
Total borrowings	<u>295,000</u>	<u>296,035</u>	<u>591,035</u>	<u>295,000</u>	<u>–</u>	<u>295,000</u>

Note:

- (a) The carrying amount of bank loan denominated in Hong Kong dollar as at 31 December 2022 was HK\$295,000,000 (2021: HK\$295,000,000), which is unsecured, carries interest at variable rates and repayable on demand.
- (b) The carrying amount of the loans from Celestial Pioneer Limited (a company holding 72.0% of the total number of issued shares of Forever Top) denominated in Hong Kong dollar as at 31 December 2022 was approximately HK\$296,035,000 (2021: HK\$Nil), which are unsecured, carry interest at fixed rates ranging from 2.5% to 3.0% per annum and with a term of 3 years from the date of the respective loan agreements.

The maturity of interest-bearing borrowings was as follows:

	Bank loan		Loans from Celestial Pioneer Limited		Total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year or on demand	295,000	295,000	–	–	295,000	295,000
After 1 year but within 5 years	–	–	296,035	–	296,035	–
	<u>295,000</u>	<u>295,000</u>	<u>296,035</u>	<u>–</u>	<u>591,035</u>	<u>295,000</u>

16. DIVIDEND

The board of Directors does not recommend the payment of any dividend for the year ended 31 December 2022 (2021: HK\$Nil).

17. CAPITAL COMMITMENTS

Capital commitments outstanding as at 31 December 2022 were as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment		
— Contracted but not provided for	6,709	5,335
Programming library		
— Contracted but not provided for	5,301	16,214
	12,010	21,549

18. GUARANTEES

As at 31 December 2022, a corporate guarantee had been provided by the Company to a bank of HK\$400,000,000 (2021: HK\$400,000,000) in respect of the facility of borrowing up to HK\$400,000,000 (2021: HK\$400,000,000) to a wholly-owned subsidiary of the Company, of which HK\$295,000,000 (2021: HK\$295,000,000) was utilised by the subsidiary of the Company. On 24 March 2023, the above-mentioned corporate guarantee provided by the Company to a bank was revised from HK\$400,000,000 to HK\$295,000,000 in respect of the renewed facility of borrowing up to HK\$295,000,000 to a wholly-owned subsidiary of the Company, of which HK\$295,000,000 was utilised by the subsidiary of the Company.

As at 31 December 2022, the Group had made arrangements with a bank to provide two separate performance bonds to the counterparties amounting to HK\$39,830,000 (2021: HK\$33,830,000), of which HK\$9,830,000 (2021: HK\$3,830,000) was secured by bank deposit. The performance bonds are to guarantee in favour of the counterparties the Group's performance in fulfilling the obligations under a contract and the requirements as set out in the license issued by a regulatory body.

19. EVENTS AFTER THE REPORTING PERIOD

1. On 9 January 2023, HKC (an indirect wholly-owned subsidiary of the Company), as the borrower, entered into a loan agreement with the Celestial Pioneer Limited (a company holding 72.0% of the total number of issued shares of Forever Top) as the lender, pursuant to which, HKC obtained an unsecured loan with a principal amount of HK\$80 million for a term of 3 years from the date of the said loan agreement, with an interest rate of 5.0% per annum.
2. In view of the rapidly changing media landscape in Hong Kong, and fierce competition among global Pay TV content providers and Pay TV operators, HKC submitted an application for the Licence Termination to the Government of the HKSAR. On 14 February 2023, the Chief Executive in Council has approved the Licence Termination with effect from 1 June 2023. Following the approval, HKC remains bound by the terms and conditions of its Pay TV Licence until the Licence Termination with effect from 1 June 2023, and thereafter HKC will remain as a subsidiary of the Company and the Group will continue to provide Free TV programme services and other businesses as usual, including without limitations broadband telecommunications services, telephony services, network construction and mobile services, allowing a more flexible utilisation and investment of HKC's talents and resources. For details, please refer to the Company's announcement dated 14 February 2023. Due to the Licence Termination, as well as the assessment of the business prospect of the Group in light of the latest market environment, the Group recognised the non-cash write down of deferred tax assets and non-cash impairment losses on programming library, property, plant and equipment, right-of-use assets, other related intangible assets and contract acquisition costs for the year ended 31 December 2022. For details, please refer to Note 7 and Note 8 to the consolidated financial statements.

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 2022, 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 deviations:

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. Also, Code Provision F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

Dr. Cheng Kar-Shun, Henry (the chairman of the Board and a non-executive Director), Tan Sri Dato' David Chiu (a vice-chairman of the Board and a non-executive Director) and Mr. Andrew Wah Wai Chiu (a non-executive Director) were unable to attend the annual general meeting of the Company held on 14 June 2022 ("2022 AGM") as each of Dr. Cheng Kar-Shun, Henry and Tan Sri Dato' David Chiu had other engagements at the time of such meeting and Mr. Andrew Wah Wai Chiu was out of town for other engagement. In the absence of the chairman of the Board, Mr. Tsang On Yip, Patrick, a vice-chairman of the Board and an executive Director, acted as the chairman of the 2022 AGM to ensure an effective communication with the Shareholders.

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 2022.

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 2022 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 2022 (2021: 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 2022.

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 Friday, 16 June 2023, the Register of Members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive, during which period no transfer of Shares 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 12 June 2023.

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

Hong Kong, 27 March 2023

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.