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i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1097)

MAJOR TRANSACTION IN RELATION TO OFFERS TO LEASE

The Board is pleased to announce that on 21 July 2023, CNCL, a wholly-owned subsidiary of the Company, has duly accepted (as tenant) seven Offers to Lease from the Landlords (as landlords) and the Allowance Offer Letter in connection with leasing of the Premises.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the Offers to Lease as tenant and the Allowance Offer Letter will require the Group to recognise the Rent payable in relation to the Premises and the Allowance Cost as right-of-use asset. Therefore, the entering into of the Offers to Lease and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset recognised by the Company under the Offers to Lease and the Allowance Offer Letter amounted to approximately HK\$201 million.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 based on the consideration under the Offers to Lease and the transactions contemplated thereunder (including those under the Allowance Offer Letter) is 25% or more but is less than 100%, the entering into of the Offers to Lease and the transactions contemplated thereunder (including those under the Allowance Offer Letter) constitutes a major transaction of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be held and convened for the Shareholders to consider and, if thought fit, to approve the entering into of the Offers to Lease and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, as no Shareholder or any of their respective associates has any material interest in the Offers to Lease and the transactions contemplated thereunder, no Shareholder will be required to abstain from voting at the EGM for approving the same.

A circular of the Company containing, among other things, further information on the Offers to Lease and the transactions contemplated thereunder, the notice convening the EGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders in accordance with the Listing Rules on or before 11 August 2023.

INTRODUCTION

The Board is pleased to announce that on 21 July 2023, CNCL, a wholly-owned subsidiary of the Company, has duly accepted (as tenant) seven Offers to Lease from the Landlords (as landlords) and the Allowance Offer Letter in connection with leasing of the Premises.

Prior to entering into the Offers to Lease, the Group has been occupying the Premises as tenant under the Existing Tenancy Agreements each dated 31 December 2020.

OFFERS TO LEASE

The principal terms of the seven Offers to Lease are set out below:

(i) First Offer to Lease (“Offer to Lease 1”)

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|----------------------------------|---|
| Date of acceptance: | 21 July 2023 |
| Landlord: | Landlord 1 |
| Tenant: | CNCL |
| Premise: | Factories 1, 2, 3 and 4, Ground Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| Lease Term: | Six years from 1 January 2024 to 31 December 2029 (both dates inclusive) |
| Permitted use: | Shall be used for no other purpose than entrance lobby, caretaker room, store, factory units and ancillary accommodation for non-domestic use only and trade under the style and name of “CABLE NETWORK COMMUNICATIONS LIMITED” or such other name to be approved by Landlord 1 |
| Right to sub-let or sub-licence: | The Tenant may sub-let or sub-licence the Premise or any portion thereof subject to the terms and conditions prescribed under the Offer to Lease 1 |

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| Rent: | Subject to the Rent Free Period, the Rent payable per month (exclusive of Service Fee, Government Rates and other outgoings) is: <ul style="list-style-type: none"> ● from 1 January to 31 December 2024, HK\$1,070,897.00; ● from 1 January to 31 December 2025, HK\$1,194,895.60; ● from 1 January to 31 December 2026, HK\$1,318,894.20; ● from 1 January to 31 December 2027, HK\$1,442,892.80; ● from 1 January to 31 December 2028, HK\$1,566,891.40; and ● from 1 January to 31 December 2029, HK\$1,690,890.00. |
| Advance Payment: | HK\$1,153,989.10 (for further information, please refer to the section headed “ <i>Advance Payment</i> ” below) |
| Security Deposit: | For the first year, HK\$3,622,601.85 (for further information, please refer to the section headed “ <i>Security Deposits</i> ” below) |
| Service Fee: | HK\$83,092.10 per month (subject to periodic review) |
| Government Rates: | The Tenant is liable to pay Government Rates on a quarterly basis subject to the Government’s assessment or re-assessment |

(ii) Second Offer to Lease (“Offer to Lease 2”)

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|----------------------------------|---|
| Date of acceptance: | 21 July 2023 |
| Landlord: | Landlord 2 |
| Tenant: | CNCL |
| Premise: | 4th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| Lease Term: | Six years from 1 January 2024 to 31 December 2029 (both dates inclusive) |
| Permitted use: | Shall be used for no other purpose than godowns, store, container loading area and ancillary accommodation for non-domestic use only and trade under the style and name of “CABLE NETWORK COMMUNICATIONS LIMITED” or such other name to be approved by Landlord 2 |
| Right to sub-let or sub-licence: | The Tenant may sub-let or sub-licence the Premise or any portion thereof subject to the terms and conditions prescribed under the Offer to Lease 2 |

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|-------------------|---|
| Rent: | Subject to the Rent Free Period, the Rent payable per month (exclusive of Service Fee, Government Rates and other outgoings) is: <ul style="list-style-type: none"> ● from 1 January to 31 December 2024, HK\$726,807.00; ● from 1 January to 31 December 2025, HK\$810,963.60; ● from 1 January to 31 December 2026, HK\$895,120.20; ● from 1 January to 31 December 2027, HK\$979,276.80; ● from 1 January to 31 December 2028, HK\$1,063,433.40; and ● from 1 January to 31 December 2029, HK\$1,147,590.00. |
| Advance Payment: | HK\$772,375.30 (for further information, please refer to the section headed “ <i>Advance Payment</i> ” below) |
| Security Deposit: | For the first year, HK\$2,426,146.95 (for further information, please refer to the section headed “ <i>Security Deposits</i> ” below) |
| Service Fee: | HK\$45,568.30 per month (subject to periodic review) |
| Government Rates: | The Tenant is liable to pay Government Rates on a quarterly basis subject to the Government’s assessment or re-assessment |

(iii) Third Offer to Lease (“Offer to Lease 3”)

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|----------------------------------|---|
| Date of acceptance: | 21 July 2023 |
| Landlord: | Landlord 3 |
| Tenant: | CNCL |
| Premise: | 5th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| Lease Term: | Six years from 1 January 2024 to 31 December 2029 (both dates inclusive) |
| Permitted use: | Shall be used for no other purpose than godowns, store, container loading area and ancillary accommodation for non-domestic use only and trade under the style and name of “CABLE NETWORK COMMUNICATIONS LIMITED” or such other name to be approved by Landlord 3 |
| Right to sub-let or sub-licence: | The Tenant may sub-let or sub-licence the Premise or any portion thereof subject to the terms and conditions prescribed under the Offer to Lease 3 |

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|-------------------|---|
| Rent: | Subject to the Rent Free Period, the Rent payable per month (exclusive of Service Fee, Government Rates and other outgoings) is: <ul style="list-style-type: none"> ● from 1 January to 31 December 2024, HK\$726,807.00; ● from 1 January to 31 December 2025, HK\$810,963.60; ● from 1 January to 31 December 2026, HK\$895,120.20; ● from 1 January to 31 December 2027, HK\$979,276.80; ● from 1 January to 31 December 2028, HK\$1,063,433.40; and ● from 1 January to 31 December 2029, HK\$1,147,590.00. |
| Advance Payment: | HK\$772,375.30 (for further information, please refer to the section headed “ <i>Advance Payment</i> ” below) |
| Security Deposit: | For the first year, HK\$2,426,146.95 (for further information, please refer to the section headed “ <i>Security Deposits</i> ” below) |
| Service Fee: | HK\$45,568.30 per month (subject to periodic review) |
| Government Rates: | The Tenant is liable to pay Government Rates on a quarterly basis subject to the Government’s assessment or re-assessment |

(iv) Fourth Offer to Lease (“Offer to Lease 4”)

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|----------------------------------|---|
| Date of acceptance: | 21 July 2023 |
| Landlord: | Landlord 4 |
| Tenant: | CNCL |
| Premise: | 6th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| Lease Term: | Six years from 1 January 2024 to 31 December 2029 (both dates inclusive) |
| Permitted use: | Shall be used for no other purpose than godowns, store, container loading area and ancillary accommodation for non-domestic use only and trade under the style and name of “CABLE NETWORK COMMUNICATIONS LIMITED” or such other name to be approved by Landlord 4 |
| Right to sub-let or sub-licence: | The Tenant may sub-let or sub-licence the Premise or any portion thereof subject to the terms and conditions prescribed under the Offer to Lease 4 |

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|-------------------|---|
| Rent: | Subject to the Rent Free Period, the Rent payable per month (exclusive of Service Fee, Government Rates and other outgoings) is: <ul style="list-style-type: none"> ● from 1 January to 31 December 2024, HK\$726,807.00; ● from 1 January to 31 December 2025, HK\$810,963.60; ● from 1 January to 31 December 2026, HK\$895,120.20; ● from 1 January to 31 December 2027, HK\$979,276.80; ● from 1 January to 31 December 2028, HK\$1,063,433.40; and ● from 1 January to 31 December 2029, HK\$1,147,590.00. |
| Advance Payment: | HK\$772,375.30 (for further information, please refer to the section headed “ <i>Advance Payment</i> ” below) |
| Security Deposit: | For the first year, HK\$2,426,146.95 (for further information, please refer to the section headed “ <i>Security Deposits</i> ” below) |
| Service Fee: | HK\$45,568.30 per month (subject to periodic review) |
| Government Rates: | The Tenant is liable to pay Government Rates on a quarterly basis subject to the Government’s assessment or re-assessment |

(v) Fifth Offer to Lease (“Offer to Lease 5”)

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|----------------------------------|---|
| Date of acceptance: | 21 July 2023 |
| Landlord: | Landlord 5 |
| Tenant: | CNCL |
| Premise: | 7th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| Lease Term: | Six years from 1 January 2024 to 31 December 2029 (both dates inclusive) |
| Permitted use: | Shall be used for no other purpose than godowns, store, container loading area and ancillary accommodation for non-domestic use only and trade under the style and name of “CABLE NETWORK COMMUNICATIONS LIMITED” or such other name to be approved by Landlord 5 |
| Right to sub-let or sub-licence: | The Tenant may sub-let or sub-licence the Premise or any portion thereof subject to the terms and conditions prescribed under the Offer to Lease 5 |

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|-------------------|---|
| Rent: | Subject to the Rent Free Period, the Rent payable per month (exclusive of Service Fee, Government Rates and other outgoings) is: <ul style="list-style-type: none"> ● from 1 January to 31 December 2024, HK\$726,807.00; ● from 1 January to 31 December 2025, HK\$810,963.60; ● from 1 January to 31 December 2026, HK\$895,120.20; ● from 1 January to 31 December 2027, HK\$979,276.80; ● from 1 January to 31 December 2028, HK\$1,063,433.40; and ● from 1 January to 31 December 2029, HK\$1,147,590.00. |
| Advance Payment: | HK\$772,375.30 (for further information, please refer to the section headed “ <i>Advance Payment</i> ” below) |
| Security Deposit: | For the first year, HK\$2,426,146.95 (for further information, please refer to the section headed “ <i>Security Deposits</i> ” below) |
| Service Fee: | HK\$45,568.30 per month (subject to periodic review) |
| Government Rates: | The Tenant is liable to pay Government Rates on a quarterly basis subject to the Government’s assessment or re-assessment |

(vi) Sixth Offer to Lease (“Offer to Lease 6”)

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|----------------------------------|---|
| Date of acceptance: | 21 July 2023 |
| Landlord: | Landlord 1 |
| Tenant: | CNCL |
| Premise: | Portion of 12th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| Lease Term: | Six years from 1 January 2024 to 31 December 2029 (both dates inclusive) |
| Permitted use: | Shall be used for no other purpose than godowns, store, container loading area and ancillary accommodation for non-domestic use only and trade under the style and name of “CABLE NETWORK COMMUNICATIONS LIMITED” or such other name to be approved by Landlord 1 |
| Right to sub-let or sub-licence: | The Tenant may sub-let or sub-licence the Premise or any portion thereof subject to the terms and conditions prescribed under the Offer to Lease 6 |

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|-------------------|---|
| Rent: | Subject to the Rent Free Period, the Rent payable per month (exclusive of Service Fee, Government Rates and other outgoings) is: <ul style="list-style-type: none"> ● from 1 January to 31 December 2024, HK\$195,548.00; ● from 1 January to 31 December 2025, HK\$218,190.40; ● from 1 January to 31 December 2026, HK\$240,832.80; ● from 1 January to 31 December 2027, HK\$263,475.20; ● from 1 January to 31 December 2028, HK\$286,117.60; and ● from 1 January to 31 December 2029, HK\$308,760.00. |
| Advance Payment: | HK\$207,807.80 (for further information, please refer to the section headed “ <i>Advance Payment</i> ” below) |
| Security Deposit: | For the first year, HK\$652,755.60 (for further information, please refer to the section headed “ <i>Security Deposits</i> ” below) |
| Service Fee: | HK\$12,259.80 per month (subject to periodic review) |
| Government Rates: | The Tenant is liable to pay Government Rates on a quarterly basis subject to the Government’s assessment or re-assessment |

(vii) Seventh Offer to Lease (“Offer to Lease 7”)

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| Date of acceptance: | 21 July 2023 |
| Landlord: | Landlord 1 |
| Tenant: | CNCL |
| Premise: | Storeroom 3 on the Top Roof of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| Lease Term: | Six years from 1 January 2024 to 31 December 2029 (both dates inclusive) |
| Permitted use: | Shall be used for no other purpose than storeroom and ancillary accommodation for non-domestic use only and trade under the style and name of “CABLE NETWORK COMMUNICATIONS LIMITED” or such other name to be approved by Landlord 1 |
| Right to sub-let or sub-licence: | The Tenant may sub-let or sub-licence the Premise or any portion thereof subject to the terms and conditions prescribed under the Offer to Lease 7 |

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| Rent: | Subject to the Rent Free Period, the Rent payable per month (exclusive of Service Fee, Government Rates and other outgoings) is: <ul style="list-style-type: none"> ● from 1 January to 31 December 2024, HK\$9,880.00; ● from 1 January to 31 December 2025, HK\$11,024.00; ● from 1 January to 31 December 2026, HK\$12,168.00; ● from 1 January to 31 December 2027, HK\$13,312.00; ● from 1 January to 31 December 2028, HK\$14,456.00; and ● from 1 January to 31 December 2029, HK\$15,600.00. |
| Advance Payment: | HK\$10,425.60 (for further information, please refer to the section headed “ <i>Advance Payment</i> ” below) |
| Security Deposit: | For the first year, HK\$32,758.80 (for further information, please refer to the section headed “ <i>Security Deposits</i> ” below) |
| Service Fee: | HK\$545.60 per month (subject to periodic review) |
| Government Rates: | The Tenant is liable to pay Government Rates on a quarterly basis subject to the Government’s assessment or re-assessment |

OTHER KEY TERMS OF THE OFFERS TO LEASE

Further to the above, each Offer to Lease is also subject to the following key terms.

Conditions to the lease

Under each Offer to Lease, the following conditions (the “**Condition(s) to the Lease**”) shall be satisfied or waived before the expiry of 90 days from the date of the Offers to Lease or such other date as mutually agreed by the relevant Landlord and the Tenant, whichever is earlier and in any event no later than 1 November 2023 (the “**Closing Date**”):

1. the relevant Landlord having obtained its mortgagee’s consent;
2. the Tenant having obtained all necessary approvals under relevant laws, rules, and regulations in Hong Kong including but not limited to obtaining the Shareholders’ approval of the Offers to Lease and the transactions contemplated thereunder; and
3. the relevant Landlord having the final execution copies of the Closing Documents, each prepared in the mutually agreed form and terms and ready for execution.

Upon fulfilment of any Conditions to the Lease, the relevant Landlord or the Tenant (as the case may be) shall immediately give a written completion of condition notice to notify the other party. Within 7 days after the last completion of condition notice is given, the Landlords and the Tenant will execute the Closing Documents (except the Guarantee), and the Tenant will procure the Company to execute the Guarantee on or before 8 November 2023 (the “**Completion Day**”). The details of the Guarantee are set out in the section headed “*Company Guarantee*” below.

The Closing Documents (except the Guarantee) are interdependent and the execution of one Closing Document is contingent upon the execution of all other Closing Documents on the Completion Day.

In the event that any of the Conditions to the Lease is not fulfilled or waived by mutual agreement of the relevant Landlord and the Tenant by the Closing Date, then neither the Tenant nor the relevant Landlord will have any claims against the other party, and (a) each Offer to Lease and the Allowance Offer Letter will be terminated, (b) the Tenant shall exercise the option to renew, provided that a written notice is given by the Tenant to the relevant Landlord, pursuant to the Existing Tenancy Agreement A, (c) the relevant Landlord shall use the Advance Payment to pay the Withheld Rent after the Tenant has exercised the option to renew the Existing Tenancy Agreement A, and (d) the relevant Landlord will grant a lease extension of the Existing Tenancy Agreement B at the existing rent in the last month of the Existing Tenancy Agreement B, of no more than 6 months to the Tenant which at the relevant Landlord’s absolute discretion may further be extended upon expiry thereof.

Deed of Lease

The Tenant and the Landlords have agreed that a formal lease agreement (“**Deed of Lease**”) should be entered into in such form and on such terms as mutually agreed by the parties, subject to the terms and conditions as expressly set out in the respective Offers to Lease.

Upon the fulfilment of all Conditions to the Lease (i.e. after the last completion of condition notice is given), irrespective of whether any of the Closing Documents (including the Deed of Lease) are executed or not by the Completion Day, the terms set out in each Offer to Lease, the Allowance Offer Letter and the licence for specified licenced area(s) as detailed in the section headed “*Licence for specified licenced area(s) and common area(s)*” below shall remain binding and in full force and effect.

Rent Free Period and waiver under the Existing Tenancy Agreements

Under the Offers to Lease, the Tenant enjoys a rent free period of eight and a half months from 1 January 2024 to 15 September 2024 (both dates inclusive) (the “**Rent Free Period**”). The Tenant is not required to pay Rent during the Rent Free Period but has to pay the Service Fee, any Government Rates and other outgoings.

Upon signing of the Offers to Lease, the relevant Landlord agrees to allow the Tenant to withhold payment of rent under the Existing Tenancy Agreements for the period from 1 August 2023 to 31 December 2023, until the fulfilment of all Conditions to the Lease (the “**Withheld Rent**”). Upon the fulfilment of all Conditions to the Lease, the relevant Landlord will irrevocably waive payment of the Withheld Rent (exclusive of management charges, air-conditioning charges, Government Rates and other outgoings as agreed under the Existing Tenancy Agreements), subject to the due compliance and observance of the terms and conditions thereof on the Tenant’s part to be documented in the supplemental agreements of the Existing Tenancy Agreements.

Advance Payment

The Tenant is required to make an advance payment to each Landlord upon the signing of the respective Offer to Lease (the “**Advance Payment**”). The Advance Payment payable for each Offer to Lease is set out in the section headed “*OFFERS TO LEASE*” above, the amount of which is the sum of (a) one month of Rent in the first year of the Lease Term, and (b) one month of Service Fee payable under the relevant Offer to Lease.

The Advance Payment will automatically be applied to pay the Rent for the month immediately after the Rent Free Period stated in the section headed “*Rent Free Period and waiver under the Existing Tenancy Agreements*” above.

However, in the event that any of the Conditions to the Lease is not fulfilled or waived by mutual agreement of the parties by the Closing Date, the relevant Landlords shall first apply the Advance Payment to pay the Withheld Rent after the Tenant has exercised the option to renew the Existing Tenancy Agreement A and the Tenant shall pay to the relevant Landlords the remaining balance of the Withheld Rent within 45 days from the Closing Date.

Security Deposits

Under each Offer to Lease, a security deposit in the amount equivalent to the sum of three months of (a) Rent payable in the first year of the Lease Term, (b) Service Fee, and (c) Government Rates (estimated at no more than 5% of the Rent), is payable by the Tenant upon the commencement of the Lease Term (the “**Security Deposit(s)**”). The amount of Security Deposits initially payable by the Tenant under each Offer to Lease is set out in the section headed “*OFFERS TO LEASE*” above.

On the first day of each year of the Lease Term, the Security Deposits shall be topped up by the Tenant to an amount which is equivalent to three months’ worth of (a) the monthly Rent of that year, (b) Service Fee and (c) Government Rates.

Transfer of Security Deposit from Existing Tenancy Agreements

Under the Offers to Lease, upon the expiration of the Existing Tenancy Agreements, the relevant portion of security deposit kept by the relevant Landlords thereunder shall be transferred to pay the Security Deposits on the commencement of the Lease Term. Each relevant Landlord shall return or transfer the remaining balance of the security deposit under the Existing Tenancy Agreements according to the payment direction given by the Tenant.

Licence for specified licenced area(s) and common area(s)

Under the Offers to Lease, the Landlords agreed and undertook to sign and use their respective best endeavours to procure the relevant landlords to sign licence agreement(s) with the Tenant in respect of the relevant licenced area(s) in the Building as specified under the Offers to Lease.

The licence period shall be co-terminus with the Lease Term. The aggregate licence fee payable by the Tenant is fixed at HK\$22,740.00 per month (exclusive of management fees, if any, and other outgoings).

Furthermore, in connection with certain common areas of the Building, it is agreed that:

- upon signing of the Offers to Lease and no later than the Completion Day, the Landlords will use their best endeavours to procure Harriman Property Management Limited, the building manager of the Building, to negotiate and sign renewal of the licence agreements specified in the Offers to Lease, with the licence period thereof being co-terminus with the Lease Term. The terms and conditions of such renewal licence agreements (if applicable) are subject to the decision of the building manager and the approval of the owners' committee of the Building; and
- in respect of certain existing sub-licence agreements between the relevant Landlord and the Tenant, Landlords have undertaken to vary the existing sub-licence agreements no later than the Completion Day, or alternatively to enter into new sub-licence agreements with the Tenant for the purpose of aligning the licence period of such existing sub-licence agreements with the Lease Term.

During the Lease Term, the aggregate licence fee payable by the Tenant for the licences and sub-licences to use the common area abovementioned ranges from HK\$58,670.00 to HK\$63,213.50 per month (exclusive of management fees, if any and other outgoings).

Company Guarantee

It is a condition under each Offer to Lease for the Company to provide a Guarantee in favour of each Landlord.

Under the Guarantee, if the Tenant defaults in payment of the Rent and any outgoings during the Lease Term, upon request by the relevant Landlord, the Company shall pay the amount of Rent and all outgoings in arrears within 30 days of such request. Further, if the Tenant defaults in the performance or observance of any of the provisions on its part under the Offers to Lease, the Company shall pay to the relevant Landlord all losses, damages, expenses and costs which the relevant Landlord is legally entitled to recover by reason of such default within 30 days from the relevant Landlord's demand and production of the supporting documentary proof, if any.

Sale and redevelopment

If during the Lease Term, any of the Landlords (i) enters into a contract for the sale of the Building in which the Premises is situated, or of any part thereof which shall include the Premises, or (ii) resolves to redevelop the Building or any part thereof, then the Landlords shall be entitled to terminate their respective lease(s) with the Tenant by giving the Tenant not less than 30 calendar months' notice in writing.

The leases under the Offers to Lease shall cease and be void immediately upon the expiration of such notice, and the Tenant shall deliver up vacant possession of the Premises to the respective Landlords, provided that the Deed of Lease shall not be terminated earlier than 30 November 2027. Such notice can only be served together at once on all Premises leased to the Tenant in the Building by the respective Landlords.

Reinstatement of the Premises by the Tenant shall be waived if such notice is served on the Tenant. If the Deed of Lease is terminated due to the sale or redevelopment of the Building, the Tenant will not have to refund the Rent during the Rent Free Period and the Allowance Cost to the respective Landlords.

Option to renew

Under the Offers to Lease, the Tenant may renew the lease for the relevant Premises for two further terms each of two years at open-market rent with a cap of 20% of the monthly rent payable in the last year of the Lease Term or the first renewed term (as the case may be), exclusive of Service Fee, Government Rates and other outgoings.

KEY TERMS OF THE ALLOWANCE OFFER LETTER

On the same day as the date of the Offers to Lease, the Tenant has also accepted the Allowance Offer Letter which was offered by the Landlords in consideration of the Tenant entering into the Offers to Lease simultaneously.

Under the Allowance Offer Letter, the Tenant is appointed as the exclusive agent to carry out at and to the Premises the fitting out works and tenant improvement works covering the period from 1 July 2021 up to 19 May 2025, which shall include but is not limited to studio revamp and installation, IT infrastructure and workstation enhancement (the "**Fitting Out Works**"), and to choose and purchase movable and immovable items associated with the business operation of the Tenant and/or the Group at the Premises (the "**Business Associated Items**").

Further, the Landlords are liable to pay to the Tenant the cost for the Fitting Out Works and Business Associated Items (the "**Allowance Cost**") in accordance with the terms and conditions of the Allowance Offer Letter. The maximum total amount of Allowance Cost payable to the Tenant is HK\$64,000,000.00.

Each Landlord’s liability in making payment of the Allowance Cost to the Tenant shall be in the order and for such portion of the aggregate amount of the Allowance Cost incurred by the Tenant and/or the Group set opposite to the respective Landlords as follows:

| Order of liability | Landlords | Aggregate amount of Allowance Cost incurred by the Tenant and/or the Group |
|---------------------------|------------------|---|
| 1st | Landlord 1 | Up to HK\$19,600,000 |
| 2nd | Landlord 2 | Exceeding HK\$19,600,000 up to HK\$30,700,000 |
| 3rd | Landlord 3 | Exceeding HK\$30,700,000 up to HK\$41,800,000 |
| 4th | Landlord 4 | Exceeding HK\$41,800,000 up to HK\$52,900,000 |
| 5th | Landlord 5 | Exceeding HK\$52,900,000 up to HK\$64,000,000 |

The Landlords are severally (but not jointly nor jointly and severally) liable for the Allowance Cost and the maximum liability of each of the Landlords is as follows:

- (i) Landlord 1: HK\$19,600,000;
- (ii) Landlord 2: HK\$11,100,000;
- (iii) Landlord 3: HK\$11,100,000;
- (iv) Landlord 4: HK\$11,100,000; and
- (v) Landlord 5: HK\$11,100,000.

Upon the relevant Landlord’s payment of the Allowance Cost, the ownership and title of the property of the Fitting Out Works and Business Associated Items shall vest in and remain with the relevant Landlord(s), and the Tenant shall be granted an exclusive licence at a licence fee of HK\$1.00 for the use of the Fitting Out Works and Business Associated Items during the Lease Term. Further, the Landlords undertake not to sell, charge, mortgage or in any way create any encumbrance on the ownership and title of the Fitting Out Works and Business Associated Items without the Tenant’s consent (the “**Undertaking**”).

The Tenant shall have the right to purchase from the Landlords all of the Fitting Out Works and Business Associated Items at the consideration of HK\$1.00 (the “**Purchase Right**”), where such Purchase Right is exercisable (i) at any time during the last 12 months of the Lease Term, or (ii) in the event that the Landlords (a) serve a notice on the Tenant referred to in the section headed “*Sale and redevelopment*” above, or (b) breach the Undertaking and/or the Deeds of Lease, or (c) default their creditor(s) or mortgagee(s).

Subject to the express terms and conditions of the Allowance Offer Letter, the Landlords and Tenant agreed to enter into a formal allowance agreement, in such form and on such terms as may be mutually agreed by the parties (the “**Allowance Agreement**”). Until the Allowance Agreement is signed, the Allowance Offer Letter shall remain binding and in full force and effect and the Landlords and Tenant shall continue to perform their respective obligations under the Allowance Offer Letter upon the Offers to Lease becoming unconditional.

INFORMATION OF THE PARTIES

The principal activities of the Group comprise media and telecommunications operations. The media segment includes operations related to the domestic free television programme service, advertising, channel carriage, television relay service, programme licensing, theatrical release and other related businesses, and 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 Landlords under the Offer to Lease 2, Offer to Lease 3, Offer to Lease 4 and Offer to Lease 5 (namely, Landlord 2, Landlord 3, Landlord 4 and Landlord 5) are indirect wholly-owned subsidiaries of Landlord 1. Landlord 1 is indirectly owned (i) as to 50.3% by Famous Shore Limited, which in turn is indirectly wholly-owned by Pamfleet Real Estate Fund III, L.P., and (ii) as to 49.7% by BGO 5G Investment HoldCo LLC.

Pamfleet Real Estate Fund III, L.P. is an exempted limited partnership established under the laws of the Cayman Islands, and is a real estate fund, which is managed by Pamfleet International Limited. Pamfleet International Limited is a company incorporated in the Cayman Islands. Pamfleet International Limited is a subsidiary of Schroders Plc and is principally engaged in the provision of investment management services. Schroders Plc is a global investment manager and listed on the London Stock Exchange.

BGO 5G Investment HoldCo LLC is a company incorporated in the Cayman Islands with limited liability which is principally engaged in the business of investment holding. BGO 5G Investment HoldCo LLC is indirectly held by GreenOak Asia GP III, LP (acting as the general partner of the GreenOak Asia III limited partnerships). GreenOak Asia GP III, LP is an exempted limited partnership registered under the laws of the Cayman Islands and is a member of the BentallGreenOak group. BentallGreenOak, also known as BGO, is a global real estate investment management advisor, real estate lender, and a provider of real estate services.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Landlords and their ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE OFFERS TO LEASE

The Premises are considered by the Group to be material operation premises and supporting facilities necessary or critical for the business operation of the Group. By entering into of the Offers to Lease, the Directors are of the view that the Group will have the options to extend the respective leases on favourable terms according to the provisions of the Offers to Lease, which would provide stability as to the Premises' availability to support the continued business operations of the Group.

The terms of the Offers to Lease, including the Rent and Service Fee charged, were determined after arm's length negotiations between the Group and the respective Landlords, with reference to the open-market rent of comparable properties and the rental payment made by the Group under the Existing Tenancy Agreements. The entering into of the Offers to Lease is necessary for the operation of the Group's businesses in the ordinary and usual course. Therefore, the Board considers that the terms of the Offers to Lease are on normal commercial terms and are fair and reasonable and the entering into of the Offers to Lease is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Acquisition of asset by the Company

Pursuant to HKFRS 16, the entering into of the Offers to Lease as tenant and the Allowance Offer Letter will require the Group to recognise the Rent payable in relation to the Premises and the Allowance Cost as right-of-use asset. Therefore, the entering into of the Offers to Lease and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset recognised by the Company under the Offers to Lease and the Allowance Offer Letter amounted to approximately HK\$201 million.

Major transaction

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 based on the consideration under the Offers to Lease and the transactions contemplated thereunder (including those under the Allowance Offer Letter) is 25% or more but is less than 100%, the entering into of the Offers to Lease and the transactions contemplated thereunder (including those under the Allowance Offer Letter) constitutes a major transaction of the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be held and convened for the Shareholders to consider and, if thought fit, to approve the entering into of the Offers to Lease and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, as no Shareholder or any of their respective associates has any material interest in the Offers to Lease and the transactions contemplated thereunder, no Shareholder will be required to abstain from voting at the EGM for approving the same.

A circular of the Company containing, among other things, further information on the Offers to Lease and the transactions contemplated thereunder, the notice convening the EGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders in accordance with the Listing Rules on or before 11 August 2023.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

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| “Advance Payment” | has the meaning as ascribed thereto under the section headed “ <i>Advance Payment</i> ” in this announcement |
| “Allowance Agreement” | has the meaning as ascribed thereto under the section headed “ <i>KEY TERMS OF THE ALLOWANCE OFFER LETTER</i> ” in this announcement |
| “Allowance Cost” | has the meaning as ascribed thereto under the section headed “ <i>KEY TERMS OF THE ALLOWANCE OFFER LETTER</i> ” in this announcement |
| “Allowance Offer Letter” | the offer to pay Allowance Cost for Fitting Out Works and purchase of Business Associated Items by the Landlords and accepted by the Tenant on 21 July 2023 in respect of the Premises, the details of which are as set out under the section headed “ <i>KEY TERMS OF THE ALLOWANCE OFFER LETTER</i> ” in this announcement |
| “Board” | the board of Directors |
| “Building” | the building in which the Premises are situated, namely Cable TV Tower, at No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| “Business Associated Items” | has the meaning as ascribed thereto under the section headed “ <i>KEY TERMS OF THE ALLOWANCE OFFER LETTER</i> ” in this announcement |
| “Closing Date” | has the meaning as ascribed thereto in the section headed “ <i>Conditions to the lease</i> ” in this announcement |
| “Closing Documents” | the Deed of Lease, Allowance Agreement, letter of appointment appointing the Tenant as the exclusive agent, licence agreements in respect of the specified licenced areas, supplemental agreements of the Existing Tenancy Agreements, and the Guarantee |
| “CNCL” or “Tenant” | CABLE NETWORK COMMUNICATIONS LIMITED, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company |
| “Company” | i-CABLE Communications Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1097) |

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| “Completion Day” | has the meaning as ascribed thereto under the section headed “ <i>Conditions to the lease</i> ” in this announcement |
| “Condition(s) to the Lease” | has the meaning as ascribed thereto under the section headed “ <i>Conditions to the lease</i> ” in this announcement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Deed of Lease” | has the meaning as ascribed thereto under the section headed “ <i>Conditions to the lease</i> ” in this announcement |
| “Director(s)” | the directors of the Company |
| “EGM” | a general meeting other than the annual general meeting of the Company to be held and convened for the purpose of considering, and if thought fit, approving, among other things, the entering into of the Offers to Lease and the transactions contemplated thereunder |
| “Existing Tenancy Agreement A” | the tenancy agreement dated 31 December 2020 between CNCL and New Tech Centre Limited in respect of the Factories 1, 2, 3 and 4 of Ground Floor, 4th Floor, 5th Floor, portion of 12th Floor and storeroom 3 on the top roof of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| “Existing Tenancy Agreement B” | the tenancy agreement dated 31 December 2020 between CNCL and New Tech Centre Limited for the whole of 6th Floor and 7th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| “Existing Tenancy Agreements” | Existing Tenancy Agreement A and Existing Tenancy Agreement B |
| “Fitting Out Works” | has the meaning as ascribed thereto under the section headed “ <i>KEY TERMS OF THE ALLOWANCE OFFER LETTER</i> ” in this announcement |
| “Government” | the Government of Hong Kong |
| “Government Rates” | the rates chargeable by the Government in respect of the Premises |
| “Group” | the Company, its subsidiaries and consolidated structured entities |
| “Guarantee” | the deed of guarantee to be given by the Company in favour of each Landlord, the details of which are set out under the section headed “ <i>Company Guarantee</i> ” in this announcement |

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| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKFRSs” | Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of the Company and its connected person(s) |
| “Landlord(s)” | <p>the landlords under the Offers to Lease and/or the Existing Tenancy Agreements, namely:</p> <ul style="list-style-type: none"> (i) in respect of Offer to Lease 1, Offer to Lease 6, Offer to Lease 7 and the Existing Tenancy Agreements, New Tech Centre Limited (“Landlord 1”); (ii) in respect of Offer to Lease 2, 5G CTVT 04 Limited (“Landlord 2”); (iii) in respect of Offer to Lease 3, 5G CTVT 05 Limited (“Landlord 3”); (iv) in respect of Offer to Lease 4, 5G CTVT 06 Limited (“Landlord 4”); and (v) in respect of Offer to Lease 5, 5G CTVT 07 Limited (“Landlord 5”). |
| “Landlord 1” | New Tech Centre Limited, a company incorporated under the laws of Hong Kong |
| “Landlord 2” | 5G CTVT 04 Limited, a company incorporated under the laws of the British Virgin Islands |
| “Landlord 3” | 5G CTVT 05 Limited, a company incorporated under the laws of the British Virgin Islands |
| “Landlord 4” | 5G CTVT 06 Limited, a company incorporated under the laws of the British Virgin Islands |
| “Landlord 5” | 5G CTVT 07 Limited, a company incorporated under the laws of the British Virgin Islands |
| “Lease Term” | the term of the lease for the Premises granted under each Offer to Lease (or each Deed of Lease, where applicable) |

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| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Offer(s) to Lease” | the seven offers to lease accepted by the Tenant on 21 July 2023 in respect of the Premises, the principal terms of which are as set out under the section headed “ <i>OFFERS TO LEASE</i> ” in this announcement, and each of “Offer to Lease 1”, “Offer to Lease 2”, “Offer to Lease 3”, “Offer to Lease 4”, “Offer to Lease 5”, “Offer to Lease 6”, and “Offer to Lease 7”, shall have the meanings ascribed to them under the section headed “ <i>OFFERS TO LEASE</i> ” in this announcement |
| “Premise(s)” | <p>the premises leased under the Offers to Lease, namely:</p> <ul style="list-style-type: none"> (i) in respect of Offer to Lease 1, Factories 1, 2, 3 and 4, Ground Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong; (ii) in respect of Offer to Lease 2, 4th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong; (iii) in respect of Offer to Lease 3, 5th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong; (iv) in respect of Offer to Lease 4, 6th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong; (v) in respect of Offer to Lease 5, 7th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong; (vi) in respect of Offer to Lease 6, Portion of 12th Floor of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong; and (vii) in respect of Offer to Lease 7, Storeroom 3 on the Top Roof of Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong |
| “Purchase Right” | has the meaning as ascribed thereto under the section headed “ <i>KEY TERMS OF THE ALLOWANCE OFFER LETTER</i> ” in this announcement |

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| “Rent” | the rent payable by the Tenant to the respective Landlord under each Offer to Lease, the respective amounts of which are as set out under the section headed “ <i>OFFERS TO LEASE</i> ” in this announcement |
| “Rent Free Period” | has the meaning as ascribed thereto under the section headed “ <i>Rent Free Period and waiver under the Existing Tenancy Agreements</i> ” in this announcement |
| “Security Deposit(s)” | has the meaning as ascribed thereto under the section headed “ <i>Security Deposits</i> ” in this announcement |
| “Service Fee” | the service fee payable by the Tenant to the respective Landlords under each Offer to Lease, the respective amounts of which are as set out under the section headed “ <i>OFFERS TO LEASE</i> ” in this announcement |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Undertaking” | has the meaning as ascribed thereto under the section headed “ <i>KEY TERMS OF THE ALLOWANCE OFFER LETTER</i> ” in this announcement |
| “Withheld Rent” | has the meaning as ascribed thereto under the section headed “ <i>Rent Free Period and waiver under the Existing Tenancy Agreements</i> ” in this announcement |
| “%” | per cent. |

By Order of the Board
i-CABLE COMMUNICATIONS LIMITED
Lau Yee Wa
Company Secretary

Hong Kong, 21 July 2023

As at the date of this announcement, the Board comprises ten Directors, namely Dr. Cheng Kar-Shun, Henry (Chairman) as non-executive Director; Mr. Tsang On Yip, Patrick (Vice-Chairman), Mr. Lie Ken Jie Remy Anthony Ket Heng, Mr. To Chi Hak (Chief Executive Officer) and Dr. Luk Wai Ki Elvis as executive Directors; Ms. Ng Yuk Mui Jessica as non-executive Director; and Mr. Lam Kin Fung Jeffrey, Dr. Hu Shao Ming Herman, Mr. Luk Koon Hoo, Roger and Mr. Tang Sing Ming Sherman as independent non-executive Directors.