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i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 1097

2015 Final Results Announcement

RESULTS HIGHLIGHTS

- As Hong Kong's economy dipped and competition intensified, both airtime and subscription sales were affected
- This has made it harder to turn around the Group's financial performance in the near future
- We are however encouraged to see early signs of subscription revenue stabilisation towards the end of 2015, as a result of our efforts to drive up price points despite contraction of subscriber base
- However, it is still too early to tell when subscription revenues might bottom out
- We will continue to make smart investments in HD channels, network infrastructures and content to enhance our services and brand

GROUP RESULTS

The Group loss attributable to Shareholders for the year ended December 31, 2015 was HK\$233 million (2014: HK\$139 million). Basic and diluted loss per share were both HK\$0.12 (2014: HK\$0.07).

DIVIDEND

The Board has resolved not to declare any dividend for the year ended December 31, 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

A. Review of 2015 Results

Consolidated turnover decreased by HK\$156 million or 9% to HK\$1,510 million.

Operating costs before depreciation decreased by HK\$49 million to HK\$1,529 million. Cost of sales decreased by 14%, network costs 9% and programming costs 3%, while selling, customer services, general & administrative expenses increased by 3%.

EBITDA loss was HK\$19 million (2014: EBITDA gain HK\$88 million). Net loss was HK\$233 million (2014: HK\$139 million). Basic and diluted loss per share was HK\$0.12 (2014: HK\$0.07).

B. Segmental Information

Television

Turnover decreased by 11% to HK\$1,130 million on lower subscription and advertising income. Operating costs before depreciation decreased by 5% to HK\$1,176 million. EBITDA loss was HK\$46 million (2014: EBITDA gain HK\$34 million).

Internet & Multimedia

Turnover decreased by 5% to HK\$348 million. Operating costs before depreciation decreased by 2% to HK\$205 million. EBITDA decreased by 8% to HK\$143 million (2014: HK\$156 million).

C. Liquidity and Financial Resources

As of December 31, 2015, the Group had net debt of HK\$218 million, as compared to HK\$38 million at December 31, 2014. The ratio of net debt to total equity was 26.6% (2014: 3.6%).

Consolidated net asset value as at December 31, 2015 was HK\$819 million, or HK\$0.41 per share.

The Group's assets, liabilities, revenues and expenses were mainly denominated in Hong Kong or U.S. dollars and the exchange rate between these two currencies has remained pegged.

Capital expenditure during the period amounted to HK\$207 million (2014: HK\$188 million). Major items included network equipment as well as TV production and broadcast facilities.

The Group's ongoing capital expenditure and new business development will be funded by internal cash flows generated from operations and credit facilities.

D. Contingent Liabilities

At December 31, 2015, there were contingent liabilities in respect of guarantees, indemnities and letters of awareness given by the Company on behalf of subsidiaries relating to overdraft and guarantee facilities of borrowings up to HK\$606 million (2014: HK\$206 million), of which HK\$300 million (2014: HK\$100 million) was utilised by the subsidiaries.

E. Human Resources

The Group had 2,186 employees at the end of December 2015 (2014: 2,256). Total gross salaries and related costs incurred in the period amounted to HK\$697 million (2014: HK\$699 million).

F. Operating Environment

As Hong Kong's economy dipped and competition intensified, both airtime and subscription sales were affected. This has made it harder to turn around the Group's financial performance in the near future.

We are however encouraged to see early signs of subscription revenue stabilisation towards the end of 2015, thanks to efforts to drive up price points despite contraction of subscriber base. However, it is still too early to tell when subscription revenues might bottom out.

G. Outlook

We expect another challenging year in 2016, with the arrival of new free and pay TV competition.

We will continue to make smart investments in HD channels, network infrastructures and content to enhance our services and brand. Our teams have been working on the implementation of ISO certification and expect to obtain the certificate in the first quarter of 2016.

Our current Pay TV licence expires in May 2017. An application for licence renewal was submitted in May 2015. We expect Communications Authority's recommendations by May 31, 2016, after rounds of submissions as well as public hearings and consultations in the past year.

We are also working closely with Communications Authority in respect of our Free TV licence application.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended December 31, 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	3,4	1,509,678	1,665,658
Programming costs		(900,761)	(925,324)
Network expenses		(200,970)	(220,557)
Selling, general and administrative and other operating expenses		(342,452)	(333,540)
Cost of sales		<u>(84,760)</u>	<u>(98,506)</u>
(Loss)/profit from operations before depreciation		(19,265)	87,731
Depreciation	5	<u>(223,007)</u>	<u>(226,514)</u>
Loss from operations		(242,272)	(138,783)
Interest income		5	69
Finance costs, net		(2,998)	(519)
Non-operating expenses		(1,373)	(66)
Loss before taxation	5	(246,638)	(139,299)
Income tax	6	<u>13,540</u>	<u>(191)</u>
Loss for the year		<u>(233,098)</u>	<u>(139,490)</u>
Attributable to:			
Equity shareholders of the Company		<u>(233,098)</u>	<u>(139,490)</u>
Loss per share	7		
Basic		<u>(11.6) cents</u>	<u>(6.9) cents</u>
Diluted		<u>(11.6) cents</u>	<u>(6.9) cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended December 31, 2015

	2015	2014
	HK\$'000	HK\$'000
Loss for the year	<u>(233,098)</u>	<u>(139,490)</u>
Other comprehensive income for the year (after reclassification adjustment)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(461)</u>	<u>-</u>
Total comprehensive income for the year	<u><u>(233,559)</u></u>	<u><u>(139,490)</u></u>
Attributable to:		
Equity shareholders of the Company	<u><u>(233,559)</u></u>	<u><u>(139,490)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment		873,803	893,066
Programming library		156,531	167,981
Intangible assets		3,767	3,767
Interest in associate		-	-
Deferred tax assets		308,884	302,949
Other non-current assets		62,588	58,479
		<u>1,405,573</u>	<u>1,426,242</u>
Current assets			
Inventories		14,891	18,152
Accounts receivable from trade debtors	8	68,096	77,494
Deposits, prepayments and other receivables		28,060	83,243
Amounts due from fellow subsidiaries		79	1,158
Cash and cash equivalents		82,427	62,382
		<u>193,553</u>	<u>242,429</u>
Current liabilities			
Amounts due to trade creditors	9	33,138	69,834
Accrued expenses and other payables		214,532	214,599
Receipts in advance and customers' deposits		170,392	158,245
Interest bearing borrowings		300,000	100,000
Current taxation		150	179
Amounts due to fellow subsidiaries		34,308	38,122
Amount due to immediate holding company		1,614	936
		<u>754,134</u>	<u>581,915</u>
Net current liabilities		<u>(560,581)</u>	<u>(339,486)</u>
Total assets less current liabilities		<u>844,992</u>	<u>1,086,756</u>
Non-current liabilities			
Deferred tax liabilities		17,247	25,530
Other non-current liabilities		8,772	8,694
		<u>26,019</u>	<u>34,224</u>
NET ASSETS		<u>818,973</u>	<u>1,052,532</u>
CAPITAL AND RESERVES			
Share capital		6,857,599	6,857,599
Reserves		(6,038,626)	(5,805,067)
TOTAL EQUITY		<u>818,973</u>	<u>1,052,532</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2015

	Attributable to equity shareholders of the Company							Total equity
	Share capital	Share premium	Special capital reserve	Exchange reserve	Capital redemption reserve	Revenue reserve	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at January 1, 2014	2,011,512	4,838,365	13,981	4,104	7,722	(5,683,662)	(819,490)	1,192,022
Loss for the year	-	-	-	-	-	(139,490)	(139,490)	(139,490)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(139,490)	(139,490)	(139,490)
Transition to no-par value regime on March 3, 2014	4,846,087	(4,838,365)	-	-	(7,722)	-	(4,846,087)	-
Transfer to special capital reserve	-	-	3	-	-	(3)	-	-
Balance at December 31, 2014	<u>6,857,599</u>	<u>-</u>	<u>13,984</u>	<u>4,104</u>	<u>-</u>	<u>(5,823,155)</u>	<u>(5,805,067)</u>	<u>1,052,532</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended December 31, 2015

	Attributable to equity shareholders of the Company							Total Equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special capital reserve HK\$'000	Exchange reserve HK\$'000	Capital redemption reserve HK\$'000	Revenue reserve HK\$'000	Total reserves HK\$'000	
	Balance at January 1, 2015	6,857,599	-	13,984	4,104	-	(5,823,155)	
Loss for the year	-	-	-	-	-	(233,098)	(233,098)	(233,098)
Other comprehensive income	-	-	-	(461)	-	-	(461)	(461)
Total comprehensive income	-	-	-	(461)	-	(233,098)	(233,559)	(233,559)
Transfer to special capital reserve	-	-	1	-	-	(1)	-	-
Balance at December 31, 2015	6,857,599	-	13,985	3,643	-	(6,056,254)	(6,038,626)	818,973

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial information relating to the years ended December 31, 2015 and 2014 included in this final results announcement does not constitute the Company's statutory annual consolidated financial statements for those years 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 Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended December 31, 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended December 31, 2015 in due course.

The Company's auditor has reported on the 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 reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap.32)).

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Although the Group had net current liabilities of HK\$561 million (2014: HK\$339 million) as of December 31, 2015, the Group had cash of HK\$82 million (2014: HK\$62 million). In addition, the Group had signed a banking facility of HK\$400 million and a revolving loan facility of HK\$400 million given by a fellow subsidiary, of which total HK\$300 million had been utilised, at the end of the reporting period.

In the opinion of the directors, in light of the above, the Group will have sufficient working capital to finance its operations and remain as a going concern in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. Impact of new and revised Hong Kong Financial Reporting Standards

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

The above developments have had no material impact on the Group's financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue

Revenue comprises principally subscription, service and related fees for Television and Internet (including Telephony) services. It also includes advertising income net of agency deductions, channel service and distribution fees, programme licensing income, film exhibition and distribution income, network maintenance income and other related income.

4. Segment information

The Group managed its businesses according to the nature of services provided. Management has determined two reportable operating segments for measuring performance and allocating resources. The segments are Television and Internet and Multimedia.

The Television segment includes operations related to the TV subscription business, advertising, channel carriage, TV relay service, programme licensing, network maintenance, and miscellaneous TV related businesses.

The Internet and Multimedia segment includes operations related to Broadband Internet access services, portal operation, mobile content licensing, Voice Over Internet Protocol telephony services as well as other Internet access related businesses.

Management evaluates performance primarily based on earnings before interest, taxation, depreciation, and amortisation ("EBITDA") and earnings before interest and taxation ("EBIT"). Management defines EBITDA to mean earnings before interest income, finance cost, impairment losses on investment, non-operating income/expenses, provision for income tax, depreciation of property, plant and equipment but after amortisation of programming rights.

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

4. Segment information (continued)

Segment assets principally comprise all tangible assets, intangible assets and current assets with the exception of interest in associate, investments in equity securities and deferred tax assets. Segment liabilities include all liabilities and borrowings directly attributable to and managed by each segment with the exception of current taxation and deferred tax liabilities.

In addition to receiving segment information concerning EBITDA and EBIT, management is provided with segment information concerning revenue (including inter-segment revenue).

4. Segment information (continued)

Information regarding the Group's reportable segments as provided to the Group's senior management for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2015 and 2014 is set out below:

	Television		Internet and Multimedia		Unallocated		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue from external customers	1,114,646	1,245,992	347,889	364,347	47,143	55,319	1,509,678	1,665,658
Inter-segment revenue	15,323	20,396	247	248	9,462	14,450	25,032	35,094
Reportable segment revenue	1,129,969	1,266,388	348,136	364,595	56,605	69,769	1,534,710	1,700,752
Reportable segment results ("EBITDA")	(45,775)	34,210	143,228	156,037	(111,129)	(97,029)	(13,676)	93,218
Reportable segment results ("EBIT")	(183,114)	(101,362)	60,048	67,452	(113,617)	(99,386)	(236,683)	(133,296)
Inter-segment elimination							(5,589)	(5,487)
Loss from operations							(242,272)	(138,783)
Interest income							5	69
Finance costs, net							(2,998)	(519)
Non-operating expenses							(1,373)	(66)
Income tax							13,540	(191)
Loss for the year							(233,098)	(139,490)

4. Segment information (continued)

	Segment assets	
	2015	2014
	HK\$'000	HK\$'000
Television	817,610	891,958
Internet and Multimedia	333,743	351,680
Unallocated assets	138,889	122,084
	1,290,242	1,365,722
Interest in associate	-	-
Deferred tax assets	308,884	302,949
	1,599,126	1,668,671
	Segment liabilities	
	2015	2014
	HK\$'000	HK\$'000
Television	519,589	403,494
Internet and Multimedia	153,056	93,614
Unallocated liabilities	90,111	93,322
	762,756	590,430
Current taxation	150	179
Deferred tax liabilities	17,247	25,530
	780,153	616,139

Geographical segments

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

5. Loss before taxation

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

	2015 HK\$'000	2014 HK\$'000
Depreciation		
- assets held for use under operating leases	31,900	33,874
- other assets	<u>191,107</u>	<u>192,640</u>
	223,007	226,514
Amortisation of programming library*	123,540	118,934
Impairment losses		
- trade and other receivables	2,906	3,404
- property, plant and equipment	867	998
- programming library	4,117	2,101
Reversal of impairment losses on trade and other receivables	(403)	(2,796)
Salaries, wages and other benefits	626,831	628,742
Contributions to defined contribution retirement plans	34,249	34,325
Cost of inventories	8,161	10,697
Auditors' remuneration – audit service		
- charge for the year	3,044	3,044
- under-provision in respect of prior years	64	81
Interest on borrowings	2,998	519
Net loss on disposal of property, plant and equipment	<u>1,373</u>	<u>67</u>

* Amortisation of programming library is included within programming costs in the consolidated results of the Group.

6. Income tax in the consolidated statement of profit or loss

	2015 HK\$'000	2014 HK\$'000
Current tax – Overseas	678	866
Deferred taxation income	<u>(14,218)</u>	<u>(675)</u>
	<u>(13,540)</u>	<u>191</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate at 16.5% (2014: 16.5%) for the year ended December 31, 2015. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

7. Loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$233 million (2014: HK\$139 million) and the weighted average number of ordinary shares outstanding during the year of 2,011,512,400 (2014: 2,011,512,400).

The calculation of diluted loss per share is based on the loss attributable to equity shareholders of the Company of HK\$233 million (2014: HK\$139 million) and the weighted average number of ordinary shares of 2,011,512,400 (2014: 2,011,512,400) after adjusting for the effects of all dilutive potential ordinary shares.

8. Accounts receivable from trade debtors

An ageing analysis of accounts receivable from trade debtors (net of allowance for doubtful debts) is set out as follows:

	2015	2014
	HK\$'000	HK\$'000
0 to 30 days	18,178	20,391
31 to 60 days	19,661	21,009
61 to 90 days	12,701	15,920
Over 90 days	17,556	20,174
	<u>68,096</u>	<u>77,494</u>

The Group has a defined credit policy. The general credit terms allowed range from 0 to 90 days.

9. Amounts due to trade creditors

An ageing analysis of amounts due to trade creditors is set out as follows:

	2015	2014
	HK\$'000	HK\$'000
0 to 30 days	3,476	5,497
31 to 60 days	13,874	20,315
61 to 90 days	10,773	13,929
Over 90 days	5,015	30,093
	<u>33,138</u>	<u>69,834</u>

10. Review of Financial Statements

The financial results for the year ended December 31, 2015 have been reviewed with no disagreement by the Audit Committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended December 31, 2015 have been agreed by the Company's Auditors to the amounts set out in the Group's consolidated financial statements for the year.

CORPORATE GOVERNANCE CODE

During the financial year ended December 31, 2015, all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited were met by the Company, with the exception of one deviation, namely, Code Provision A.2.1 which provides for the roles of chairman and chief executive (or chief executive officer) to be performed by different individuals. The deviation is deemed appropriate as it is considered to be more efficient to have one single person to hold both positions. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors (“INEDs”).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year under review.

BOOK CLOSURE

The Register of Members of the Company will be closed from Monday, April 25, 2016 to Wednesday, April 27, 2016, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to ascertain Shareholders’ rights for the purpose of attending and voting at the forthcoming Annual General Meeting to be held on April 27, 2016, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Friday, April 22, 2016.

By Order of the Board
Kevin C. Y. Hui
Company Secretary

Hong Kong, February 25, 2016

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Stephen T. H. Ng, Mr. William J. H. Kwan and Mr. Paul Y. C. Tsui, together with four INEDs, namely, Mr. Herman S. M. Hu, Mr. Roger K. H. Luk, Mr. Sherman S. M. Tang and Mr. Patrick Y. W. Wu.