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i-CABLE COMMUNICATIONS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 1097

CONNECTED TRANSACTION

The Company announces that on 9 August 2011, an agreement was entered into between CNCL (a wholly-owned subsidiary of the Company) as the purchaser and WTT (a wholly-owned subsidiary of Wharf) as the vendor. Pursuant to the Agreement, CNCL would on 1 September 2011 acquire from WTT (i) the entire issued share capital in iTL at a consideration of HK\$1 and (ii) the shareholder loan owed by iTL to WTT as at 31 August 2011, on a dollar-for-dollar basis, subject to and upon the terms and conditions contained in the Agreement. The amount owed under the shareholder loan as at 31 July 2011 was approximately HK\$13 million.

As the Company is a 73.6%-owned subsidiary of Wharf, the Transaction constitutes a connected transaction for the Company under the Listing Rules. Given its size or value, the Transaction is exempt from independent shareholders' approval requirement, but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

INTRODUCTION

The Company announces that on 9 August 2011, CNCL (a wholly-owned subsidiary of the Company) as the purchaser entered into the Agreement with WTT (a wholly-owned subsidiary of the Wharf) as the vendor, for the acquisition of the Sale Share and the Shareholder Loan.

THE AGREEMENT

Date of Agreement : 9 August 2011

Parties : CNCL, a wholly-owned subsidiary of the Company, as the purchaser; and

WTT, a wholly-owned subsidiary of Wharf, as the vendor

- Assets acquired** : (a) the Sale Share, being 100% of the issued share capital of iTL; and
- (b) the Shareholder Loan (for information purpose only, the shareholder loan owed by iTL to WTT as at 31 July 2011 was approximately HK\$13 million)

Consideration and Payment Terms:

- (i) The Consideration for the Sale Share is HK\$1, which was determined on the basis of and is equal to the proforma net asset value of iTL as at 31 August 2011, and will be fully payable by CNCL in cash at Completion.
- (ii) The Shareholder Loan which iTL will owe to WTT as at 31 August 2011 will be fully payable, on a dollar-for-dollar basis, by CNCL in cash to WTT on or before 8 September 2011. As at 31 July 2011, the shareholder loan was approximately HK\$13 million.

The Consideration and the basis for payment of the Shareholder Loan was negotiated on an arm's length basis and the Group will pay the Consideration and the Shareholder Loan by using its internal resources.

Completion:

Completion will take place on 1 September 2011.

INFORMATION ON iTL AND THE TRANSACTION

iTL is a company incorporated with limited liability under the Companies Ordinance of Hong Kong. As at the date of this announcement, iTL does not own any material assets apart from holding certain fixed assets with a book value of about HK\$13 million, viz. customer premises equipment for the operation of telephony services and office furniture and equipment used for the business of iTL.

iTL recorded net losses of HK\$31,665 and HK\$24,785 for the two financial years ended 31 December 2009 and 2010 respectively, and there were no taxation and/or extraordinary items recorded by iTL in respect of those two years.

REASONS FOR AND BENEFITS OF THE TRANSACTION

At present, WTT provides fixed line telephony services to both residential and commercial customers. The fixed line services provided to residential customers (the “**Business**”) is currently operated by iTL (acting as an agent of WTT) under i-CABLE’s brand and supervision.

The Group considers it in the best interests of the Group to take over the ownership of iTL and to operate the Business and directly provide fixed line telephony services to residential customers. This will enable the Group to benefit from the enhanced synergy of operating

the Business in collaboration with the other related businesses of the Group, namely, Pay TV and Broadband services, under one brand name, namely, i-CABLE, and to fully realize the economic benefit arising therefrom. Consequently, the Directors believe that the Transaction is beneficial to the Group.

REGULATORY ASPECTS

As the Company is a 73.6%-owned subsidiary of Wharf, the Transaction constitutes a connected transaction for the Company under the Listing Rules. Since one or more of the applicable percentage ratios in respect of the Transaction is/are greater than 0.1% while all such ratios are below 5% for the purpose of Rule 14.07 of the Listing Rules, the Transaction is exempt from independent shareholders' approval requirement, but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

GENERAL

The principal business activities of the Group are the ownership and operation of advanced broadband distribution infrastructure, creation of multimedia contents and the provision of television and Internet services, and the principal business activity of WTT is the provision of telecommunications services.

The Directors (except three Directors, namely, Mr. Stephen T. H. Ng, Mr. Roger K. H. Luk and Mr. Paul Y. C. Tsui, being all such Directors as are regarded as having conflict of interest in the Transaction by reason of their being also directors of WTT, who, notwithstanding their interests not being material in nature, have abstained from participating in the approval of the relevant Directors' resolution), including the independent non-executive Directors who do not have any conflict of interest in the Transaction, are of the view that the Transaction is on normal commercial terms with reference to the prevailing market conditions, and the terms of the Transaction are fair and reasonable and are in the interests of the Company and its shareholders as a whole. Furthermore, the Agreement was entered into in the ordinary and usual course of business of the Group after due negotiations on an arm's length basis with reference to the prevailing market conditions.

As at the date of this announcement, the board of Directors comprises Mr. Stephen T. H. Ng, Mr. William J. H. Kwan and Mr. Paul Y. C. Tsui, together with four independent non-executive Directors, namely, Mr. T. K. Ho, Mr. Roger K. H. Luk, Mr. Patrick Y. W. Wu and Mr. Anthony K. K. Yeung.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:-

“Agreement”	the sale and purchase agreement between CNCL and WTT dated 9 August 2011 in relation to the Transaction
“CNCL”	Cable Network Communications Limited, a wholly-owned subsidiary of the Company

“Company”	i-CABLE Communications Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange; it is a 73.6%-owned subsidiary of Wharf
“Completion”	completion of the Transaction in accordance with the terms of the Agreement
“Consideration”	the sum of HK\$1 for the Sale Share, being the total consideration for the acquisition of the Sale Share
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“iTL”	i-CABLE Telecom Limited, a company incorporated in Hong Kong with limited liability
“Sale Share”	1 share of a nominal value of HK\$1.00, fully paid-up, issued by iTL, representing 100% of the issued share capital of iTL
“Shareholder Loan”	the amount of shareholder loan due from iTL to WTT as at 31 August 2011
“Transaction”	the acquisition by CNCL of the entire issued share capital of iTL and the Shareholder Loan owed by iTL to WTT pursuant to the Agreement
“Wharf”	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
“WTT”	Wharf T&T Limited, a wholly-owned subsidiary of Wharf

By Order of the Directors
Wilson W. S. Chan
Company Secretary

Hong Kong, 9 August 2011