



TOM Group Limited

Incorporated in the Cayman Islands with Limited Liability
(Stock Code:2383)

INTERIM
REPORT

2014

2	Definitions
3	Corporate Information
4	Chairman's Statement
5	Management's Discussion and Analysis
8	Independent Review Report
9	Interim Financial Information
16	Notes to the Condensed Consolidated Interim Financial Information
32	Disclosure of Interests
37	Corporate Governance
38	Other Information

Definitions

“Board”	means the board of Directors
“CKH”	means Cheung Kong (Holdings) Limited
“Company” or “TOM”	means TOM Group Limited
“Director(s)”	means the director(s) of the Company
“Group” or “TOM Group”	means the Company and its subsidiaries
“HWL”	means Hutchison Whampoa Limited
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Mainland” or “PRC”	means The People’s Republic of China, excluding Hong Kong, Macau and Taiwan
“Model Code”	means Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Option Scheme”	means the share option scheme adopted by the Company on 23 July 2004
“SFO”	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

Board of Directors

Chairman

Frank John Sixt

Executive Directors

Yeung Kwok Mung

Mak Soek Fun, Angela

Non-executive Directors

Chang Pui Vee, Debbie

Ip Tak Chuen, Edmond

Lee Pui Ling, Angelina

Independent Non-executive Directors

Cheong Ying Chew, Henry

James Sha

Ip Yuk-keung, Albert

Alternate Director

Chow Woo Mo Fong, Susan

(Alternate to Frank John Sixt)

Company Secretary

Mak Soek Fun, Angela

Authorised Representatives

Yeung Kwok Mung

Mak Soek Fun, Angela

Audit Committee

Cheong Ying Chew, Henry

(Committee Chairman)

James Sha

Lee Pui Ling, Angelina

Ip Yuk-keung, Albert

Remuneration Committee

Cheong Ying Chew, Henry

(Committee Chairman)

Frank John Sixt

Ip Yuk-keung, Albert

Chow Woo Mo Fong, Susan

(Alternate to Frank John Sixt)

Auditor

PricewaterhouseCoopers

Registered Office

P. O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Head Office and Principal

Place of Business

48/F., The Center

99 Queen's Road Central

Central

Hong Kong

Tel: (852) 2121 7838

Fax: (852) 2186 7711

Principal Share Registrar

Maples Corporate Services Limited

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Branch Share Registrar

Computershare Hong Kong

Investor Services Limited

Rooms 1712–1716, 17/F.

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

Principal Bankers

The Hongkong and Shanghai

Banking Corporation Limited

Bank of China (Hong Kong) Limited

DBS Bank Limited

Industrial and Commercial

Bank of China (Asia) Limited

Website Address

www.tomgroup.com

Stock Code

2383

Chairman's Statement

I am pleased to announce the results of TOM Group Limited and its subsidiaries for the six months ended 30 June 2014.

For the six months to 30 June 2014, the Group reported HK\$727 million revenues and operating loss of HK\$106 million. Profit attributable to shareholders, including disposal gain, was HK\$29 million.

During the reporting period, the Group continued to invest in our fast growing e-commerce joint venture with China Post, Ule (www.ule.com). In January 2014, subscription by investors in Ule was completed and the Group recognised a disposal gain attributable to shareholders of HK\$157 million. With the support from new investors and various new initiatives developed by the operation team, Ule achieved an encouraging 354% year-on-year growth in its gross merchandise value (GMV), and in only the first six months of this year recorded GMV of RMB2,311 million, exceeding last year's full year GMV of RMB1,432 million.

The Mobile Internet Group reported revenues of HK\$47 million, down from HK\$207 million a year earlier, as a result of the exit from the 2.5G wireless value-added services market at the end of 2013. The Group will continue to implement cost control measures to rationalise the operations and to develop new products and services to offer our users.

During the review period, TOM Group invested in WeLab Holdings Limited ("WeLab"), a Hong Kong based Internet and technology based consumer finance company. The Group will work closely with WeLab to launch its credit scoring and fraud control technology and services throughout Greater China region and Asia.

The Publishing Group maintained a stable performance during the reporting period, recording segment revenues and profit of HK\$455 million and HK\$24 million respectively.

The Outdoor Media Group reported stable revenues of HK\$116 million from its continuing operations, whilst the Television and Entertainment Group maintained its revenues at HK\$108 million in the reporting period.

Going forward, TOM Group will maintain financial and operating disciplines while expanding the Group's core businesses.

I would like to take this opportunity to thank the management and all the staff of TOM Group for their hard work and dedication.

Frank John Sixt
Chairman

Hong Kong, 30 July 2014

FINANCIAL HIGHLIGHTS

	For the six months ended	
	30 June 2014 HK\$'000	30 June 2013 HK\$'000
Revenue	726,679	975,106
Operating loss [#] before disposal gain	(105,556)	(85,823)
Gain on disposal of interests in joint ventures	174,995	–
Profit/(loss) attributable to equity holders of the Company	29,458	(113,465)
Earnings/(loss) per share (HK cents)	0.76	(2.91)

[#] Including share of results of investments accounted for using the equity method

Business Review

During the reporting period, the Group focused on driving the growth of Ule, the e-commerce joint-venture with China Post and has embarked an exponential growth via its unique offline-to-online/mobile platform. This has been the growth engine for the Group and Ule will unveil more new product and service offerings to tap the huge business opportunities in the fast growing China e-commerce market. During the reporting period, the Group recorded a disposal gain attributable to shareholders of HK\$157 million due to the new investors' subscription of Ule's shares, which helps speed up Ule's business development. The Group's profit attributable to shareholders amounted to HK\$29 million. Operating expenses reduced by 16% on a year-on-year basis with enhanced operating efficiency. Gross profit margin increased from 28% the same period last year to 33%.

E-Commerce

The Ule joint venture has been performing well during the reporting period. For the first six months this year, Ule achieved an encouraging 354% year-on-year growth in its GMV and in only the first six months of this year recorded GMV of RMB2,311 million, exceeding last year's full year GMV of RMB1,432 million. Repeated buyers accounted for 45% of the total buyers in the second quarter this year, demonstrating strong users' loyalty. Orders placed through mobile phone accounted for 10% of the total number of transactions, demonstrating the fast development of mobile commerce.

Leveraging on China Post's extensive outlets in the rural villages, Ule has kicked off its rural e-commerce initiative to drive sales, with its unique online, offline and mobile channels, and capture the huge business opportunities in the rural market. A province has been selected for the pilot scheme, and more provinces will join later this year to engage more rural store owners and villagers to shop and trade via the Ule platform at these outlets. These outlets can also offer various services, enhancing the quality of life among the villagers.

Management's Discussion and Analysis

The rural e-commerce service is helping more than tens of thousands China Post's franchised stores in the rural villages to bring their business operations online. Data generated from the rural e-commerce system will be analysed with advanced big data technology to deepen Ule's understanding on the demand for rural e-commerce. Ule then can offer more new services to assist merchants to tap the rural market.

Moreover, Ule's Anhui online agriculture transaction platform has made its debut in the reporting period. The platform was supported by Anhui provincial government and key enterprises in the province to boost the growth of the agricultural sector.

Mobile Internet

The Mobile Internet Group has been incubating series of new businesses including music and game services. The Group has implemented a streamlined and focused operation and will explore new business models and leverage on popular distribution channels to bring in popular mobile games and services from developers in China and overseas.

Publishing

The Publishing Group maintained stable performance during the reporting period, with revenue reached HK\$455 million and segment profit amounted to HK\$24 million.

Outdoor Media

The Outdoor Media Group's revenue amounted to HK\$116 million, while segment loss reduced by 34% as a result of cost control initiatives and benefit from the high value LED assets.

Television and Entertainment

Television and Entertainment Group saw its revenue maintained at HK\$108 million in the reporting period with a segment loss narrowed on efficient use of resources.

The Group is making good progress in rationalising its business operations in Mobile Internet, Publishing, Outdoor Media and Television and Entertainment respectively. During the reporting period, the Group has invested in WeLab, a Hong Kong based Internet finance company. The Group will work closely with WeLab to launch its Internet and technology based consumer finance platform throughout Mainland China, Greater China region and Asia.

Liquidity and Financial Resources

As at 30 June 2014, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK\$620 million. A total of HK\$3,468 million financing facilities were available, of which HK\$2,468 million had been utilised as at 30 June 2014, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK\$2,468 million as at 30 June 2014. These included long-term bank loans of approximately HK\$2,289 million and short-term bank loans of approximately HK\$179 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 79% as at 30 June 2014, same level as 31 December 2013.

Management's Discussion and Analysis

As at 30 June 2014, the Group had net current assets of approximately HK\$374 million, compared to balance of approximately HK\$366 million as at 31 December 2013. As at 30 June 2014, the current ratio (Current assets/Current liabilities) of TOM Group was 1.32, compared to 1.30 as at 31 December 2013.

For the first six months of 2014, net cash used in operating activities amounted to HK\$91 million, compared to HK\$17 million in the same period of 2013. Net cash outflow used in investing activities was HK\$96 million, mainly included an investment of HK\$31 million and capital expenditures of HK\$68 million.

Charges on Group Assets

As at 30 June 2014, the Group had restricted cash amounting to HK\$4 million, being bank deposits pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return.

Foreign Exchange Exposure

In general, it is the Group's policy for each operating entity to borrow in local currencies, where necessary, to minimise currency risk.

Contingent Liabilities

As at 30 June 2014, TOM Group had no significant contingent liabilities.

Employee Information

As at 30 June 2014, TOM Group had approximately 2,060 full-time employees. For the first six months of the year, employee costs, including Directors' emoluments, totalled HK\$251 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2013.

Disclaimer:

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as operating profit/(loss) including share of results of investments accounted for using the equity method and segment profit/(loss) excluding gain on disposal of interests in joint ventures, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, since the Group has historically reported certain non-GAAP results to investors, it is considered the inclusion of non-GAAP measures provides consistency in the Group's financial reporting.



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF TOM GROUP LIMITED *(incorporated in the Cayman Islands with limited liability)*

Introduction

We have reviewed the interim financial information set out on pages 9 to 31, which comprises the condensed consolidated interim statement of financial position of TOM Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014 and the related condensed consolidated interim income statement, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 July 2014

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Interim Financial Information

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2014

	Note	Unaudited Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
Revenue	4	726,679	975,106
Cost of sales		(489,983)	(701,850)
Selling and marketing expenses		(108,594)	(125,021)
Administrative expenses		(79,894)	(86,956)
Other operating expenses		(120,760)	(157,937)
Other gains, net		1,610	13,368
Gain on disposal of interests in joint ventures	13(b)	174,995	–
Share of profits less losses of investments accounted for using the equity method	13	(34,614)	(2,533)
	5	69,439	(85,823)
Finance income	6	4,939	6,878
Finance costs	6	(34,830)	(32,711)
Finance costs, net	6	(29,891)	(25,833)
Profit/(loss) before taxation		39,548	(111,656)
Taxation	7	927	(8,973)
Profit/(loss) for the period		40,475	(120,629)
Attributable to:			
– Non-controlling interests		11,017	(7,164)
– Equity holders of the Company		29,458	(113,465)
Earnings/(loss) per share attributable to equity holders of the Company during the period			
Basic and diluted	9	HK0.76 cents	HK(2.91) cents

Interim Financial Information

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2014

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Profit/(loss) for the period	40,475	(120,629)
Items that may be subsequently reclassified to income statement:		
Revaluation surplus on available-for-sale financial assets	2,899	111
Exchange translation differences	(26,199)	34,489
Other comprehensive (expense)/income for the period, net of tax	(23,300)	34,600
Total comprehensive income/(expense) for the period	17,175	(86,029)
Total comprehensive income/(expense) for the period attributable to:		
– Non-controlling interests	7,349	(8,026)
– Equity holders of the Company	9,826	(78,003)

Interim Financial Information

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2014

		Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
	Note		
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	10	126,525	142,315
Goodwill	11	644,623	646,914
Other intangible assets	12	89,970	88,023
Investments accounted for using the equity method	13	1,561,999	1,435,970
Available-for-sale financial assets		58,160	24,137
Advance to an investee company		2,180	2,180
Deferred tax assets		34,706	34,421
Other non-current assets		11,340	6,725
		2,529,503	2,380,685
Current assets			
Inventories		113,810	114,096
Trade and other receivables	14	791,833	793,169
Restricted cash	15	4,025	3,105
Cash and cash equivalents		619,677	695,179
		1,529,345	1,605,549
Current liabilities			
Trade and other payables	16	865,792	945,806
Taxation payable		37,290	48,836
Long-term bank loans – current portion	17	73,701	73,901
Short-term bank loans	17	178,434	171,138
		1,155,217	1,239,681
Net current assets		374,128	365,868
Total assets less current liabilities		2,903,631	2,746,553

Interim Financial Information

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2014

	Note	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
Non-current liabilities			
Deferred tax liabilities		7,517	6,398
Non-current portion of long-term bank loans	17	2,215,617	2,075,718
Pension obligations		37,435	37,120
		<u>2,260,569</u>	<u>2,119,236</u>
Net assets		<u>643,062</u>	<u>627,317</u>
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	18	389,328	389,328
Deficits		(56,966)	(66,792)
Own shares held		(6,244)	(6,244)
		<u>326,118</u>	<u>316,292</u>
Non-controlling interests		316,944	311,025
Total equity		<u>643,062</u>	<u>627,317</u>

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2014

	Unaudited											
	Attributable to equity holders of the Company											
	Share capital	Own shares held	Share premium	Capital reserve	Capital redemption reserve	General reserve	Available-for-sale financial assets reserve	Exchange reserve	Accumulated losses	Total shareholders' funds	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2014	389,328	(6,244)	3,625,981	(11,186)	776	150,542	8,012	790,965	(4,631,882)	316,292	311,025	627,317
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	29,458	29,458	11,017	40,475
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets	-	-	-	-	-	-	2,899	-	-	2,899	-	2,899
Exchange translation differences	-	-	-	-	-	-	-	(22,531)	-	(22,531)	(3,668)	(26,199)
Total comprehensive income/(expense) for the period ended 30 June 2014	-	-	-	-	-	-	2,899	(22,531)	29,458	9,826	7,349	17,175
Transactions with equity holders:												
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,368)	(2,368)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	938	938
Transactions with equity holders	-	-	-	-	-	-	-	-	-	-	(1,430)	(1,430)
Balance at 30 June 2014	389,328	(6,244)	3,625,981	(11,186)	776	150,542	10,911	768,434	(4,602,424)	326,118	316,944	643,062

Interim Financial Information

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2014

	Unaudited											
	Attributable to equity holders of the Company											
	Share capital	Own shares held	Share premium	Capital reserve	Capital redemption reserve	General reserve	Available-for-sale financial assets reserve	Exchange reserve	Accumulated losses	Total shareholders' funds	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2013	389,328	(6,244)	3,625,981	28,021	776	144,464	4,109	731,064	(4,117,767)	799,732	321,903	1,121,635
Comprehensive income:												
Loss for the period	-	-	-	-	-	-	-	-	(113,465)	(113,465)	(7,164)	(120,629)
Other comprehensive income:												
Revaluation surplus on available-for-sale financial assets	-	-	-	-	-	-	111	-	-	111	-	111
Exchange translation differences	-	-	-	-	-	-	-	35,351	-	35,351	(862)	34,489
Total comprehensive income/(expense) for the period ended 30 June 2013	-	-	-	-	-	-	111	35,351	(113,465)	(78,003)	(8,026)	(86,029)
Transactions with equity holders:												
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	938	938
Transfer to general reserve	-	-	-	-	-	1,183	-	-	(1,183)	-	-	-
Transactions with equity holders	-	-	-	-	-	1,183	-	-	(1,183)	-	938	938
Balance at 30 June 2013	389,328	(6,244)	3,625,981	28,021	776	145,647	4,220	766,415	(4,232,415)	721,729	314,815	1,036,544

Interim Financial Information

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2014

	Note	Unaudited Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
Cash flows from operating activities			
Net cash (outflow)/inflow from operations		(61,577)	16,011
Interest paid		(21,026)	(16,948)
Overseas taxation paid		(8,870)	(15,672)
Net cash used in operating activities		(91,473)	(16,609)
Cash flows from investing activities			
Capital expenditure		(67,726)	(78,523)
Proceeds from disposal of fixed assets		428	676
Capital investment in an available-for-sale financial asset		(31,152)	–
Dividends received		2,477	2,199
Net cash used in investing activities		(95,973)	(75,648)
Cash flows from financing activities			
New bank loans	17	338,440	188,256
Loan repayments	17	(190,532)	(112,869)
Loan arrangement fees paid		(16,904)	(4,679)
Dividends paid to non-controlling interests		(2,368)	–
(Increase)/reduction of restricted cash	15	(920)	106
Net cash from financing activities		127,716	70,814
Decrease in cash and cash equivalents		(59,730)	(21,443)
Cash and cash equivalents at 1 January		695,179	797,115
Exchange adjustment		(15,772)	4,401
Cash and cash equivalents at 30 June		619,677	780,073

1 Basis of preparation and accounting policies

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in 2013 annual financial statements, except for the adoption of amendments to standards and new interpretation which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2014.

The adoption of these amendments to standards and new interpretation does not have a material impact on the Group’s accounting policies.

2 Critical accounting estimates and judgements

The preparation of this condensed consolidated interim financial information 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 expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including cash flow interest rate risk, currency risk and price risk).

This condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management policies since the year ended 31 December 2013.

(b) Fair value estimation

The financial instruments that are measured at fair value require disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value.

	Level 1 HK\$'000
<hr/>	
At 30 June 2014	
Assets	
Available-for-sale financial assets	
– Equity securities	14,770
	<hr/>
Total assets	14,770
	<hr/>
Total liabilities	–
	<hr/>

Notes to the Condensed Consolidated Interim Financial Information

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

	Level 1 HK\$'000
<hr/>	
<u>At 31 December 2013</u>	
Assets	
Available-for-sale financial assets	
– Equity securities	11,874
	<hr/>
Total assets	11,874
	<hr/>
Total liabilities	–
	<hr/>

The fair values of all financial assets and liabilities approximate their carrying amounts.

4 Segment information

The Group has five reportable operating segments:

- Mobile Internet Group – provision of mobile Internet services, online advertising, commercial enterprise solutions and online communication services.
- E-Commerce Group – provision of services to users using the mobile and Internet-based marketplace and provision of technical services for online trading platform.
- Publishing Group – magazine and book circulation, sales of publication advertising and other related products.
- Outdoor Media Group – advertising sales of outdoor media assets and provision of outdoor media services.
- Television and Entertainment Group – advertising sales in relation to satellite television channel operations, production of broadcasting programmes and provision of media sales, event production and marketing services.

Sales between segments are carried out at arm's length.

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

The segment results for the six months ended 30 June 2014 are as follows:

	Unaudited Six months ended 30 June 2014					Total HK\$'000
	Mobile Internet Group HK\$'000	E-Commerce Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Gross segment revenue	46,799	1,870	454,960	115,810	107,579	727,018
Inter-segment revenue	-	-	-	-	(339)	(339)
Net revenue from external customers	46,799	1,870	454,960	115,810	107,240	726,679
Segment profit/(loss) before amortisation and depreciation	(31,685)	(3,768)	79,524	3,437	(10,909)	36,599
Amortisation and depreciation	(4,884)	(57)	(55,683)	(10,298)	(5,696)	(76,618)
Segment profit/(loss)	(36,569)	(3,825)	23,841	(6,861)	(16,605)	(40,019)
Other material non-cash items:						
Gain on disposal of interests in joint ventures	-	174,995	-	-	-	174,995
Share of profits less losses of investments accounted for using the equity method	(140)	(19,203)	(15,271)	-	-	(34,614)
	(140)	155,792	(15,271)	-	-	140,381
Finance costs:						
Finance income (note a)	3,705	44	9,565	561	37	13,912
Finance expenses (note a)	-	-	(5,147)	-	(9,353)	(14,500)
	3,705	44	4,418	561	(9,316)	(588)
Segment profit/(loss) before taxation	(33,004)	152,011	12,988	(6,300)	(25,921)	99,774
Unallocated corporate expenses						(60,226)
Profit before taxation						39,548
Expenditure for operating segment non-current assets	785	-	55,049	6,733	5,154	67,721
Unallocated expenditure for non-current assets						5
Total expenditure for non-current assets						67,726

Note (a): Inter-segment interest income and inter-segment interest expenses amounted to HK\$9,261,000 and HK\$9,883,000 were included in the finance income and finance expenses respectively.

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

The segment results for the six months ended 30 June 2013 are as follows:

	Unaudited Six months ended 30 June 2013					Total HK\$'000
	Mobile Internet Group HK\$'000	E-Commerce Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Gross segment revenue	207,278	2,592	485,047	178,172	102,364	975,453
Inter-segment revenue	–	–	–	–	(347)	(347)
Net revenue from external customers	207,278	2,592	485,047	178,172	102,017	975,106
Segment profit/(loss) before amortisation and depreciation	(12,450)	(34,195)	89,987	8,278	(10,549)	41,071
Amortisation and depreciation	(6,475)	(2,777)	(55,201)	(18,600)	(7,761)	(90,814)
Segment profit/(loss)	(18,925)	(36,972)	34,786	(10,322)	(18,310)	(49,743)
Other material non-cash items: Share of profits less losses of investments accounted for using the equity method	283	5,591	(8,407)	–	–	(2,533)
	283	5,591	(8,407)	–	–	(2,533)
Finance costs:						
Finance income (note a)	5,392	36	11,045	496	52	17,021
Finance expenses (note a)	–	–	(6,050)	–	(11,528)	(17,578)
	5,392	36	4,995	496	(11,476)	(557)
Segment profit/(loss) before taxation	(13,250)	(31,345)	31,374	(9,826)	(29,786)	(52,833)
Unallocated corporate expenses						(58,823)
Loss before taxation						(111,656)
Expenditure for operating segment non-current assets	2,816	269	59,109	6,417	9,407	78,018
Unallocated expenditure for non-current assets						505
Total expenditure for non-current assets						78,523

Note (a): Inter-segment interest income and inter-segment interest expenses amounted to HK\$10,658,000 and HK\$12,123,000 were included in the finance income and finance expenses respectively.

Notes to the Condensed Consolidated Interim Financial Information

4 Segment information (Continued)

The segment assets and liabilities at 30 June 2014 are as follows:

	Unaudited As at 30 June 2014					Total HK\$'000
	Mobile Internet Group HK\$'000	E-Commerce Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Segment assets	595,261	129,918	1,213,275	312,308	160,675	2,411,437
Investments accounted for using the equity method	4,404	1,535,436	22,159	-	-	1,561,999
Unallocated assets						85,412
Total assets						4,058,848
Segment liabilities	222,881	39,469	360,101	103,209	53,990	779,650
Unallocated liabilities:						
Corporate liabilities						123,577
Current taxation						37,290
Deferred taxation						7,517
Borrowings						2,467,752
Total liabilities						3,415,786

The segment assets and liabilities at 31 December 2013 are as follows:

	Audited As at 31 December 2013					Total HK\$'000
	Mobile Internet Group HK\$'000	E-Commerce Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Segment assets	649,427	115,280	1,265,206	322,273	143,766	2,495,952
Investments accounted for using the equity method	4,623	1,390,709	40,638	-	-	1,435,970
Unallocated assets						54,312
Total assets						3,986,234
Segment liabilities	242,223	51,123	405,215	109,608	57,409	865,578
Unallocated liabilities:						
Corporate liabilities						117,348
Current taxation						48,836
Deferred taxation						6,398
Borrowings						2,320,757
Total liabilities						3,358,917

The unallocated assets represent the corporate assets. The unallocated liabilities represent the corporate liabilities in addition to operating segment taxation payable, deferred tax liabilities and borrowings which are managed on a central basis.

Notes to the Condensed Consolidated Interim Financial Information

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging/crediting the following:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Charging:		
Depreciation of fixed assets (note 10)	27,209	34,151
Amortisation of other intangible assets (note 12)	49,772	56,974
Amortisation of other intangible assets included in interests in associated companies	–	1,356
Loss on disposal of fixed assets	–	49
	<hr/>	<hr/>
Crediting:		
Exchange gain, net	1,127	13,085
Dividend income from available-for-sale financial assets	314	332
Gain on disposal of fixed assets	169	–
	<hr/>	<hr/>

6 Finance costs, net

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	33,892	31,773
Interest on other loans	938	938
	<hr/>	<hr/>
	34,830	32,711
Less: Bank interest income	(4,939)	(6,878)
	<hr/>	<hr/>
	29,891	25,833
	<hr/>	<hr/>

7 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation (credited)/charged to the condensed consolidated interim income statement represents:

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Overseas taxation	7,078	10,569
Over-provision in prior years	(8,906)	(1,793)
Deferred taxation	901	197
Taxation (credit)/charge	(927)	8,973

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

8 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2014 (2013: Nil).

9 Earnings/(loss) per share

(a) Basic

The calculation of the basic earnings/(loss) per share is based on consolidated profit attributable to the equity holders of the Company of HK\$29,458,000 (2013: loss of HK\$113,465,000) and the weighted average of 3,893,270,558 (2013: 3,893,270,558) ordinary shares in issue during the period.

(b) Diluted

Diluted earnings per share is equal to the basic earnings per share for the period ended 30 June 2014 as all the outstanding share options granted by the Company were lapsed. For the period ended 30 June 2013, diluted loss per share is equal to the basic loss per share as the exercise price of the outstanding share options granted by the Company were higher than the average market price of the shares of the Company.

Notes to the Condensed Consolidated Interim Financial Information

10 Fixed assets

During the period, major fixed assets acquired by the Group were computer equipment amounting to HK\$6,563,000 and construction in progress for outdoor media assets amounting to HK\$5,344,000.

	<i>HK\$'000</i>
At 1 January 2013	205,983
Additions	22,414
Disposals	(725)
Depreciation charge	(34,151)
Exchange adjustment	424
	<hr/>
At 30 June 2013 (unaudited)	193,945
	<hr/>
At 1 January 2014	142,315
Additions	14,512
Disposals	(259)
Depreciation charge	(27,209)
Exchange adjustment	(2,834)
	<hr/>
At 30 June 2014 (unaudited)	126,525

11 Goodwill

	<i>HK\$'000</i>
At 1 January 2013	2,154,471
Exchange adjustment	21,226
	<hr/>
At 30 June 2013 (unaudited)	2,175,697
	<hr/>
At 1 January 2014	646,914
Exchange adjustment	(2,291)
	<hr/>
At 30 June 2014 (unaudited)	644,623

Notes to the Condensed Consolidated Interim Financial Information

12 Other intangible assets

	Concession rights <i>HK\$'000</i>	Publishing rights <i>HK\$'000</i>	Programme and film rights <i>HK\$'000</i>	Customer base and technical know-how <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	11,330	66,631	5,421	9,212	92,594
Additions	–	52,846	3,263	–	56,109
Amortisation charge	(3,518)	(45,242)	(6,628)	(1,586)	(56,974)
Exchange adjustment	176	(1,966)	196	142	(1,452)
At 30 June 2013 (unaudited)	7,988	72,269	2,252	7,768	90,277
At 1 January 2014	7,324	75,769	3,592	1,338	88,023
Additions	–	48,884	4,330	–	53,214
Amortisation charge	(537)	(45,172)	(4,006)	(57)	(49,772)
Exchange adjustment	(204)	(429)	(820)	(42)	(1,495)
At 30 June 2014 (unaudited)	6,583	79,052	3,096	1,239	89,970

13 Investments accounted for using the equity method

The amounts recognised in the statement of financial position are as follows:

	Unaudited 30 June 2014 <i>HK\$'000</i>	Audited 31 December 2013 <i>HK\$'000</i>
Associated companies	1,561,999	45,261
Joint ventures	–	1,390,709
	1,561,999	1,435,970

The amounts recognised in the income statement are as follows:

	Unaudited Six months ended 30 June 2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Associated companies	(30,507)	(8,124)
Joint ventures	(4,107)	5,591
	(34,614)	(2,533)

Notes to the Condensed Consolidated Interim Financial Information

13 Investments accounted for using the equity method (Continued)

(a) Interests in associated companies

Movement in interests in associated companies during the period:

	Unaudited 2014 HK\$'000	2013 HK\$'000
At 1 January	45,261	223,772
Transfer from interests in joint ventures (note)	1,203,075	–
Increase in share capital of an associated company	347,512	–
Share of profits less losses	(30,507)	(8,124)
Dividend paid	(2,163)	(1,867)
Exchange adjustment	(1,179)	1,455
At 30 June (unaudited)	<u>1,561,999</u>	<u>215,236</u>

(b) Interests in joint ventures

Movement in interests in joint ventures during the period:

	Unaudited 2014 HK\$'000	2013 HK\$'000
At 1 January	1,390,709	8,798
Share of (losses)/profits	(4,107)	5,591
Carrying value of certain interests in joint ventures disposed	(183,527)	–
Transfer to interests in associated companies (note)	(1,203,075)	–
Exchange adjustment	–	165
At 30 June (unaudited)	<u>–</u>	<u>14,554</u>

Note:

On 16 January 2014, a joint venture, held as to 49% by a non-wholly owned subsidiary of the Group, signed a shareholders' agreement and a subscription agreement with several investors. Pursuant to the subscription agreement, the joint venture agreed to allot and issue and the investors agreed on a several basis to subscribe for certain Series A Preferred Shares representing 13.25% of the total share capital of the joint venture on a fully diluted basis at the aggregate investors' subscription price of US\$110 million. Following completion of the investors' subscription, the former joint venture became an associated company of the Group, held as to 42.51% by a non-wholly owned subsidiary of the Group, 44.24% by the joint venture partner and 13.25% by investors on a fully diluted basis. The Group recognised a dilution gain of HK\$174,995,000 in the consolidated income statement for the period on this disposal. Net gain attributable to equity holders of the Company amounted to HK\$157,499,000.

Notes to the Condensed Consolidated Interim Financial Information

14 Trade and other receivables

	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
Trade receivables	398,494	397,111
Prepayments, deposits and other receivables	393,339	396,058
	<u>791,833</u>	<u>793,169</u>

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 120 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

The ageing analyses of the Group's trade receivables were as follows:

	Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
Current	96,322	94,622
31-60 days	108,001	114,330
61-90 days	65,405	64,569
Over 90 days	221,710	217,843
	<u>491,438</u>	<u>491,364</u>
Less: Provision for impairment	(92,944)	(94,253)
	<u>398,494</u>	<u>397,111</u>
Represented by:		
Receivables from related companies	30,228	9,432
Receivables from third parties	368,266	387,679
	<u>398,494</u>	<u>397,111</u>

Notes to the Condensed Consolidated Interim Financial Information

15 Restricted Cash

As at 30 June 2014, NT\$15,565,000 (approximately HK\$4,025,000) (31 December 2013: NT\$10,800,000 or approximately HK\$2,800,000) was pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return. As at 31 December 2013, RMB238,000 (approximately HK\$305,000) was also pledged in favour of certain contractors as performance guarantee.

16 Trade and other payables

	Unaudited 30 June 2014 <i>HK\$'000</i>	Audited 31 December 2013 <i>HK\$'000</i>
Trade payables	269,243	280,640
Other payables and accruals	596,549	665,166
	<u>865,792</u>	<u>945,806</u>

The carrying values of trade and other payables approximate their fair values.

The ageing analyses of the Group's trade payables were as follows:

	Unaudited 30 June 2014 <i>HK\$'000</i>	Audited 31 December 2013 <i>HK\$'000</i>
Current	48,408	60,700
31-60 days	24,878	28,045
61-90 days	10,697	15,521
Over 90 days	185,260	176,374
	<u>269,243</u>	<u>280,640</u>
Represented by:		
Payable to third parties	<u>269,243</u>	<u>280,640</u>

Notes to the Condensed Consolidated Interim Financial Information

17 Movements in borrowings

	Short-term bank loans <i>HK\$'000</i>	Long-term bank loans <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2013	140,389	2,075,569	2,215,958
Borrowings	113,256	75,000	188,256
Repayments	(76,190)	(36,679)	(112,869)
Exchange adjustment	(4,997)	(8,813)	(13,810)
As at 30 June 2013 (unaudited)	<u>172,458</u>	<u>2,105,077</u>	<u>2,277,535</u>
As at 1 January 2014	171,138	2,149,619	2,320,757
Borrowings	103,440	235,000	338,440
Repayments	(95,682)	(94,850)	(190,532)
Exchange adjustment	(462)	(451)	(913)
As at 30 June 2014 (unaudited)	<u>178,434</u>	<u>2,289,318</u>	<u>2,467,752</u>

18 Share capital

	Number of ordinary shares of HK\$0.1 each	<i>HK\$'000</i>
Authorised:		
As at 1 January and 30 June 2013 and 1 January and 30 June 2014	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
As at 1 January and 30 June 2013 and 1 January and 30 June 2014	<u>3,893,270,558</u>	<u>389,328</u>

19 Pledge of assets

Save as disclosed in note 15, the Group has no pledge of assets as at 30 June 2014 (31 December 2013: Nil).

20 Contingent liabilities

As at 30 June 2014, the Group had no significant contingent liabilities.

Notes to the Condensed Consolidated Interim Financial Information

21 Capital commitments

The Group's capital commitments as at 30 June 2014 are as follows:

	Unaudited 30 June 2014 <i>HK\$'000</i>	Audited 31 December 2013 <i>HK\$'000</i>
Acquisition of investments – Contracted but not provided for	7,440	7,680
Acquisition of fixed assets and other intangible assets – Authorised but not contracted for	70,397	90,350
	<u>77,837</u>	<u>98,030</u>

22 Related party transactions

A summary of significant related party transactions, in addition to those disclosed in note 14 to the condensed consolidated interim financial information is set out below:

(a) Sales of goods and services

	Unaudited For the six months ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales to		
– HWL and its subsidiaries	29,001	20,384
– non-controlling interests of subsidiaries and their subsidiaries	127	5,457
– associated companies/an associated company	721	1,088
– a joint venture	–	1,008
	<u>30,449</u>	<u>27,937</u>

22 Related party transactions (Continued)

(b) Purchase of goods and services

	Unaudited	
	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Purchase of services payable to		
– non-controlling interests of subsidiaries and their subsidiaries	6,541	6,981
Rental payable to		
– a subsidiary of CKH	7,363	5,829
– non-controlling interests of subsidiaries and their subsidiaries	610	842
Service fees payable to		
– HWL and its subsidiaries	2,253	1,845

(c) Two substantial shareholders of the Company granted guarantees to the Company at an guarantee fee equivalent to 0.5% per annum (2013: Same) for loan facilities amounting to HK\$2,900 million (2013: HK\$2,200 million). During the period, guarantee fee amounted to approximately HK\$5,234,000 was paid by the Company (2013: HK\$4,653,000) to these substantial shareholders.

(d) Key management compensation

During the period ended 30 June 2014, no transactions have been entered into with the directors of the Company (being the key management personnel) other than the emoluments paid to them (being key management personnel compensation) (2013: Nil).

23 Comparative figures

Certain comparative figures have been reclassified to conform to current period's presentation.

24 Approval of interim financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 30 July 2014.

Disclosure of Interests

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2014, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the shares of the Company

Name of Directors	Capacity	Number of shares of the Company				Total	Approximate percentage of shareholding
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Yeung Kwok Mung	Interest of spouse	-	30,000	-	-	30,000	Below 0.01%
Mak Soek Fun, Angela	Beneficial owner	44,000	-	-	-	44,000	Below 0.01%

Save as disclosed above, as at 30 June 2014, none of the Directors or chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2014, the persons or corporations (not being a Director or chief executive) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or had otherwise notified to the Company were as follows:

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	1,429,024,545 (L) (Notes 1 & 2)	36.70%
Li Ka-Shing Unity Trustee Corporation Limited (as trustee of The Li Ka-Shing Unity Discretionary Trust)	Trustee & beneficiary of a trust	1,429,024,545 (L) (Notes 1 & 2)	36.70%
Li Ka-Shing Unity Trustcorp Limited (as trustee of another discretionary trust)	Trustee & beneficiary of a trust	1,429,024,545 (L) (Notes 1 & 2)	36.70%
Li Ka-Shing Unity Trustee Company Limited (as trustee of The Li Ka-Shing Unity Trust)	Trustee	1,429,024,545 (L) (Notes 1 & 2)	36.70%
CKH	Interest of controlled corporations	1,429,024,545 (L) (Notes 1 & 2)	36.70%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (L) (Note 1)	12.23%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (L) (Note 1)	12.23%

Disclosure of Interests

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (L) (Note 1)	12.23%
Romefield Limited	Beneficial owner	476,341,182 (L) (Note 1)	12.23%
HWL	Interest of controlled corporations	952,683,363 (L) (Note 2)	24.47%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (L) (Note 2)	24.47%
Easterhouse Limited	Beneficial owner	952,683,363 (L) (Note 2)	24.47%
Chau Hoi Shuen	Interest of controlled corporations	995,078,363 (L) (Notes 3 & 4)	25.55%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	995,078,363 (L) (Notes 3 & 4)	25.55%
Schumann International Limited	Beneficial owner	580,000,000 (L) (Notes 3 & 4)	14.90%
Handel International Limited	Beneficial owner	348,000,000 (L) (Notes 3 & 4)	8.94%
Lin Tian Maw	Beneficial owner, interest of child under 18 or spouse & interest of controlled corporations	311,502,000 (L)	8.00%

(L) denotes a long position

Notes:

- (1) Romefield Limited is a wholly-owned subsidiary of Sunnylink Enterprises Limited, which in turn is a wholly-owned subsidiary of Cheung Kong Holdings (China) Limited. Cheung Kong Holdings (China) Limited is a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of CKH.

By virtue of the SFO, Cheung Kong Investment Company Limited, Cheung Kong Holdings (China) Limited and Sunnylink Enterprises Limited are all deemed to be interested in the 476,341,182 shares of the Company held by Romefield Limited.

Li Ka-Shing Unity Holdings Limited, of which Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited. Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, together with certain companies which Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in The Li Ka-Shing Unity Trust.

- (2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of HWL. By virtue of the SFO, HWL and Hutchison International Limited are deemed to be interested in the 952,683,363 shares of the Company held by Easterhouse Limited.

In addition, subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL. By virtue of the SFO, Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Li Ka-Shing Unity Trustee Corporation Limited, Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Unity Trustee Company Limited and CKH are all deemed to be interested in the 476,341,182 shares of the Company and 952,683,363 shares of the Company held by Romefield Limited and Easterhouse Limited respectively.

- (3) Schumann International Limited and Handel International Limited are companies controlled by Cranwood Company Limited and Ms. Chau Hoi Shuen is entitled to exercise more than one-third of the voting power at the general meetings of Cranwood Company Limited.

By virtue of the SFO, Cranwood Company Limited is deemed to be interested in the 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Schumann International Limited and Handel International Limited respectively in addition to 67,078,363 shares of the Company held by itself.

By virtue of the SFO, Ms. Chau Hoi Shuen is deemed to be interested in 67,078,363 shares of the Company, 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Cranwood Company Limited, Schumann International Limited and Handel International Limited respectively.

Disclosure of Interests

- (4) Cranwood Company Limited, Schumann International Limited and Handel International Limited have charged 67,078,363 shares of the Company, 580,000,000 shares of the Company and 348,000,000 shares of the Company respectively in favour of HWL on 16 December 2013.

Save as disclosed above, as at 30 June 2014, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

Outstanding Share Options

Option Scheme

No option has been granted pursuant to the Option Scheme since its adoption.

Audit Committee

The Company has established an audit committee (“Audit Committee”) in January 2000. Written terms of reference in compliance with the Listing Rules have been adopted for the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry, Mr. James Sha and Mr. Ip Yuk-keung, Albert and a Non-executive Director, namely, Mrs. Lee Pui Ling, Angelina. Mr. Cheong Ying Chew, Henry is the chairman of the Audit Committee.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2014 has been reviewed by the Audit Committee.

Corporate Governance Code

The Company has complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2014, save and except Code Provision A.5 of the Corporate Governance Code.

The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board and the appointment of any new Director. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors. In addition, the Board as a whole is also responsible for reviewing the succession plan for the Directors.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the Group’s code of conduct regarding Directors’ securities transactions. In response to specific enquiry made with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2014.

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares. In addition, the Company has not redeemed any of its listed shares during the period.

Change in Other Information of Directors

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2013 Annual Report of the Company are set out below:

Name of Directors	Details of the Changes
Ip Tak Chuen, Edmond	Resigned as a director of ARA Trust Management (Suntec) Limited as the manager of Suntec REIT on 17 April 2014
Ip Yuk-keung, Albert	Appointed as: <ul style="list-style-type: none">– an independent non-executive director of Lifestyle International Holdings Limited on 22 April 2014– an executive director and chief executive officer of LHIL Manager Limited as the trustee-manager of Langham Hospitality Investments and Langham Hospitality Investments Limited with effect from 9 June 2014 Re-designated from an independent non-executive director to non-executive director of Eagle Asset Management (CP) Limited as the manager of Champion Real Estate Investment Trust on 9 June 2014 Ceased as a council member of Cornell University on 30 June 2014