



有線寬頻 i-CABLE

i-CABLE COMMUNICATIONS LIMITED

STOCK CODE: 1097

Interim Report 2015





RESULTS HIGHLIGHTS

- An abundant supply of free channels, pay channels and streaming content continued to expand the direct and indirect competition which further weakened the demand for our subscription content and thereby the Group's Pay TV operating results.
- Need to continue to enrich our programmes to bring distinctive and premium content to our customers for the best viewing pleasure to attract and retain subscribers.
- Broadband competition was also severe, as rival operators gained market share from us with faster connectivity.
- New product initiatives and investments to strengthen our customer base and boost revenue across segments.
- Free TV licensing process underway.

GROUP RESULTS

The unaudited Group loss attributable to Shareholders for the six months ended June 30, 2015 was HK\$121 million (2014: HK\$23 million). Basic and diluted loss per share were both HK\$0.06 (2014: HK\$0.012).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2015 (2014: Nil).

BUSINESS REVIEW

OPERATING ENVIRONMENT

An abundant supply of free channels, pay channels and streaming content continued to expand the direct and indirect competition which further weakened the demand for our subscription content and thereby the Group's Pay TV operating results. Notwithstanding this, we remained as the most watched Pay TV service in Hong Kong. To attract and retain subscribers, we need to continue to enrich our programmes to bring distinctive and premium content to our customers for the best viewing pleasure.

Hong Kong Cable News Express Limited has successfully won the multi-year contract for the advertising sales agency services for "Newline Express" and it will continue to be the exclusive sales distributor and content provider of MTR Corporation Limited's "Newline Express" from 2016 onwards.

Broadband competition was also severe, as rival operators gained market share from us with faster connectivity. To tackle this challenge, new product initiatives and investments are required to strengthen our customer base and boost revenue across segments.

TELEVISION SERVICES

We have seen early signs of revenue stabilisation in Pay TV as a result of our efforts to drive up price point. Revenue, however, continued to shrink along with the contraction of customer base at a time when sales remained weak. Our teams are putting in place more effective customer management practices to retain loyal customers and enhance our service image.

A new conditional access system for Pay TV services will be launched later this year. The new HD set top box will offer interactive and VOD services to enrich our customer experience. Our marketing & sales teams are putting the finishing touches on the service, which will tie in with the launch of "HD News Channel 209".

Our Pay TV licence will expire in May 2017 and we have submitted our application for renewal. The Communications Authority has kicked off a public consultation on July 22, 2015, which will end on August 21, 2015. There will be two public hearings involving our senior management, on July 28, 2015 and August 13, 2015 respectively.

INTERNET & MULTIMEDIA

Broadband reported continuous growth in our mid-range price plans. However, the contraction of customer base had resulted in lower revenue and operating margin during the reporting period.

Network enhancement to higher-speed broadband services is underway and expected to cover many more homes by next year. The faster and more reliable broadband service should facilitate our customer retention and acquisition, as well as upselling opportunities.

SUNDREAM MOTION PICTURES

Sundream Motion Pictures continued with its proven track record of identifying quality productions and bringing them to the Hong Kong audience. During the reporting period, Sundream released a total of 10 films in Hong Kong and Macau.

Sundream has put more focus on quality pictures with mainstream commercial appeal, like *"Selma"* and *"Midnight Diner"* on the acquisition side; and on the production side, entertaining stories, like the coming *"Love Detective"* and *"My Wife is a Super Star"*.

OUTLOOK

In April, the Government decided not to renew the free TV licence of Asia Television Limited and its licence will expire on April 1, 2016. Off-air spectrum will be released concurrently and could be assigned to new licensees.

We have been discussing licensing terms and conditions with the Communications Authority. Restructuring of the shareholding and control of Fantastic Television Limited is underway.

FINANCIAL REVIEW

A. REVIEW OF 2015 INTERIM RESULTS

Consolidated turnover decreased by HK\$83 million or 10% to HK\$760 million.

Operating costs before depreciation increased by HK\$27 million to HK\$774 million. Programming costs increased by 9% and selling, customer services, general & administrative expenses 2%, while cost of sales decreased by 12% and network costs 8%.

EBITDA loss was HK\$15 million (2014: EBITDA gain HK\$95 million). Net loss was HK\$121 million (2014: HK\$23 million). Basic and diluted loss per share was HK\$0.06 (2014: HK\$0.012).

B. SEGMENTAL INFORMATION

Television

Turnover decreased by 12% to HK\$570 million on lower subscription and advertising income. Operating costs before depreciation increased by 3% to HK\$597 million, primarily due to higher programming cost. EBITDA loss was HK\$27 million (2014: EBITDA gain HK\$71 million).

Internet & Multimedia

Turnover decreased by 4% to HK\$174 million. Operating costs before depreciation decreased by 4% to HK\$103 million. EBITDA decreased by 4% to HK\$71 million (2014: HK\$73 million).

C. LIQUIDITY AND FINANCIAL RESOURCES

As of June 30, 2015, the Group had bank deposits and cash of HK\$18 million, as compared to HK\$62 million at December 31, 2014.

Consolidated net asset value as at June 30, 2015 was HK\$931 million, or HK\$0.46 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\$79 million (2014: HK\$81 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 June 30, 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\$406 million (2014: HK\$106 million), of which HK\$230 million (2014: Nil) was utilised.

E. HUMAN RESOURCES

The Group had 2,227 employees at the end of June 2015 (2014: 2,300). Total gross salaries and related costs incurred in the period amounted to HK\$354 million (2014: HK\$359 million).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2015 – unaudited

	Note	Six months ended June 30,	
		2015 HK\$'000	2014 HK\$'000
Turnover	2,3	759,573	842,527
Programming costs		(458,459)	(420,847)
Network expenses		(102,173)	(111,009)
Selling, general and administrative and other operating expenses		(171,293)	(167,422)
Cost of sales		(42,418)	(48,041)
(Loss)/profit from operations before depreciation		(14,770)	95,208
Depreciation	4	(112,423)	(113,388)
Loss from operations	3	(127,193)	(18,180)
Interest income		3	66
Finance costs, net		(1,291)	–
Non-operating expenses		(727)	(200)
Loss before taxation	4	(129,208)	(18,314)
Income tax	5	7,743	(4,941)
Loss for the period		(121,465)	(23,255)
Attributable to:			
Equity shareholders of the Company		(121,465)	(23,255)
Loss per share	6		
Basic		(6.0) cents	(1.2) cents
Diluted		(6.0) cents	(1.2) cents

The notes on pages 11 to 21 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2015 – unaudited

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
Loss for the period	(121,465)	(23,255)
Other comprehensive income for the period (after reclassification adjustment):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	10	(9)
Total comprehensive income for the period	(121,455)	(23,264)
Attributable to:		
Equity shareholders of the Company	(121,455)	(23,264)

The notes on pages 11 to 21 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2015 – unaudited

	Note	At June 30, 2015 (unaudited) HK\$'000	At December 31, 2014 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	7	858,104	893,066
Programming library	8	170,193	167,981
Other intangible assets	9	3,767	3,767
Interest in associate		–	–
Deferred tax assets	13	306,661	302,949
Other non-current assets		64,827	58,479
		1,403,552	1,426,242
Current assets			
Inventories		16,511	18,152
Accounts receivable from trade debtors	10	71,698	77,494
Deposits, prepayments and other receivables		83,638	83,243
Amounts due from fellow subsidiaries		20	1,158
Bank deposits and cash		18,133	62,382
		190,000	242,429
Current liabilities			
Amounts due to trade creditors	11	24,456	69,834
Accrued expenses and other payables		190,201	214,599
Receipts in advance and customers' deposits		163,722	158,245
Interest bearing borrowings		230,000	100,000
Current taxation	13	134	179
Amounts due to fellow subsidiaries		23,204	38,122
Amount due to immediate holding company		879	936
		632,596	581,915
Net current liabilities		(442,596)	(339,486)
Total assets less current liabilities		960,956	1,086,756
Non-current liabilities			
Deferred tax liabilities	13	21,192	25,530
Other non-current liabilities		8,687	8,694
		29,879	34,224
NET ASSETS		931,077	1,052,532
CAPITAL AND RESERVES			
Share capital	12	6,857,599	6,857,599
Reserves		(5,926,522)	(5,805,067)
TOTAL EQUITY		931,077	1,052,532

The notes on pages 11 to 21 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2015 – unaudited

	Attributable to equity shareholders of the Company								
	Note	Share	Share	Special	Exchange	Capital	Revenue	Total	Total
		capital	premium	capital	reserve	redemption	reserve	reserves	equity
	HK\$'000	HK\$'000	reserve	reserve	reserve	reserve	reserves	equity	
	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 period		-	-	-	-	-	(23,255)	(23,255)	(23,255)
Other comprehensive income		-	-	-	(9)	-	-	(9)	(9)
Total comprehensive income		-	-	-	(9)	-	(23,255)	(23,264)	(23,264)
Transition to no-par value regime on March 3, 2014	12	4,846,087	(4,838,365)	-	-	(7,722)	-	(4,846,087)	-
Balance at June 30, 2014		6,857,599	-	13,981	4,095	-	(5,706,917)	(5,688,841)	1,168,758
Balance at January 1, 2015		6,857,599	-	13,984	4,104	-	(5,823,155)	(5,805,067)	1,052,532
Loss for the period		-	-	-	-	-	(121,465)	(121,465)	(121,465)
Other comprehensive income		-	-	-	10	-	-	10	10
Total comprehensive income		-	-	-	10	-	(121,465)	(121,455)	(121,455)
Balance at June 30, 2015		6,857,599	-	13,984	4,114	-	(5,944,620)	(5,926,522)	931,077

The notes on pages 11 to 21 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended June 30, 2015 – unaudited

	Six months ended June 30,	
	2015 HK\$'000	2014 HK\$'000
Operating activities		
Loss before taxation	(129,208)	(18,314)
Adjustments for:		
Finance costs, net	1,291	–
Interest income	(3)	(66)
Depreciation	112,423	113,388
Amortisation of programming library	62,005	49,857
Others	1,186	686
Operating profit before changes in working capital	47,694	145,551
Changes in working capital	(77,303)	(64,557)
Cash (used in)/generated from operations	(29,609)	80,994
Interest received	3	299
Overseas tax paid	(353)	(456)
Net cash (used in)/generated from operating activities	(29,959)	80,837
Investing activities		
Purchase of property, plant and equipment	(76,714)	(83,462)
Other net investing activities	(67,578)	(76,945)
Net cash used in investing activities	(144,292)	(160,407)
Financing activities		
Drawdown of interest bearing borrowings	130,000	–
Net cash generated from financing activities	130,000	–
Net decrease in cash and cash equivalents	(44,251)	(79,570)
Effect of foreign exchange rate changes	2	(11)
Cash and cash equivalents at January 1	62,382	182,028
Cash and cash equivalents at June 30	18,133	102,447

The notes on pages 11 to 21 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. Basis of preparation and comparative figures

The unaudited interim financial report is prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard 34 *“Interim financial reporting”* issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”).

HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards (“HKFRSS”) that are first effective for the current accounting period of the Group and the Company. We believe the adoption of these amendments to HKFRSS will not have a material impact on the Group’s financial position or results of operations.

The interim financial report is prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for accounting policy changes that are expected to be reflected in the 2015 annual financial statements.

The financial statements relating to the financial year ended December 31, 2014 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong 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 in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 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)).

2. Turnover

Turnover 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

3. 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 Television subscription business, advertising, channel carriage, Television relay service, programme licensing, network maintenance, and miscellaneous Television 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.

Business segments for the six months ended June 30, 2015 and 2014:

	Television		Internet and multimedia		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	561,860	638,034	173,387	180,154	24,326	24,339	759,573	842,527
Inter-segment revenue	7,957	9,984	125	124	5,012	6,176	13,094	16,284
Reportable segment revenue	569,817	648,018	173,512	180,278	29,338	30,515	772,667	858,811
Reportable segment results ("EBITDA")	(27,091)	71,010	70,664	73,432	(55,510)	(47,638)	(11,937)	96,804
Reportable segment results ("EBIT")	(95,586)	3,352	27,983	28,860	(56,757)	(48,796)	(124,360)	(16,584)
Inter-segment elimination							(2,833)	(1,596)
Loss from operations							(127,193)	(18,180)
Interest income							3	66
Finance costs, net							(1,291)	-
Non-operating expenses							(727)	(200)
Income tax							7,743	(4,941)
Loss for the period							(121,465)	(23,255)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

4. Loss before taxation

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

	Six months ended June 30,	
	2015	2014
	HK\$'000	HK\$'000
Depreciation		
— assets held for use under operating leases	15,651	16,875
— other assets	96,772	96,513
	112,423	113,388
Amortisation of programming library*	62,005	49,857
Staff costs	318,624	324,109
Contributions to defined contribution retirement plans	17,363	17,446
Cost of inventories	4,302	5,812
Interest expenses on borrowings	1,291	—
Auditors' remuneration	1,521	1,602
Non-operating expenses		
— Net loss on disposal of property, plant and equipment	727	200

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

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

	Six months ended June 30,	
	2015 HK\$'000	2014 HK\$'000
Current tax — Overseas	307	474
Deferred taxation <i>(Note 13(b))</i>		
Utilisation of prior year's tax losses recognised	12,461	26,216
Benefit of previously unrecognised tax losses now recognised	(15,614)	(17,396)
Reversal of temporary differences	(4,897)	(4,353)
	(8,050)	4,467
Total	(7,743)	4,941

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate at 16.5% (2014: 16.5%) to the six months ended June 30, 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.

6. Loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$121,465,000 (2014: HK\$23,255,000) and the weighted average number of ordinary shares outstanding during the period of 2,011,512,400 (2014: 2,011,512,400).

There were no potential diluted ordinary shares in existence during the periods ended June 30, 2015 and 2014.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

7. Property, plant and equipment

	HK\$'000
Net book value at January 1, 2015	893,066
Additions — Network, decoders, cable modems and television production systems	73,685
— Others	5,122
Disposals	(793)
Depreciation	(112,423)
Impairment loss	(459)
Reclassification to inventories	(107)
Exchange reserve	13
Net book value at June 30, 2015	858,104

8. Programming library

	HK\$'000
Net book value at January 1, 2015	167,981
Additions	64,217
Amortisation	(62,005)
Net book value at June 30, 2015	170,193

9. Other intangible assets

	At June 30, 2015	At December 31, 2014
	HK\$'000	HK\$'000
Club debentures	3,767	3,767

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

10. 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:

	At June 30, 2015 HK\$'000	At December 31, 2014 HK\$'000
0 to 30 days	39,019	20,391
31 to 60 days	5,370	21,009
61 to 90 days	11,145	15,920
Over 90 days	16,164	20,174
	71,698	77,494

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

11. Amounts due to trade creditors

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

	At June 30, 2015 HK\$'000	At December 31, 2014 HK\$'000
0 to 30 days	10,063	5,497
31 to 60 days	10,765	20,315
61 to 90 days	2,008	13,929
Over 90 days	1,620	30,093
	24,456	69,834

12. Share capital

The transition to the no-par value regime under the Hong Kong Companies Ordinance (Cap. 622) occurred automatically on March 3, 2014. On that date, the share premium account and any capital redemption reserve were subsumed into share capital in accordance with section 37 of Schedule 11 to the Ordinance. These changes did not impact on the number of shares in issue or the relative entitlement of any of the members. Since that date, all changes in share capital have been in accordance with the requirements of Parts 4 and 5 of the Ordinance.

	At June 30, 2015		At December 31, 2014	
	No. of shares		No. of shares	
	('000)	HK\$'000	('000)	HK\$'000
Ordinary shares, issued and fully paid:				
At January 1	2,011,512	6,857,599	2,011,512	2,011,512
Transition to no-par value regime on March 3, 2014	–	–	–	4,846,087
At June 30 and December 31	2,011,512	6,857,599	2,011,512	6,857,599

13. Income tax in the consolidated statement of financial position

(a) **Current taxation in the consolidated statement of financial position represents:**

	At June 30, 2015	At December 31, 2014
	HK\$'000	HK\$'000
Overseas taxation	134	179

13. Income tax in the consolidated statement of financial position

(continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the period are as follows:

Deferred tax arising from:	Depreciation allowances in excess of related depreciation	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000
At January 1, 2015	59,149	(336,568)	(277,419)
Credited to consolidated statement of profit or loss <i>(Note 5)</i>	(4,897)	(3,153)	(8,050)
At June 30, 2015	54,252	(339,721)	(285,469)
	At June 30, 2015	At December 31, 2014	
	HK\$'000	HK\$'000	
Net deferred tax assets recognised in the consolidated statement of financial position	(306,661)	(302,949)	
Net deferred tax liabilities recognised in the consolidated statement of financial position	21,192	25,530	
	(285,469)	(277,419)	

13. Income tax in the consolidated statement of financial position

(continued)

(c) Deferred tax assets not recognised:

The Group has not recognised deferred tax assets in respect of the following:

	At June 30, 2015 HK\$'000	At December 31, 2014 HK\$'000
Future benefit of tax losses	407,996	394,157
Impairment loss for bad and doubtful accounts	146	120
	408,142	394,277

14. Capital commitments

Capital commitments outstanding as of June 30, 2015 not provided for in the interim financial report were as follows:

	At June 30, 2015 HK\$'000	At December 31, 2014 HK\$'000
Property, plant and equipment		
— Authorised and contracted for	33,237	4,982
— Authorised but not contracted for	270,437	208,139
	303,674	213,121

15. Contingent liabilities

At June 30, 2015, there were contingent liabilities in respect of the following:

- (a) The Company has undertaken to provide financial support to certain of its subsidiaries in order to enable them to continue to operate as going concerns.
- (b) 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\$406,000,000 (December 31, 2014: HK\$206,000,000), of which HK\$230,000,000 (December 31, 2014: HK\$100,000,000) was utilised.

As at the end of the reporting period, the Company has issued three separate guarantees to a bank and one guarantee to a fellow subsidiary in respect of loan facilities granted to two wholly-owned subsidiaries. At June 30, 2015, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the facilities drawn down by the wholly-owned subsidiaries of HK\$230,000,000 (December 31, 2014: HK\$100,000,000).

In January 2014, a subsidiary of the Group was named as a defendant in a lawsuit regarding the subsidiary's acquisition of a property in the People's Republic of China in 2007. The Group's subsidiary and other third party defendants are being jointly claimed for a collective amount of HK\$59,500,000. Based on the advice of legal counsel, the Group believes the lawsuit to be without merit and intends to vigorously defend itself, accordingly, no provision has been made in the financial statements in respect of this claim.

16. Material related party transactions

The significant and material related party transactions between the Group and related parties as set out in the annual accounts for the year ended December 31, 2014 continued to take place during this interim reporting period.

There were no new significant and material related party transactions entered by the Group during the six months ended June 30, 2015.

17. Review by the audit committee

The unaudited interim financial report for the six months ended June 30, 2015 was reviewed with no disagreement by the Audit Committee of the Company.

18. Approval of unaudited interim financial report

The unaudited interim financial report was approved by the Directors on August 5, 2015.

CORPORATE GOVERNANCE CODE

During the financial period under review, all the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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.

MODEL CODE FOR DIRECTORS’ DEALING IN SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors of the Company and all of them have confirmed that they have complied with the required standard set out in the Model Code during the period under review.

DIRECTORS’ INTERESTS IN SECURITIES

(i) Interests in Shares and Debt Securities

At June 30, 2015, Directors of the Company had the following beneficial interests, all being long positions, in the securities of the Company, The Wharf (Holdings) Limited (“Wharf”) (which is the Company’s parent company), Wheelock and Company Limited (“Wheelock”) (which is Wharf’s parent company), Wharf Finance (No. 1) Limited and Wheelock Finance Limited (both being fellow subsidiaries of the Company), and the percentages (where applicable) which the relevant securities represented to the total number of shares in issue of the five relevant companies respectively are also set out below:

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(i) Interests in Shares and Debt Securities *(continued)*

	Quantity held (percentage based on number of shares in issue, where applicable)	Nature of interest
The Company — Ordinary Shares		
Stephen T H Ng	1,265,005 (0.0629%)	Personal interest
Wheelock — Ordinary Shares		
Stephen T H Ng	300,000 (0.0148%)	Personal interest
Wharf — Ordinary Shares		
Stephen T H Ng	804,445 (0.0265%)	Personal interest
Wharf Finance (No. 1) Limited		
— HKD Fixed Rate Notes due 2020		
Roger K H Luk <i>(Note 2)</i>	HK\$4,000,000	Personal interest
Wheelock Finance Limited		
— HKD Guaranteed Notes due 2017		
Roger K H Luk <i>(Note 2)</i>	HK\$2,000,000	Personal interest

Notes:

(1) *The interests in shares disclosed above do not include interests in share options of the Company's associated corporations held by Directors of the Company as at June 30, 2015. Details of such interests in share options are separately set out below under the sub-sections headed "(ii) Interests in Share Options of Wheelock" and "(iii) Interests in Share Options of Wharf".*

(2) *These represent interests held jointly with another person.*

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(ii) Interests in Share Options of Wheelock

Set out below are particulars of all interests (all being personal interests) in options held during the six months ended June 30, 2015 by the Directors of the Company to subscribe for ordinary shares of Wheelock granted/exercisable under the share option scheme of Wheelock:

Name of Director	Date of grant (Day/Month/Year)	Number of Wheelock's shares under option		Subscription price per share (HK\$)	Vesting/exercise period (Day/Month/Year)
		As at January 1, 2015	As at June 30, 2015 (percentage based on number of shares in issue)		
Paul Y C Tsui	14/06/2013	1,500,000	1,500,000 (0.0738%)	39.98	15/06/2013 — 14/06/2018

Note:

The share options of Wheelock outstanding as at both January 1, 2015 and June 30, 2015 were/will be vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant options, i.e. exercisable to the extent of one-fifth of the relevant total number of Wheelock's shares and with the 1st, 2nd, 3rd, 4th and 5th tranche being exercisable from 15th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.

(iii) Interests in Share Options of Wharf

Set out below are particulars of all interests (all being personal interests) in options held during the six months ended June 30, 2015 by the Directors of the Company to subscribe for ordinary shares of Wharf granted/exercisable under the share option scheme of Wharf:

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(iii) Interests in Share Options of Wharf *(continued)*

Name of Director	Total number as at June 30, 2015 (percentage based on number of shares in issue)	Date of grant (Day/Month/Year)	Number of Wharf's shares under option		Subscription price per share (HK\$)	Vesting/exercise period (Day/Month/Year)
			As at January 1, 2015	As at June 30, 2015		
Stephen T H Ng	3,500,000 (0.1155%)	04/07/2011	1,500,000	1,500,000	55.15	05/07/2011 — 04/07/2016 ⁽¹⁾
		05/06/2013	2,000,000	2,000,000	70.20	06/06/2013 — 05/06/2018 ⁽²⁾
Paul Y C Tsui	2,200,000 (0.0726%)	04/07/2011	1,200,000	1,200,000	55.15	05/07/2011 — 04/07/2016 ⁽¹⁾
		05/06/2013	1,000,000	1,000,000	70.20	06/06/2013 — 05/06/2018 ⁽²⁾

Notes:

- (1) *The share options of Wharf granted on July 4, 2011 outstanding as at both January 1, 2015 and June 30, 2015 were/will be vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant Wharf's share options, i.e. exercisable to the extent of one-fifth of the relevant total number of Wharf's shares and with the 1st, 2nd, 3rd, 4th and 5th tranche being exercisable from 5th of July in the years 2011, 2012, 2013, 2014 and 2015 respectively, with one exception that the relevant options as at June 30, 2015 held by Mr Paul Y C Tsui were/will be vested in four tranches, with each tranche covering options for 300,000 Wharf's shares being exercisable from 5th of July in the years 2012, 2013, 2014 and 2015 respectively;*
- (2) *The share options of Wharf granted on June 5, 2013 outstanding as at both January 1, 2015 and June 30, 2015 were/will be vested in five tranches within a period of 5 years, with each tranche covering one-fifth of the relevant Wharf's share options, i.e. exercisable to the extent of one-fifth of the relevant total number of Wharf's shares and with the 1st, 2nd, 3rd, 4th and 5th tranche being exercisable from 6th of June in the years 2013, 2014, 2015, 2016 and 2017 respectively.*

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the Securities and Futures Ordinance (the "SFO") in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code, there were no interests, both long and short positions, held as at June 30, 2015 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of the Company and its associated corporations held by any of them at any time during the financial period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties which were, directly or indirectly, interested in 5% or more of any class of voting shares of the Company as at June 30, 2015, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the total number of shares in issue of the Company:

Names	Number of Ordinary Shares (percentage based on number of shares in issue)
(i) The Wharf (Holdings) Limited	1,485,259,171 (73.84%)
(ii) Wheelock and Company Limited	1,485,259,171 (73.84%)
(iii) HSBC Trustee (C. I.) Limited ("HSBC CI")	1,485,259,171 (73.84%)

Notes:

- (1) *The total number of shares of the Company in issue as at June 30, 2015 was 2,011,512,400.*
- (2) *For the avoidance of doubt and double counting, it should be noted that duplication occurs in respect of the shareholdings stated against parties (i) to (iii) above to the extent that they represented the same block of shares.*
- (3) *HSBC CI's deemed shareholding interests stated above were held by virtue of its 48.98% shareholding interest in Wheelock. HSBC CI held the interest in Wheelock as trustee of a trust.*
- (4) *Wheelock's deemed shareholding interests stated above were held by virtue of its 57.04% shareholding interest in Wharf which were held through, inter alia, its two wholly-owned subsidiaries, namely, Wheelock Investments Limited and WF Investment Partners Limited.*
- (5) *Wharf's deemed shareholding interests stated above were held through its wholly-owned subsidiary, namely, Wharf Communications Limited.*

All the interests stated above represented long positions and as at June 30, 2015, there were no short position interests recorded in the Register.

CHANGES OF INFORMATION OF DIRECTORS

- (i) Given below is the latest information regarding annual emoluments, calculated on an annualised basis for the year 2015, of any and all Director(s) of the Company for whom there has/have been change(s) of amounts of emoluments since the publication of the last annual report of the Company:

Director	Salary and various allowances ⁽¹⁾ HK\$ Million	Discretionary annual bonus in cash ⁽²⁾ HK\$ Million
Stephen T H Ng	1.8 (2014: 1.9)	3.0 (2014: 3.0)

Notes:

- (1) *Not including the Director's fee of HK\$60,000 per annum to each of the Directors of the Company payable by the Company.*
- (2) *Paid during the six-month period ended June 30, 2015, with the amounts of such discretionary annual bonus(es) fixed/decided unilaterally by the employer(s).*
- (ii) Given below is the latest information regarding the directorship(s) held at present and/or former directorship(s) (if any) held within the past three years in other listed public company(ies) in respect of all the present Director(s) of the Company for whom there have been changes in the relevant information since the publication of the last annual report of the Company (or, where applicable as regards Director(s) appointed subsequent thereto, since the date of appointment as Director(s) of the Company):

Director(s)	Present/(Former) directorship(s) in other listed public company(ies)
Stephen T H Ng	Wheelock; Wharf (Chairman since May 2015); Harbour Centre Development Limited ("HCDL"); Wheelock Properties (Singapore) Limited ("WPSL", publicly listed in Singapore); Joyce Boutique Holdings Limited ("JOYCE"); Hotel Properties Limited (publicly listed in Singapore); <i>(Former Directorship: Greentown China Holdings Limited ("Greentown") — resigned in March 2015)</i>
Paul Y C Tsui	Wheelock; Wharf (Vice Chairman since May 2015); JOYCE; <i>(Former Directorship: Greentown — resigned in July 2015; HCDL and WPSL — both resigned in August 2015)</i>

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 period under review.

By Order of the Board

Kevin C. Y. Hui

Company Secretary

Hong Kong, August 5, 2015

As at the date of this interim report, 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 Independent Non-executive Directors, namely, Mr Herman S M Hu, Mr Roger K H Luk, Mr Sherman S M Tang and Mr Patrick Y W Wu.

Notwithstanding any choice of language or means for the receipt of corporate communications (viz. annual report, interim report, etc.) previously made by Shareholder(s) and communicated to the Company, Shareholder(s) is/are given the option (which may be exercised at any time by giving reasonable prior notice to the Company) of changing his/her/their choice of printed language version(s) to English only, Chinese only or both English and Chinese for receiving future corporate communications, or changing the choice of receiving future corporate communications to using electronic means instead of in printed version (or vice versa). Such notice of change of choice should contain the full name(s) in English, address and contact telephone number of the relevant Shareholder(s), together with the relevant words regarding the request for the change of choice, and should be sent to the Company, c/o the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand delivery, or via email to i-cablecomm-ecom@hk.tricorglobal.com.