



TOM Group Limited

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

Interim Report

2015

Contents

2	Definitions
4	Corporate Information
5	Chairman's Statement
6	Management's Discussion and Analysis
10	Independent Review Report
11	Interim Financial Information
18	Notes to the Condensed Consolidated Interim Financial Information
36	Disclosure of Interests
40	Corporate Governance
41	Other Information

Definitions

“Board”	means the board of Directors
“CKH”	means Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, whose listing status on the Stock Exchange was replaced by CKHH on 18 March 2015
“CKHH”	means CK Hutchison Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange on 18 March 2015 (Stock Code: 0001)
“CKPH”	means Cheung Kong Property Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange on 3 June 2015 (Stock Code: 1113)
“Company” or “TOM”	means TOM Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2383)
“Corporate Governance Code”	means the Code sets out in Appendix 14 to the Listing Rules
“Director(s)”	means the director(s) of the Company
“GMV”	means Gross Merchandise Value, the total value of all orders handled or processed through Ule Group’s platform which include multiple websites, mobile applications and PC applications, regardless of whether the orders are consummated, goods and services returned or not
“Group” or “TOM Group”	means the Company and its subsidiaries
“HWL”	means Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares ceased to be listed on the Stock Exchange on 3 June 2015
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange

Definitions

“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
“Rubikloud”	means Rubikloud Technologies Inc., a corporation incorporated in Canada
“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
“Ule Group”	means Ule Holdings Limited and its subsidiaries
“WeLab”	means WeLab Holdings Limited, a BVI business company incorporated in the British Virgin Islands with limited liability

Corporate Information

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

Rooms 1601-05, 16/F.

China Resources Building

26 Harbour Road

Wanchai

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Tel: (852) 2121 7838

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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 (the "Group") for the six months ended 30 June 2015.

For the six months to 30 June 2015, the Group reported revenues of HK\$642 million and operating loss of HK\$102 million, 4% lower than for the same period last year. Loss attributable to shareholders, including disposal gains, was HK\$78 million.

The combination of the Mainland government's efforts in encouraging domestic consumption and the rapid expansion of Internet access in rural areas of the Mainland has created a unique opportunity for Ule (www.ule.com), our e-commerce joint venture with China Post. During the reporting period, Ule continued to grow rapidly, with gross merchandise value (GMV) reaching RMB6.56 billion, a 183% year-on-year growth. The business has achieved last year's full year GMV in six months.

Ule continues to expand its footprint in rural areas. As at the end of June, more than 80,000 of China Post's branded franchised stores in rural parts of most provinces across the Mainland had joined Ule's e-commerce platform. These stores offer a wide range of products and services, from agricultural to electronics to rural finance products, meeting the daily needs of local consumers and improving their quality of life. Ule also offers supply opportunities to brand owners to reach rural customers via its offline-to-online/mobile platform, bridging the rural and urban gap.

Our Mobile Internet Group reported revenues of HK\$23 million. The management of the division has implemented cost control measures to streamline its operation. Segment loss narrowed 51% from the same period last year.

The Publishing Group maintained stable revenues of HK\$454 million and increased segment profit 16% to HK\$28 million.

The Outdoor Media Group and the Television and Entertainment Group reported revenues of HK\$84 million and HK\$73 million respectively in the period.

Going forward, TOM Group will maintain financial and operating discipline in its core business and focus on the continuing growth of Ule in the second half of 2015.

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, 14 August 2015

Management's Discussion and Analysis

Financial Highlights

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$'000	HK\$'000
Consolidated revenue	641,825	726,679
Operating loss# before disposal gain*	(101,551)	(105,556)
Gain on disposal of long-term investments*	56,460	174,995
(Loss)/profit attributable to equity holders of the Company	(77,749)	29,458
(Loss)/earnings per share (HK cents)	(2.00)	0.76

Including share of results of investments accounted for using the equity method

* 2015: Gain on disposal of an investment accounted for using the equity method (HK\$50,147,000) and an available-for-sale financial asset (HK\$6,313,000)

2014: Gain on disposal of investments accounted for using the equity method (HK\$174,995,000)

Business Review

In the past few years, the Group has been continuously enhancing our business portfolio and reconfiguring resources to strategically invest in the technology-centric and high growth e-commerce, Internet finance and big data analytics sectors, seizing the fast growing opportunities of the Mainland government's "rural digitisation" and "Internet+" strategy.

E-Commerce: delivering strong operating KPIs

As the Mainland government is seeking to boost rural economy, rural e-commerce emerged to be a growing trend. During the review period, Ule continued its rapid growth momentum on its rural e-commerce business and delivered strong operating results.

Leveraging on the extensive network of China Post, the Ule rural e-commerce platform has covered more than 80,000 rural outlets, increased more than double from 40,000 outlets as at the end of last year. These outlets offer diversified offline and online services from concierge service to online sales of agriculture produce in most of the provinces across the nation, enabling villagers to fulfil their daily needs within the local villages from shopping, selling to financing and starting their own businesses. During the review period, Ule's GMV jumped 183% from RMB2.31 billion to RMB6.56 billion and has achieved last year's full year GMV in six months.

Management's Discussion and Analysis

Investments in WeLab and Rubikloud: both achieved rapid growth

The Group invested in WeLab, a Hong Kong based online consumer finance company, and Rubikloud, a Canadian based company specialising in retail intelligence, in 2014 and 2015 respectively.

WeLab recorded 750,000 members and US\$450 million in loan applications. Loan volume jumped 5 times year-on-year in Hong Kong and grew 5.8 times quarter-on-quarter in Mainland China. Driven by WeLab's proprietary WeDefend risk management technology, the company reported zero percentage of fraud loss in China. WeLab is also partnering with Ule, major mobile phone manufacturers and social networks to further expand its China Internet finance business.

Rubikloud has been rapidly expanding its technology footprint in automated analytics and machine learning. Notable client achievements include the adoption of Rubikloud into several global health and beauty retailers. The company reported 10 times growth in revenue processed from US\$1 billion to US\$10 billion and 8 times growth in macro retail database. Additionally, Rubikloud and Ule have partnered to bring real-time data analytics and product recommendations into rural China.

Business Operations Enhanced

The Mobile Internet Group continued to enhance its operating efficiency and improve resources allocation to focus on incubating mobile games. The streamlined operation reported revenues of HK\$23 million, with segment loss significantly reduced by 51% year-on-year. The advertising environment of traditional media in Mainland China and Taiwan continues to be challenging and competitive. However, **the Publishing Group** still maintained its market leader position with reported revenues of HK\$454 million and segment profit increased 16% to HK\$28 million. **The Outdoor Media Group's** revenues amounted to HK\$84 million as the business performance was affected by weak outdoor advertising market during the reporting period. **The Television and Entertainment Group** reported revenues at HK\$73 million and continued to focus on operating efficiency and efficient use of resources.

For the six months ended 30 June 2015, the Group's revenue was HK\$642 million; operating expenses reduced 12% from the same period last year. Gross margin expanded from 33% the same period last year to 35%. Loss attributable to shareholders, including disposal gains and share of results of associated companies, was HK\$78 million.

Management's Discussion and Analysis

Liquidity and Financial Resources

As at 30 June 2015, TOM Group had cash and bank balances, excluding pledged deposits, of approximately HK\$464 million. A total of HK\$3,430 million financing facilities were available, of which HK\$2,542 million had been utilised as at 30 June 2015, to finance the Group's investment, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK\$2,542 million as at 30 June 2015. These included long-term bank loans of approximately HK\$2,412 million and short-term bank loans of approximately HK\$130 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 86% as at 30 June 2015, compared to 82% as at 31 December 2014.

As at 30 June 2015, the Group had net current assets of approximately HK\$437 million, 4% higher than balance of approximately HK\$418 million as at 31 December 2014. As at 30 June 2015, the current ratio (Current assets/Current liabilities) of TOM Group was 1.49, compared to 1.45 as at 31 December 2014.

For the first six months of 2015, net cash used in operating activities amounted to HK\$53 million, 42% lower than HK\$91 million in the same period of 2014. Net cash outflow used in investing activities was HK\$77 million, mainly included capital expenditures of HK\$67 million and an investment of HK\$16 million; partially offset by proceeds from disposal of fixed assets of HK\$3 million and dividend received of HK\$3 million.

Charges on Group Assets

As at 30 June 2015, the Group had restricted cash amounting to HK\$4 million, being bank deposits mainly 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 2015, TOM Group had no significant contingent liabilities.

Employee Information

As at 30 June 2015, TOM Group had approximately 1,835 full-time employees. For the first six months of the year, employee costs, including Directors' emoluments, totalled HK\$223 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2014.

Management's Discussion and Analysis

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this 2015 Interim Report are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained in this 2015 Interim Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this 2015 Interim Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

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 long-term investments, 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.

Independent Review Report



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 11 to 35, 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 2015 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, 14 August 2015

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Interim Financial Information

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenue	5	641,825	726,679
Cost of sales		(420,458)	(489,983)
Selling and marketing expenses		(92,764)	(108,594)
Administrative expenses		(72,928)	(79,894)
Other operating expenses		(107,026)	(120,760)
Other gains, net		1,251	1,610
Gain on disposal of long-term investments	6	56,460	174,995
Share of profits less losses of investments accounted for using the equity method	15	(51,451)	(34,614)
	7	(45,091)	69,439
Finance income	8	3,431	4,939
Finance costs	8	(35,534)	(34,830)
Finance costs, net	8	(32,103)	(29,891)
(Loss)/profit before taxation		(77,194)	39,548
Taxation	9	(9,314)	927
(Loss)/profit for the period		(86,508)	40,475
Attributable to:			
– Non-controlling interests		(8,759)	11,017
– Equity holders of the Company		(77,749)	29,458
(Loss)/earnings per share attributable to equity holders of the Company during the period			
Basic and diluted	11	HK(2.00) cents	HK0.76 cents

Interim Financial Information

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
(Loss)/profit for the period	(86,508)	40,475
Items that may be subsequently reclassified to income statement:		
Revaluation surplus on available-for-sale financial assets	–	2,899
Gain previously in exchange reserve related to an associated company disposed during the period recognised in income statement	(13,514)	–
Exchange translation differences	1,137	(26,199)
Other comprehensive expense for the period, net of tax	(12,377)	(23,300)
Total comprehensive (expense)/income for the period	(98,885)	17,175
Total comprehensive (expense)/income for the period attributable to:		
– Non-controlling interests	(5,799)	7,349
– Equity holders of the Company	(93,086)	9,826

Interim Financial Information

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2015

		Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
	Note		
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	12	116,851	122,337
Goodwill	13	644,926	644,778
Other intangible assets	14	77,810	81,129
Investments accounted for using the equity method	15	1,447,770	1,520,101
Available-for-sale financial assets		72,315	58,149
Advance to an investee company		2,183	2,183
Deferred tax assets		36,866	35,811
Other non-current assets		7,277	8,246
		2,405,998	2,472,734
Current assets			
Inventories		115,387	110,456
Trade and other receivables	16	738,814	689,638
Restricted cash	17	3,825	3,680
Cash and cash equivalents		463,849	535,505
		1,321,875	1,339,279
Current liabilities			
Trade and other payables	18	676,297	731,338
Taxation payable		35,739	35,446
Long-term bank loans – current portion	19	42,985	26,219
Short-term bank loans	19	129,958	127,816
		884,979	920,819
Net current assets		436,896	418,460
Total assets less current liabilities		2,842,894	2,891,194

Interim Financial Information

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2015

	Note	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Non-current liabilities			
Deferred tax liabilities		9,777	8,602
Non-current portion of long-term bank loans	19	2,368,868	2,316,681
Pension obligations		35,864	34,910
		<u>2,414,509</u>	<u>2,360,193</u>
Net assets		<u>428,385</u>	<u>531,001</u>
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	20	389,328	389,328
Deficits		(364,114)	(157,618)
Own shares held		(6,244)	(6,244)
		<u>18,970</u>	<u>225,466</u>
Non-controlling interests		409,415	305,535
Total equity		<u>428,385</u>	<u>531,001</u>

Interim Financial Information

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2015

	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 2015	389,328	(6,244)	3,625,981	(11,186)	776	152,423	11,017	780,237	(4,716,866)	225,466	305,535	531,001
Comprehensive income:												
Loss for the period	-	-	-	-	-	-	-	-	(77,749)	(77,749)	(8,759)	(86,508)
Other comprehensive income:												
Gain previously in exchange reserve related to an associated company disposed during the period recognised in income statement	-	-	-	-	-	-	-	(13,514)	-	(13,514)	-	(13,514)
Exchange translation differences	-	-	-	-	-	-	-	(1,823)	-	(1,823)	2,960	1,137
Total comprehensive expense for the period ended 30 June 2015	-	-	-	-	-	-	-	(15,337)	(77,749)	(93,086)	(5,799)	(98,885)
Transactions with equity holders:												
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,289)	(4,289)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	941	941
Acquisition of additional interests in a subsidiary	-	-	-	9	-	-	-	-	-	9	(392)	(383)
Dilution of non-controlling interests upon capital injection in a subsidiary	-	-	-	(113,419)	-	-	-	-	-	(113,419)	113,419	-
Transactions with equity holders	-	-	-	(113,410)	-	-	-	-	-	(113,410)	109,679	(3,731)
Balance at 30 June 2015	389,328	(6,244)	3,625,981	(124,596)	776	152,423	11,017	764,900	(4,794,615)	18,970	409,415	428,385

Interim Financial Information

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2015

	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 Cash Flows

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities			
Net cash outflow from operations		(22,029)	(61,577)
Interest paid		(22,767)	(21,026)
Overseas taxation paid		(8,455)	(8,870)
Net cash used in operating activities		(53,251)	(91,473)
Cash flows from investing activities			
Capital expenditure		(66,599)	(67,726)
Acquisition of additional interests in a subsidiary		(383)	–
Proceeds from disposal of fixed assets		2,531	428
Capital investment in an available-for-sale financial asset		(15,600)	(31,152)
Dividends received		2,887	2,477
Net cash used in investing activities		(77,164)	(95,973)
Cash flows from financing activities			
New bank loans	19	150,120	338,440
Loan repayments	19	(83,467)	(190,532)
Loan arrangement fee paid		(5,742)	(16,904)
Dividends paid to non-controlling interests		(4,289)	(2,368)
Increase in restricted cash	17	(145)	(920)
Net cash from financing activities		56,477	127,716
Decrease in cash and cash equivalents		(73,938)	(59,730)
Cash and cash equivalents at 1 January		535,505	695,179
Exchange adjustment		2,282	(15,772)
Cash and cash equivalents at 30 June		463,849	619,677

Notes to the Condensed Consolidated Interim Financial Information

1 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 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 Listing Rules.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2 Accounting policies

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in 2014 annual financial statements, except for the adoption of amendments to standards which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2015.

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

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

3 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 2014.

Notes to the Condensed Consolidated Interim Financial Information

4 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).

The 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 2014.

There have been no changes in the risk management policies since the year ended 31 December 2014.

(b) Fair value estimation

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- 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/>	
<u>As at 30 June 2015</u>	
Assets	
Available-for-sale financial assets	
– Equity securities	14,879
	<hr/>
Total assets	14,879
	<hr/>
Total liabilities	–
	<hr/>

Notes to the Condensed Consolidated Interim Financial Information

4 Financial risk management (Continued)

(b) Fair value estimation (Continued)

	Level 1 HK\$'000
<hr/>	
<u>As at 31 December 2014</u>	
Assets	
Available-for-sale financial assets	
– Equity securities	14,879
	<hr/>
Total assets	14,879
	<hr/>
Total liabilities	–
	<hr/>

5 Segment information

The Group has five reportable operating segments:

- E-Commerce Group – provision of services to users using the mobile and Internet-based marketplace and provision of technical services for online trading platform.
- Mobile Internet Group – provision of mobile Internet services, online advertising and commercial enterprise solutions.
- 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

5 Segment information (Continued)

The segment results for the six months ended 30 June 2015 are as follows:

	Unaudited Six months ended 30 June 2015					Total HK\$'000
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Gross segment revenue	7,607	22,510	454,427	84,238	73,172	641,954
Inter-segment revenue	-	-	-	-	(129)	(129)
Net revenue from external customers	7,607	22,510	454,427	84,238	73,043	641,825
Segment profit/(loss) before amortisation and depreciation	4,696	(15,474)	86,443	22	(14,357)	61,330
Amortisation and depreciation	-	(2,537)	(58,723)	(10,666)	(3,549)	(75,475)
Segment profit/(loss)	4,696	(18,011)	27,720	(10,644)	(17,906)	(14,145)
Other material items:						
Gain on disposal of long-term investments	-	-	56,460	-	-	56,460
Share of profits less losses of investments accounted for using the equity method	(50,756)	191	(886)	-	-	(51,451)
	(50,756)	191	55,574	-	-	5,009
Finance costs:						
Finance income	4	2,676	193	504	54	3,431
Finance expenses (note a)	-	-	(2,254)	-	(10,064)	(12,318)
	4	2,676	(2,061)	504	(10,010)	(8,887)
Segment profit/(loss) before taxation	(46,056)	(15,144)	81,233	(10,140)	(27,916)	(18,023)
Unallocated corporate expenses						(59,171)
Loss before taxation						(77,194)
Expenditure for operating segment non-current assets	-	2,065	52,432	3,183	3,177	60,857
Unallocated expenditure for non-current assets						5,742
Total expenditure for non-current assets						66,599

Note (a): Inter-segment interest expense amounted to HK\$9,123,000 was included in the finance expenses.

Notes to the Condensed Consolidated Interim Financial Information

5 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
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Gross segment revenue	1,870	46,799	454,960	115,810	107,579	727,018
Inter-segment revenue	-	-	-	-	(339)	(339)
Net revenue from external customers	1,870	46,799	454,960	115,810	107,240	726,679
Segment profit/(loss) before amortisation and depreciation	(3,768)	(31,685)	79,524	3,437	(10,909)	36,599
Amortisation and depreciation	(57)	(4,884)	(55,683)	(10,298)	(5,696)	(76,618)
Segment profit/(loss)	(3,825)	(36,569)	23,841	(6,861)	(16,605)	(40,019)
Other material non-cash items:						
Gain on disposal of long-term investments	174,995	-	-	-	-	174,995
Share of profits less losses of investments accounted for using the equity method	(19,203)	(140)	(15,271)	-	-	(34,614)
	155,792	(140)	(15,271)	-	-	140,381
Finance costs:						
Finance income (note a)	44	3,705	9,565	561	37	13,912
Finance expenses (note a)	-	-	(5,147)	-	(9,353)	(14,500)
	44	3,705	4,418	561	(9,316)	(588)
Segment profit/(loss) before taxation	152,011	(33,004)	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

5 Segment information (Continued)

The segment assets and liabilities at 30 June 2015 are as follows:

	Unaudited As at 30 June 2015					Total HK\$'000
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Segment assets	114,112	478,789	1,212,791	288,602	147,811	2,242,105
Investments accounted for using the equity method	1,445,319	4,537	(2,086)	-	-	1,447,770
Unallocated assets						37,998
Total assets						3,727,873
Segment liabilities	28,894	96,963	348,195	103,400	45,602	623,054
Unallocated liabilities:						
Corporate liabilities						89,107
Current taxation						35,739
Deferred taxation						9,777
Borrowings						2,541,811
Total liabilities						3,299,488

The segment assets and liabilities at 31 December 2014 are as follows:

	Audited As at 31 December 2014					Total HK\$'000
	E-Commerce Group HK\$'000	Mobile Internet Group HK\$'000	Publishing Group HK\$'000	Outdoor Media Group HK\$'000	Television and Entertainment Group HK\$'000	
Segment assets	111,047	500,183	1,185,292	299,588	142,409	2,238,519
Investments accounted for using the equity method	1,496,192	4,346	19,563	-	-	1,520,101
Unallocated assets						53,393
Total assets						3,812,013
Segment liabilities	29,866	105,731	362,483	104,643	42,616	645,339
Unallocated liabilities:						
Corporate liabilities						120,909
Current taxation						35,446
Deferred taxation						8,602
Borrowings						2,470,716
Total liabilities						3,281,012

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

6 Gain on disposal of long-term investments

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	Note (a)	Note (b)
Gain on disposal of investments accounted for using the equity method	50,147	174,995
Gain on disposal of an available-for-sale financial asset	6,313	–
	<u>56,460</u>	<u>174,995</u>

Notes:

- (a) In May 2015, a subsidiary of the Group entered into an agreement to dispose its entire interests in China Popular Computer Week Management Company Limited (“PCW”), an associated company, and Chongqing Zhongkepu Media Development Joint Stock Company Limited (“ZKP”), an available-for-sale financial asset, at a total consideration of approximately RMB21 million. Upon the disposal of equity interests in PCW and ZKP, a write back on consideration payable of RMB30 million is recognised and included in gain on disposal of investments accounted for using the equity method.
- (b) 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

7 Operating (loss)/profit

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Charging:		
Depreciation of fixed assets (note 12)	22,867	27,209
Amortisation of other intangible assets (note 14)	53,070	49,772
Exchange loss, net	964	–
Crediting:		
Gain on disposal of fixed assets	1,828	169
Dividend income from available-for-sale financial assets	387	314
Exchange gain, net	–	1,127

8 Finance costs, net

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest and borrowing costs on bank loans	34,593	33,892
Interest on other loans	941	938
	35,534	34,830
Less: Bank interest income	(3,431)	(4,939)
	32,103	29,891

Notes to the Condensed Consolidated Interim Financial Information

9 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 charged/(credited) to the condensed consolidated interim income statement represents:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Overseas taxation	8,415	7,078
Under/(over)-provision in prior years	178	(8,906)
Deferred taxation	721	901
Taxation charge/(credit)	9,314	(927)

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

10 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 June 2015 (2014: Nil).

11 (Loss)/earnings per share

(a) Basic

The calculation of the basic (loss)/earnings per share is based on consolidated loss attributable to the equity holders of the Company of HK\$77,749,000 (2014: profit of HK\$29,458,000) and the weighted average of 3,893,270,558 (2014: 3,893,270,558) ordinary shares in issue during the period.

(b) Diluted

Diluted loss per share is equal to the basic loss per share for the period ended 30 June 2015 as the option scheme was expired on 22 July 2014. 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.

Notes to the Condensed Consolidated Interim Financial Information

12 Fixed assets

During the period, major fixed assets acquired by the Group were leasehold improvement amounting to HK\$8,656,000 and computer equipment amounting to HK\$5,776,000.

	<i>HK\$'000</i>
Net book value	
At 1 January 2014	142,315
Additions	14,512
Disposals	(259)
Depreciation charge	(27,209)
Exchange adjustment	(2,834)
	<u>126,525</u>
At 30 June 2014 (unaudited)	<u>126,525</u>
Net book value	
At 1 January 2015	122,337
Additions	18,073
Disposals	(703)
Depreciation charge	(22,867)
Exchange adjustment	11
	<u>116,851</u>
At 30 June 2015 (unaudited)	<u>116,851</u>

13 Goodwill

	<i>HK\$'000</i>
At 1 January 2014	646,914
Exchange adjustment	(2,291)
	<u>644,623</u>
At 30 June 2014 (unaudited)	<u>644,623</u>
At 1 January 2015	644,778
Exchange adjustment	148
	<u>644,926</u>
At 30 June 2015 (unaudited)	<u>644,926</u>

Notes to the Condensed Consolidated Interim Financial Information

14 Other intangible assets

	Concession rights <i>HK\$'000</i>	Publishing rights <i>HK\$'000</i>	Programme and film rights <i>HK\$'000</i>	Trademarks and domain names <i>HK\$'000</i>	Total <i>HK\$'000</i>
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
At 1 January 2015	6,101	72,349	2,097	582	81,129
Additions	–	45,937	2,589	–	48,526
Amortisation charge	(534)	(50,487)	(2,010)	(39)	(53,070)
Exchange adjustment	(22)	1,235	–	12	1,225
At 30 June 2015 (unaudited)	5,545	69,034	2,676	555	77,810

15 Investments accounted for using the equity method

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

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
Associated companies	1,447,770	1,520,101

Notes to the Condensed Consolidated Interim Financial Information

15 Investments accounted for using the equity method (Continued)

The amounts recognised in the income statement are as follows:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Associated companies	(51,451)	(30,507)
Joint ventures	–	(4,107)
	<u>(51,451)</u>	<u>(34,614)</u>

(a) Interests in associated companies

Movement in interests in associated companies during the period:

	Unaudited	
	2015	2014
	HK\$'000	HK\$'000
At 1 January	1,520,101	45,261
Transfer from interests in joint ventures (note 6(b))	–	1,203,075
Increase in share capital of an associated company (note 6(b))	–	347,512
Carrying value of interest in an associated company disposed of (note 6(a))	(18,357)	–
Share of profits less losses	(51,451)	(30,507)
Dividend paid	(2,500)	(2,163)
Exchange adjustment	(23)	(1,179)
At 30 June (unaudited)	<u>1,447,770</u>	<u>1,561,999</u>

Notes to the Condensed Consolidated Interim Financial Information

15 Investments accounted for using the equity method (Continued)

(b) Interests in joint ventures

Movement in interests in joint ventures during the period:

	Unaudited 2015 HK\$'000	2014 HK\$'000
At 1 January	–	1,390,709
Share of losses	–	(4,107)
Carrying value of certain interests in joint ventures disposed of (note 6(b))	–	(183,527)
Transfer to interests in associated companies (note 6(b))	–	(1,203,075)
At 30 June (unaudited)	–	–

16 Trade and other receivables

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Trade receivables	353,146	340,702
Prepayments, deposits and other receivables	385,668	348,936
	<u>738,814</u>	<u>689,638</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 150 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.

Notes to the Condensed Consolidated Interim Financial Information

16 Trade and other receivables (Continued)

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

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
Current	86,918	99,419
31-60 days	87,450	78,188
61-90 days	57,370	64,121
Over 90 days	185,276	199,341
	<u>417,014</u>	<u>441,069</u>
Less: Provision for impairment	(63,868)	(100,367)
	<u>353,146</u>	<u>340,702</u>
Represented by:		
Receivables from related companies	50	19,599
Receivables from third parties	353,096	321,103
	<u>353,146</u>	<u>340,702</u>

17 Restricted cash

As at 30 June 2015, the restricted cash was mainly pledged in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return (31 December 2014: Same).

Notes to the Condensed Consolidated Interim Financial Information

18 Trade and other payables

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
Trade payables	148,904	151,853
Other payables and accruals	527,393	579,485
	<u>676,297</u>	<u>731,338</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 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
Current	35,500	46,268
31-60 days	31,043	22,660
61-90 days	12,227	11,538
Over 90 days	70,134	71,387
	<u>148,904</u>	<u>151,853</u>
Represented by:		
Payable to third parties	<u>148,904</u>	<u>151,853</u>

Notes to the Condensed Consolidated Interim Financial Information

19 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 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>
As at 1 January 2015	127,816	2,342,900	2,470,716
Borrowings	75,120	75,000	150,120
Repayments	(75,120)	(8,347)	(83,467)
Exchange adjustment	2,142	2,300	4,442
As at 30 June 2015 (unaudited)	<u>129,958</u>	<u>2,411,853</u>	<u>2,541,811</u>

20 Share capital

	Ordinary shares of HK\$0.1 each	
	No. of shares	<i>HK\$'000</i>
Authorised:		
As at 1 January and 30 June 2014 and 1 January and 30 June 2015	<u>5,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
As at 1 January and 30 June 2014 and 1 January and 30 June 2015	<u>3,893,270,558</u>	<u>389,328</u>

21 Pledge of assets

Save as disclosed in note 17, the Group has no pledge of assets as at 30 June 2015 (31 December 2014: Nil).

22 Contingent liabilities

As at 30 June 2015, the Group had no significant contingent liabilities.

Notes to the Condensed Consolidated Interim Financial Information

23 Capital commitments

The Group's maximum capital commitments as at 30 June 2015 are as follows:

	Unaudited 30 June 2015 <i>HK\$'000</i>	Audited 31 December 2014 <i>HK\$'000</i>
Capital injection for an investment – Contracted but not provided for	7,500	7,500
Acquisition of fixed assets and other intangible assets – Authorised but not contracted for	52,541	73,203
	<u>60,041</u>	<u>80,703</u>

24 Related party transactions

A summary of significant related party transactions, in addition to those disclosed in note 16 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	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales to		
– HWL and its subsidiaries and joint ventures	21,854	29,001
– Non-controlling interests of subsidiaries and their subsidiaries	370	127
– Associated companies	<u>7,255</u>	<u>721</u>

Notes to the Condensed Consolidated Interim Financial Information

24 Related party transactions (Continued)

(b) Purchase of goods and services

	Unaudited	
	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Purchase of services payable to		
– Non-controlling interests of a subsidiary	6,517	6,541
Rental payable to		
– A subsidiary of CKH	6,136	7,363
– Non-controlling interests of subsidiaries and their subsidiaries	1,232	610
Service fees payable to		
– HWL and its subsidiaries	1,139	2,253
– CKHH and its subsidiaries	242	–
Property reinstatement costs payable to		
– A subsidiary of CKH	4,564	–

(c) Two substantial shareholders of the Company granted guarantees to the Company at an guarantee fee equivalent to 0.5% per annum (2014: Same) for loan facilities amounting to HK\$2,900 million (2014: Same). During the period, guarantee fee amounted to approximately HK\$5,619,000 was paid by the Company (2014: HK\$5,234,000) to these substantial shareholders.

(d) Key management compensation

During the period ended 30 June 2015, 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) (2014: Nil).

25 Approval of interim financial information

The condensed consolidated interim financial information was approved by the Board of Directors on 14 August 2015.

Disclosure of Interests

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

As at 30 June 2015, 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:

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 2015, none of the Directors or chief executive of the Company 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.

Disclosure of Interests

Interests and Short Positions of Substantial Shareholders

As at 30 June 2015, 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
CKHH	Interest of controlled corporations	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%
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%
CK Global Investments Limited	Interest of controlled corporations	952,683,363 (L) (Note 2)	24.47%
HWL	Interest of controlled corporations	952,683,363 (L) (Note 2)	24.47%

Disclosure of Interests

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
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%
Composers International Limited	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 and/or spouse & interest of controlled corporations	413,308,000 (L)	10.62%

(L) denotes a long position

Disclosure of Interests

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. CKH is a wholly-owned subsidiary of CKHH.

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.

- (2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of HWL. HWL is a non wholly-owned subsidiary of CK Global Investments Limited, which in turn is a wholly-owned subsidiary of CKHH. By virtue of the SFO, CKHH, CK Global Investments Limited, 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, CKHH 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, which in turn is a wholly-owned subsidiary of Composers International Limited. 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 and Composers International Limited are 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.

- (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 2015, 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.

Corporate Governance

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 2015 has been reviewed by the Audit Committee.

Corporate Governance Code

The Company has complied with all the code provisions of the Corporate Governance Code throughout the six months ended 30 June 2015, 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 2015.

Other Information

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2015, 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 2014 Annual Report of the Company are set out below:

Name of Directors	Details of the Changes
Frank John Sixt	Appointed as non-executive director of CKHH on 9 January 2015
	Re-designated from non-executive director to executive director, group finance director and deputy managing director of CKHH on 3 June 2015
	Re-designated from non-executive director to director of CKH on 3 June 2015
	Re-designated from executive director and group finance director to director of HWL on 8 June 2015
	Appointed as alternate director of HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited on 9 June 2015
Ip Tak Chuen, Edmond	Re-designated from director to executive director and appointed as deputy managing director of CKPH on 26 February 2015
	Resigned as non-executive director of ARA Asset Management (Fortune) Limited as the manager of Fortune Real Estate Investment Trust on 1 June 2015
	Appointed as member of executive committee of CKPH on 3 June 2015
	Ceased to be member of executive committee of CKHH on 3 June 2015

Other Information

	<p>Re-designated from deputy managing director and executive director to director of CKH on 3 June 2015</p> <p>Resigned as non-executive director of AVIC International Holding (HK) Limited on 23 June 2015</p>
Cheong Ying Chew, Henry	<p>Appointed as independent non-executive director of CKPH on 26 February 2015</p> <p>Appointed as independent non-executive director of CKHH on 18 March 2015</p> <p>Ceased to be member of the Securities and Futures Appeals Tribunal on 31 March 2015</p> <p>Resigned as independent non-executive director of Creative Energy Solutions Holdings Limited on 6 May 2015</p> <p>Ceased to be member of the Advisory Committee of the Securities and Futures Commission on 31 May 2015</p> <p>Resigned as independent non-executive director of CKHH on 3 June 2015</p> <p>Resigned as independent non-executive director of CKH on 3 June 2015</p>
Ip Yuk-keung, Albert	<p>Appointed as research fellow of the Institute for Financial Economics at Singapore Management University on 2 April 2015</p> <p>Appointed as independent non-executive director of Hopewell Holdings Limited on 10 April 2015</p> <p>Resigned as a member of the management sub-committee of the Boys' and Girls' Clubs Association of Hong Kong on 28 April 2015</p>
Chow Woo Mo Fong, Susan	<p>Appointed as executive director and group deputy managing director of CKHH on 3 June 2015</p> <p>Re-designated from executive director and deputy group managing director to director of HWL on 8 June 2015</p>