有線寬頻 i-CABLE

i-CABLE COMMUNICATIONS LIMITED

STOCK CODE: 1097

ANNUAL REPORT 2015

CONTENTS

RESULTS HIGHLIGHTS

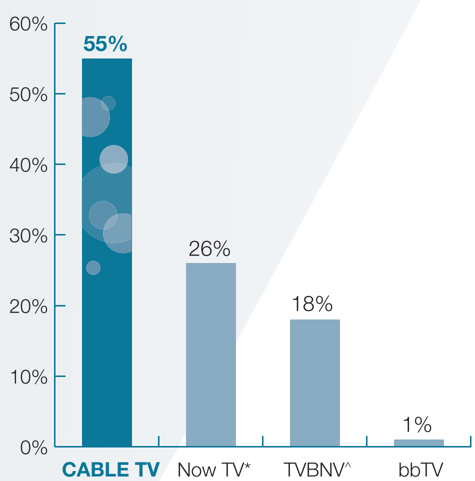
- As Hong Kong's economy dipped and competition intensified, both airtime and subscription sales were affected.
- This has made it harder to turn around the Group's financial performance in the near future.
- We are however encouraged to see early signs of subscription revenue stabilisation towards the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

CUSTOMERS

	December 2015	December 2014
Television	**951,000**	1,002,000
Broadband	**171,000**	186,000
Telephony	**100,000**	110,000

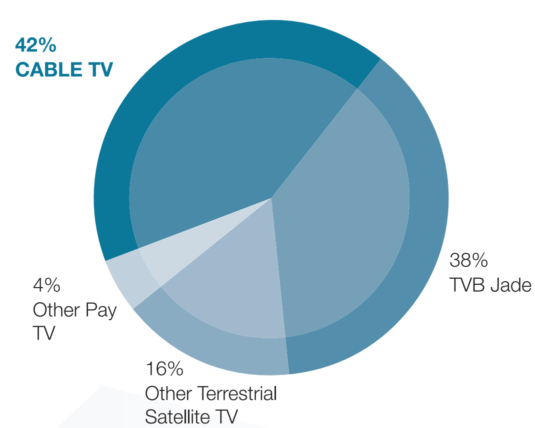
VIEWERSHIP

Viewing Share Among Pay TV Operators
(All individuals aged 4+ All Day All Time)



Source: Nielsen (Jan–Dec 2015)
** Excluded All TVBNV channels via Now TV STB*
^ Included All TVBNV channels via Now TV STB

Viewing Share Among All TV Operators
(CABLE TV subs aged 4+ All Day All Time)



Source: Nielsen (Jan–Dec 2015)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Stephen T H Ng	Chairman & Chief Executive Officer
William J H Kwan	Chief Financial Officer
Paul Y C Tsui	

Independent Non-executive Directors

Herman S M Hu, *BBS, JP*
Roger K H Luk, *BBS, JP*
Sherman S M Tang
Patrick Y W Wu

GROUP EXECUTIVES

Stephen T H Ng	Chairman & Chief Executive Officer
William J H Kwan	Director & Chief Financial Officer
Vincent W S Ma	Executive Director, *Hong Kong Cable Television Limited*
Ronald Y C Chiu	Executive Director, *i-CABLE News Limited and i-CABLE Sports Limited*
Samuel C C Tsang	Executive Director, *i-CABLE Entertainment Limited and Hong Kong Cable Enterprises Limited*
Simon K K Yu	Vice President, *Service Operations, Hong Kong Cable Television Limited*
Helina Wong	Vice President, *Subscription Marketing & Sales, Hong Kong Cable Television Limited*
Raymond W M Chan	Vice President, *Network Operations, Hong Kong Cable Television Limited*

COMPANY SECRETARY

Kevin C Y Hui, *FCCA, HKICPA*

AUDITORS

KPMG, Certified Public Accountants

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

REGISTRARS

Tricor Tengis Limited
Level 22, Hopewell Centre, 183 Queen's Road East,
Hong Kong

REGISTERED OFFICE

16th Floor, Ocean Centre, Harbour City, Canton Road,
Kowloon, Hong Kong
Telephone: (852) 2118 8118
Fax: (852) 2118 8018

PRINCIPAL BUSINESS ADDRESS

Cable TV Tower,
9 Hoi Shing Road,
Tsuen Wan,
Hong Kong

CORPORATE WEBSITE

www.i-cablecomm.com

ENQUIRIES

info@i-cablecomm.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

There wasn't a time in Hong Kong's television broadcasting history as dynamic as it is today. There are many more fresh programmes and channels created locally; and in the best picture quality no one could ever imagine in 1957, when Rediffusion rolled out the city's first television channel (in black & white; colour television wasn't introduced until 1971). Apart from a short period in the 1970s, Hong Kong viewers had to live with just two local television broadcasters until 1993 when we launched a multi-channel pay television service. It has now become a very crowded field.

Young as we are, we are proud to have established a strong brand of locally produced programmes/channels in a fierce operating environment. This is and will continue to be our core competence and investment focus, which we hope will give us an edge in our free television endeavours, when a licence is formally granted to Fantastic TV.

Along with investment in content, we are rolling out a fibre-to-the-home-network to provide fast broadband connectivity to our customers. This should go well with the trend for customers to receive over-the-top content, complimenting our commitment to provide the best experience to viewers.

We have launched FanHub in early 2016, offering enhanced television services such as video-on-demand and catch up television to subscribers. Separately, customers are able to watch programmes through i-CABLE's mobile app anywhere, anytime.

I am pleased to see the launch of HD209, our main news channel in high definition at the end of 2015. It is another key milestone of our news service making the most out of new technologies. In 2002, we were the first in Asia to digitize the news centre, showcasing to the world the advantages of digitization for speedy news reporting unseen in the analogue world.

Investments like this ahead of everyone, have earned us the reputation and respect among the viewers and the industry alike. HD209, together with our HD channels on our local entertainment, movies and sports platforms, have enabled us to have one of the most comprehensive HD offerings in local programming.

2016 will be another challenging year, as the local television market becomes more crowded than ever. On the free television front, TVB the dominant incumbent has just relaunched HD Jade as J5; and in 5 weeks' time, ATV will go off-air while the new Viu TV will launch its Cantonese service. Further free television licences may be issued, at a time when pay television competition is heating up with skyrocketing programming cost, particularly for sports rights, as unlicensed "OTT" operators from much bigger markets threaten to take the Hong Kong market by storm. On the demand side, more viewers are accustomed to pirated content anywhere, anytime on the net or via mobile apps. This has made it much harder for the Company to return to profitability. Nonetheless, we will be committed to give our customers value for money, exceptional service and top-notched content. On behalf of i-CABLE, I would like to thank you for your trust and support over the past year.

Stephen T H Ng
Chairman and Chief Executive Officer

Hong Kong, February 25, 2016

BUSINESS REVIEW

OPERATING ENVIRONMENT

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

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

TELEVISION SERVICES

New entrants have announced aggressive plans for Hong Kong. Although it remains to be seen how successful they would be with customers and revenues, their aggressive acquisition of key sports rights has already pushed rights fees to new highs, posing questions of longer term sustainability.

FanHub, an enhanced Pay TV service that offers interactive features such as Live TV, Catchup TV and VOD to enrich customer viewing experience, was launched in early 2016.

Hong Kong Cable News Express won MTR Corporation's multi-year contract, to continue as the exclusive content provider and advertising sales agency of MTRC's "In-train TV".

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

INTERNET & MULTIMEDIA

Broadband reported growth in our mid-range price plans as well as a moderate increase in various subscription price points. However, we were unable to contain the contraction of customer base, which had resulted in lower revenue overall and operating margin.

Network enhancement to higher-speed broadband services GPON is progressing on track and is expected to cover many more homes in 2016. The faster and more reliable broadband service should boost our customer base and competitiveness.

PROGRAMMING

Our movie and entertainment platforms continued to outperform the competition during the year. Viewership of our movie and local entertainment channels was higher than that of other Pay TV platforms combined.

Our movie acquisition strategy continued to focus on local market flavor. We broadcast "Little Big Master" (五個小孩的校長), the highest-grossing local movie in 2015, which embraced Hong Kong's core value and was an excellent piece of work for family viewing.

Entertainment platform strived to bring distinct and premium content to our viewers. Showbiz entertainment, travelogue and food programmes remained our key local productions. We also innovated and explored new genres, including travel reality show "Trips with Mom" (帶阿媽去旅行), a touching and bittersweet journey; and "Emergency Vets" (寵物ER), Hong Kong's first ever pets' ER series.

BUSINESS REVIEW (CONTINUED)

Our news platform was upgraded to HD (High Definition) capabilities at the end of 2015, giving audience the pleasure of an elevated level of refined, colorful and high quality viewing experience through channel HD209. Newsroom facilities are well equipped for virtual reality and graphics application. The adoption of large touch screen also enabled more interactions between anchors and the audience.

The Group has secured broadcast rights for soccer leagues including UEFA Champions League, German Bundesliga, Australian A-League, Japanese J League and Russian Premier League as well as for world-class non-soccer events including woman's volleyball, table tennis, cycling and badminton.

OUTLOOK

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

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

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

BUSINESS MODEL

i-CABLE Communications Limited is an integrated communications services provider in Hong Kong, commanding one of the largest and most influential television viewer and communications service user bases in town.

It owns and operates a near universal wireline telecommunications network in Hong Kong, over which it provides Television, Broadband, Telephony and multimedia services to over one million households.

It is also one of the largest producers of television, film and multimedia content based in Hong Kong for distribution over conventional and new media, with a particular focus on news, information, sports and entertainment.

BUSINESS STRATEGY

The Group endeavours to sharpen its services to attain higher customer satisfaction, which in turn drives business and revenue performance. Specifically, the Group pursues the following:

(a) acquire, produce and distribute quality content meeting local tastes and needs;

(b) invest in infrastructure, network and delivery platforms to enhance service level and customer convenience;

(c) unlock the value of our programming assets for cross-platform and international distribution; and

(d) continuously better our processes and procedures to always stay cost-effective.

CORPORATE AND COMMUNITY AFFAIRS

As a responsible corporate citizen, we have a key role to play in making our world a better place to live in.

We attach great importance to staff participation in community activities, encouraging colleagues to extend a helping hand to the elderly, children and youths as well as families in need of social support. Charitable organisations that we worked with included the Community Chest, Orbis, Social Welfare Department — Integrated Family Service Centre, Youth Outreach, Ronald McDonald House, Hong Kong Christian Service, The Salvation Army and Tai Po Geoheritage Centre. Activities and events included visits to elderly homes, collection of books and stationery for donation to needy children, improvement projects for wildlife habitats, as well as various other fundraising initiatives.

Initiatives were introduced in our partnership with the school, Buddhist Wong Wan Tin College, under Wharf Group's Project WeCan ("PWC"), a business-in-community programme designed to offer care and opportunities for the less-privileged students in Hong Kong. A range of programmes and activities with the aim of uplifting students' performance, increasing opportunities for exposure and personal development were arranged, including training workshops on television production, MC coaching and presentation, job tasting programme, interest class, and the newly introduced image building class etc. The school library was renovated and a new Creativity Zone was established as sponsored by PWC.

i-CABLE Group Companies received the "Good MPF Employer Award 2014/15" from The Mandatory Provident Fund Schemes Authority for our full compliance with employers' statutory obligations and provision of better retirement for employees. The Group continued to receive the "Caring Company Scheme 5 Years Plus Logo" in 2015 from the Hong Kong Council of Social Service in recognition of our continuous commitment as a socially responsible corporation. CABLE TV also received from the same organization the "Caring Company Logo" for the sixth year.

We continued to demonstrate our environmental responsibility through on-going environmental protection initiatives. We participated for the seventh consecutive year in the "Earth Hour" campaign, encouraging our staff to be mindful of energy saving wherever possible and promoting this initiative on our online platform. During the year, continual reductions were achieved in our various resource consumptions.

FINANCIAL REVIEW

A. REVIEW OF 2015 RESULTS

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

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

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

B. SEGMENTAL INFORMATION

Television

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

Internet & Multimedia

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

C. LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

D. CONTINGENT LIABILITIES

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

E. HUMAN RESOURCES

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

CORPORATE GOVERNANCE REPORT

(A) CORPORATE GOVERNANCE PRACTICES

During the financial year ended December 31, 2015, the Company has applied the principles set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited and all the code provisions contained therein were met by the Company, with the exception of one deviation as set out under section (D) below.

(B) DIRECTORS' SECURITIES TRANSACTIONS

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 financial year ended December 31, 2015.

(C) BOARD OF DIRECTORS

(I) Composition of the Board, number of Board/General meetings and Directors' attendance

The Company's Board has a balance of skills and experience and a balanced composition of executive and non-executive directors. Five Board meetings and one general meeting were held during the financial year ended December 31, 2015. The composition of the Board and attendance of the Directors are set out below:

Directors	Attendance/Number of Meeting(s) Board Meetings	General Meeting
Chairman and Chief Executive Officer		
Stephen T H Ng	5/5	1/1
Chief Financial Officer		
William J H Kwan	5/5	1/1
Non-executive Director		
Paul Y C Tsui	5/5	1/1
Independent Non-executive Directors		
Herman S M Hu	4/5	1/1
Roger K H Luk	5/5	1/1
Sherman S M Tang	5/5	1/1
Patrick Y W Wu	5/5	1/1

Each Director of the Company has been appointed on the strength of his calibre, experience and stature, and his potential to contribute to the proper guidance of the Group and its businesses. Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions.

(II) Board Diversity

The Company's Board has adopted a Board Diversity Policy (the "Policy"). Under the Policy, the Company recognises and embraces the benefits of having a diverse Board with a vision for the Company to achieving a sustainable and balanced development. Appointments of Directors are made on merits while having due regard for the benefits of diversity of the Board.

At present, more than half of the Directors on the Board are Independent Non-executive Directors ("INED(s)"). They represent diverse career experience in both international and local enterprises. They bring with them diverse professional backgrounds, spanning property development and investment, banking, legal, valuation and advisory, hospitality and entrepreneurship. They also hold or have held important public service positions in Hong Kong and China, covering business, industry and commerce, sports, education, regulatory and politics.

(C) BOARD OF DIRECTORS (Continued)

(II) Board Diversity (Continued)

The Board composition reflects various cultural and educational backgrounds, professional development, length of service, knowledge of the Company and a broad range of individual attributes, interests and values. The Board considers the current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

(III) Operation of the Board

The Company is headed by an effective Board which makes decisions objectively in the interests of the Company. The Company's management has closely monitored changes to regulations that affect its corporate affairs and businesses, and changes to accounting standards, and adopted appropriate reporting format in its interim report, annual report and other related documents to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Where these changes are pertinent to the Company or Directors' disclosure obligations, the Directors are either briefed during Board meetings or issued with regular updates and materials to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group. Newly appointed Directors receive briefings and orientation on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.

There is a clear division of responsibilities between the Board and the management. Decisions on important matters are specifically reserved to the Board while decisions on the Group's general operations are delegated to the management. Important matters include those affecting the Group's strategic policies, major investment and funding decisions and major commitments relating to the Group's operations.

(IV) Directors' Continuous Professional Development

The Company has arranged for Directors to attend training sessions and forums which place emphasis on the roles, functions and duties of a listed company director, as well as the development of regulatory updates and issues. All Directors are required to provide training records to the Company and the training records are maintained by the Company Secretary.

According to the records of training maintained by the Company Secretary, all the current Directors have, during the financial year under review, pursued continuous professional development and relevant details are set out below:

Directors	**Type of trainings** *(See Remarks)*
Stephen T H Ng	A, B
William J H Kwan	A, B
Paul Y C Tsui	A, B
Herman S M Hu	A, B
Roger K H Luk	A, B
Sherman S M Tang	A, B
Patrick Y W Wu	A, B

Remarks:

A: *attending seminars and/or conferences and/or forums*

B: *reading journals, updates, articles and/or materials, etc.*

(D) CHAIRMAN AND CHIEF EXECUTIVE

Mr Stephen T H Ng serves as the Chairman and Chief Executive Officer of the Company. This is a deviation from Code Provision A.2.1 with respect to the roles of chairman and chief executive (or chief executive officer) to be performed by different individuals. Such 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 INEDs.

(E) APPOINTMENT AND RE-ELECTION OF DIRECTORS

Under the Company's Articles of Association, all Directors are subject to retirement at an annual general meeting at least once every three years and are subject to re-election. The Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the Board. Any such new Director shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at the same general meeting.

The re-election of each of those INEDs who has served on the Board for more than nine years is subject to (i) a separate resolution to be approved by Shareholders at the relevant Annual General Meeting; and (ii) further information being given to Shareholders together with the notice of meeting regarding the reasons why the Board believes the relevant Director is still independent and should be re-elected.

(F) BOARD COMMITTEES

(I) Audit Committee

The Company has set up an audit committee (the "AC") with majority of the members being INEDs. The AC comprises Mr Roger K H Luk (an INED and the chairman of the AC), Mr Paul Y C Tsui (a Non-executive Director) and Mr Patrick Y W Wu (an INED).

No member of the AC is a former partner of the existing audit firm of the Company during the one year after he ceases to be a partner of the audit firm. All AC members have sufficient experience in reviewing audited financial statements as aided by the auditors of the Group whenever required. In addition, Mr Roger K H Luk has the appropriate professional qualifications or experience in financial matters.

Three AC meetings were held during the financial year ended December 31, 2015. Attendance of the AC members is set out below:

Members	Attendance/Number of Meetings
Roger K H Luk, Chairman	3/3
Patrick Y W Wu	3/3
Paul Y C Tsui	3/3

(i) The terms of reference of the AC are aligned with the provisions set out in the CG Code and the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of the AC:

(F) BOARD COMMITTEES (Continued)

(I) Audit Committee (Continued)

(A) Relationship with the Company's external auditors

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of their resignation or dismissal;

(b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The AC should discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences; and

(c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The AC should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

(B) Review of financial information of the Company

(a) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the AC should focus particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(b) regarding (B)(a) above:

(i) the AC should liaise with the Company's Board and Senior Management and must meet, at least twice a year, with the Company's external auditors; and

(ii) the AC should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, or for compliance function or auditors (internal or external).

(F) BOARD COMMITTEES (Continued)

(I) Audit Committee (Continued)

(C) Oversight of the Company's financial reporting system, and risk management and internal control systems

(a) to review the Company's risk management and internal control systems covering all controls; including financial, operational and compliance controls, with the support of the Risk Management and Internal Control Committee;

(b) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budgets of the Company's accounting, internal audit and financial reporting functions;

(c) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings and review the statements concerning risk management and internal control to be included in the annual report;

(d) to ensure co-ordination between the internal and external auditors, to review and approve the annual internal audit plan, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company for it to carry out an analysis and independent appraisal of the adequacy and effectiveness of the Company's financial reporting system and risk management and internal control systems, and to review and monitor the effectiveness of the internal audit function;

(e) to review the Group's financial and accounting policies and practices;

(f) to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;

(g) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;

(h) to report to the Board on the matters in the Code Provisions in the Listing Rules;

(i) to establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(j) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The AC should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(k) to act as the key representative body for overseeing the Company's relations with the external auditors; and

(l) to consider other topics, as defined by the Board.

(F) BOARD COMMITTEES (Continued)

(I) Audit Committee (Continued)

(D) Review and reassessment of these terms of reference

At least annually, the AC shall review and reassess the adequacy of these terms of reference and recommend any proposed changes to the Board for approval.

(E) Oversight of the Company's Corporate Governance Matters

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and Senior Management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to consider other topics, as defined by the Board.

(ii) The Group has adopted and established a Whistleblowing Policy & Procedures. The Company's AC has the delegated authority and responsibility, for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence, with the Head of Human Resources Department, and any and all relevant complaints received may then be referred to the AC and/or Chief Executive Officer about possible improprieties in any matter related to the Group.

(iii) The work performed by the AC for the financial year ended December 31, 2015 is summarised below:

(a) review of the annual audit plan of the external auditors before the audit commences, and discussion with them about the nature and scope of the audit;

(b) approval of the remuneration and the appointment and the terms of engagement of the external auditors;

(c) review of the external auditors' independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

(d) review of the half-year and annual financial statements before submission to the Board, with particular consideration of the points mentioned in paragraph (i)(B) above regarding the duties of the AC;

(e) review of the internal audit report and annual audit plan of the internal audit function and its effectiveness;

(f) review of the Group's risk management and internal control systems and the statements concerning risk management and internal control to be included in the annual report;

(g) meeting with the external auditors without executive Board members present;

(F) BOARD COMMITTEES (Continued)

(I) Audit Committee (Continued)

(h) review of whistle-blowing cases and relevant investigation results;

(i) review of the corporate governance matters of the Group;

(j) review of and monitoring of the Group's compliance with legal and regulatory requirements; and

(k) review of the revised Audit Committee Charter for submission to the Board for adoption.

(II) Compensation Committee

The Company has set up a Compensation Committee (the "CC") consisting of two INEDs. The CC comprises Mr Patrick Y W Wu (as the chairman of the CC) and Mr Roger K H Luk.

One CC meeting was held during the financial year ended December 31, 2015. Attendance of the CC members is set out below:

Members	Attendance/Number of Meeting
Patrick Y W Wu, Chairman	1/1
Roger K H Luk	1/1

(i) The terms of reference of the CC are aligned with the provisions set out in the CG Code. Given below are the main duties of the CC:

(a) to make recommendations to the Board on the Company's policy and structure for remuneration of all Directors and Senior Management, and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals by reference to the Board's corporate goals and objectives;

(c) either:

(i) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management; or

(ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(F) BOARD COMMITTEES (Continued)

(II) Compensation Committee (Continued)

(f) to review and approve compensation payable to executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration;

(i) to advise Shareholders on how to vote with respect to any service contracts of Directors that require Shareholders' approval under the Listing Rules;

(j) to decide with respect to the Employee Share Option Scheme (if any):

(i) the Employees to whom Options shall be granted;

(ii) the number of Shares subject to each Option;

(iii) the date on which Options shall be granted; and

(iv) the Subscription Price; and

(k) to review any compensation related or other issues as requested by the Board.

(ii) The work performed by the CC, which has the delegated authority and responsibility, for the financial year ended December 31, 2015 is summarised below:

(a) review of the Company's policy and structure for all remuneration of Directors and Senior Management;

(b) consideration and approval of the emoluments for all Directors and Senior Management; and

(c) review of the level of fees for Directors and AC members.

The basis of determining the emoluments payable to its Directors and Senior Management by the Company is by reference to the level of emoluments normally paid by a listed company in Hong Kong to directors and senior executives of comparable calibre and job responsibilities so as to ensure a fair and competitive remuneration package as is fit and appropriate. The basis of determining the fee payable to each of the Directors of the Company, currently at the rate of HK$60,000 per annum, and the fee payable to each of those Directors who are also members of the AC of the Company, currently at the rate of HK$20,000 per annum, is by reference to the level of fees of similar nature normally paid by a listed company in Hong Kong to its directors.

(III) Nomination Committee

The Company has set up a Nomination Committee (the "NC") with the majority of its members being INEDs. The NC comprises the Chairman of the Company, namely, Mr Stephen T H Ng (as the chairman of the NC), and two INEDs, namely, Mr Patrick Y W Wu and Mr Roger K H Luk.

(F) BOARD COMMITTEES (Continued)

(III) Nomination Committee (Continued)

The terms of reference of the NC are aligned with the provisions set out in the CG Code. Given below are the main duties of the NC:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of INEDs; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the chief executive.

During the financial year ended December 31, 2015, no physical meeting of the NC was held and nomination matters, if any, requiring NC's approval and/or recommendation were arranged by means of circulation of written resolutions.

(IV) Corporate Governance Functions

While the Board is and remains to be principally responsible for the corporate governance functions of the Company, it has delegated the relevant duties to the AC to ensure the proper performance of corporate governance functions of the Company. In this connection, the terms of reference of the AC include various duties relating to corporate governance matters which are set out in paragraph "(E) Oversight of the Company's Corporate Governance Matters" on page 14 under sub-section "(I) Audit Committee" of section "(F) BOARD COMMITTEES" above.

(G) AUDITORS' REMUNERATION

The fees in relation to the audit services for the financial year ended December 31, 2015 provided by KPMG, the external auditors of the Company, amounted to HK$3 million.

(H) RISK MANAGEMENT AND INTERNAL CONTROLS

(I) Risk Governance

The risk management and internal control systems ("RM&IC Systems") of the Group comprises a well-defined governance structure, with areas of responsibility and limits of authority of each business and operational unit clearly delineated to ensure effective checks and balances. Internal control policies, procedures and guidelines have been compiled to safeguard assets against unauthorised use or disposition, maintenance of proper records, assurance of the reliability of financial information for internal use or publication and compliance with relevant legislation and regulations.

(H) RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

(I) Risk Governance (Continued)

The Board of Directors acknowledges its ultimate responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving strategic objectives and for maintaining the RM&IC Systems as well as monitoring their effectiveness. Management is tasked with the design, implementation and monitoring of the systems. The AC has been delegated by the Board to oversee the systems and is supported by the Risk Management and Internal Control Committee ("RMICC"), which provides assessment and assurance on risk and internal control oversight.

As the last line of defence, the internal audit function monitors compliance with policies and standards and carries out an analysis and independent appraisal of the adequacy and effectiveness of the RM&IC Systems across the Group. Findings regarding risk management and internal control matters are reported to the AC, in line with the annual audit plan reviewed by AC, and communicated to the business or corporate units concerned. The external auditors have access to the full set of internal audit reports.

Notwithstanding the above, the RM&IC Systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

(II) Risk Management Processes and Practices

Management maintains a risk register to identify major risks, which are then categorized into business risks, financial risks, compliance risks and operational & other risks. The risks identified are evaluated in terms of individual likelihood of occurrence, severity of consequence, priority and the existence of early warning signal. Based on the results of the assessment, management will determine the appropriate risk response: acceptance, transfer, elimination, reduction or sharing, and formulate corresponding control activities and mitigation measures. The risk profile will be reviewed and the risk register will be updated on an ongoing basis to incorporate any change in the nature and extent of significant risks. Internal control deficiencies, if any, are communicated to the responsible parties for taking corrective action.

The AC, through the RMICC, conducts annual review of the effectiveness of the RM&IC Systems and procedures covering all controls, including financial, operational and compliance controls, by way of the above risk identification and assessment exercise. Confirmation from management, in the form of certification that risk management and internal control procedures are functioning effectively to meet the respective financial reporting, operational and compliance needs, is obtained from business and corporate unit heads.

To ensure timely, fair, accurate and complete disclosure of inside information and for compliance with the applicable laws and regulations, the Group has in place, as an internal control element, a Disclosure Policy of Price Sensitive Information providing guidance on reporting and dissemination of inside information and preservation of confidentiality. Under the policy, Directors or heads of business units shall report to Chairman/Chief Financial Officer any potential/suspected inside information event as soon as practicable when it materializes for determining the nature of developments, and if required, making disclosure. All staff are also required to observe the Code of Ethical Standards to keep non-public information confidential.

(III) Annual Review

During the year ended December 31, 2015, the AC has, on behalf of the Board, conducted an annual review of the RM&IC Systems, including the adequacy of, *inter alia*, resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. Written management confirmation on the effectiveness of the RM&IC Systems has been received.

(H) RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

(III) Annual Review (Continued)

The results of the review were reported by the AC to the Board, based on which the Directors concluded that, for the financial year ended December 31, 2015, the RM&IC Systems and procedures of the Group were effective and adequate and the Group has complied with the provisions in the CG Code regarding risk management and internal control.

(I) DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of the financial statements for the financial year ended December 31, 2015, which give a true and fair view of the financial position of the Group as a whole as at the end of the financial year and of the Group's financial performance and cash flows for the year then ended and in compliance with the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

The responsibilities of the external auditors are to form an independent opinion, based on the audit, on the financial statements.

In preparing the financial statements for the financial year ended December 31, 2015:

(i) appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards;

(ii) prudent and reasonable judgements and estimates are made; and

(iii) the reasons for any significant departure from applicable accounting standards are stated, if applicable.

(J) COMMUNICATION WITH SHAREHOLDERS

A Shareholders Communication Policy has been adopted by the Company to ensure that Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. Annual and interim reports are published/printed and printed copies of such reports or notifications of publication thereof on the Company's website are sent to all Shareholders. Such reports and press releases are posted and are available for download at the Company's corporate website www.i-cablecomm.com. In addition, the Company makes full use of the Internet to make information broadly available to Shareholders. The Company's website provides email address, postal address, fax number and telephone number by which enquiries may be put to the Company's Board. Constantly being updated in a timely manner, the website also contains a wide range of additional information on the Group's business activities. As a standard part of the investor relations programme to maintain a constant dialogue on the Group's performance and objectives, senior executives hold regular briefings and attend conferences with institutional investors and financial analysts.

The Company encourages its Shareholders to attend Annual General Meetings to ensure a high level of accountability and to stay informed of the Group's strategy and goals.

The Directors and external auditors attend the Annual General Meetings to answer Shareholders' questions.

(K) SHAREHOLDERS' RIGHTS

(I) Convene a General Meeting

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "CO"), on written requisition by Shareholders representing at least 5% of the total voting rights of all Shareholders having a right to vote at general meetings, the Directors of the Company must convene a general meeting.

(II) Send Enquiries to the Board

The Company's corporate website (www.i-cablecomm.com) provides email address (for enquiry purpose only), postal address, fax number and telephone number by which Shareholders may at any time address their enquiries to the Company's Board.

(III) Make Proposals at General Meetings

(i) The procedures for proposing candidate(s) for election as Director(s) at a Shareholders' meeting are set out in the Corporate Information section of the Company's corporate website.

(ii) The procedures for proposing resolution(s) to be moved at the Company's Annual General Meeting(s) are as follows:

Pursuant to Section 615 of the CO, Shareholder(s) can submit a written requisition to move a resolution at the Company's Annual General Meeting(s) if they represent:

- at least 2.5% of the total voting rights of all Shareholders who have a right to vote at the Annual General Meeting to which the requests relate; or
- at least 50 members who have a right to vote on the resolution at the Annual General Meeting to which the requests relate.

The relevant written requisition must:

(a) identify the resolution of which notice is to be given;

(b) be authenticated by the person or persons making it; and

(c) be received by the Company not later than 6 weeks before the relevant Annual General Meeting to which the requests relate; or if later, the time at which notice is given of that meeting.

Any written requisitions from Shareholders to the Company pursuant to Sections 566 and 615 of the CO must be deposited at the Company's registered office (16th Floor, Ocean Centre, Harbour City, Canton Road, Kowloon, Hong Kong).

(L) AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

There was no significant change in the Company's constitutional documents during the financial year.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the financial year ended December 31, 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of its subsidiaries which principally affected the results, assets or liabilities of the Group are set out in Note 16 to the Financial Statements on page 66.

BUSINESS REVIEW

A review of the Group's business for the year ended December 31, 2015 are presented in "Chairman's Statement", "Business Review" and "Financial Review" on page 4, pages 5 to 6 and page 8 respectively. The "Financial Review" also includes an analysis of the Group's performance during the financial year in terms of financial key performance indicators on page 8. Likely future developments in the Group's business are disclosed in "Chairman's Statement" and "Outlook" section of "Business Review" on page 4 and page 6 respectively.

Principal risks and uncertainties facing the Group can be found in "Chairman's Statement", "Business Review" and Note 28 to the consolidated financial statements on page 4, pages 5 to 6 and pages 74 to 77 respectively, with financial risk management policies and practices of the Group covered under the aforesaid Note 28 to the consolidated financial statements.

A discussion of environmental, social and governance matters, covering the Group's environmental policies and performance, compliance with the relevant laws and regulations that have a significant impact on the Group and an account of the key relationships with the Group's employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends, is set out in "Business Review", "Corporate and Community Affairs" and "Corporate Governance Report" on pages 5 to 6, page 7 and pages 9 to 20 respectively.

The applicable discussion and analysis as cross-referenced above shall form an integral part of this Report of the Directors.

RESULTS

The results of the Group for the financial year ended December 31, 2015 are set out in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 36.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the financial year ended December 31, 2015.

DONATIONS

The Group made donations during the financial year totalling HK$56,600.

DIRECTORS OF THE COMPANY

The Directors of the Company during the financial year and up to the date of this report are Mr Stephen T H Ng, Mr William J H Kwan, Mr Herman S M Hu, Mr Roger K H Luk, Mr Paul Y C Tsui, Mr Sherman S M Tang and Mr Patrick Y W Wu.

DIRECTORS OF THE COMPANY (Continued)

Messrs William J H Kwan, Roger K H Luk and Sherman S M Tang will retire by rotation from the Board at the forthcoming Annual General Meeting. Being eligible, they offer themselves for re-election. None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS OF SUBSIDIARIES

The names of all persons who, during the financial year and up to the date of this report, serve as directors of all those companies included as subsidiaries in the consolidated financial statements of the Company for the financial year ended December 31, 2015, other than Mr Stephen T H Ng, Mr William J H Kwan and Mr Paul Y C Tsui who are also Directors of the Company, are set out below in alphabetical order of their respective English surnames:

Andrea Limited
Mr Chan King Chuen Lourice
Mr Cheung Ka Lung Tom
Mr Chiu Ying Chun Ronald
Mr Fu Wai Hung
Mr Hui Chung Ying Kevin
Mr Hung Hing On (resigned on June 30, 2015)
Mr Ma Wai Shin Vincent
Ms Oon Hock Neo Pearly
Mr Tsang Chin Cheung Samuel
Ms Wong Pui Chee Gigi
Mr Yu Ka Kai Simon

INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement or contract of significance in relation to the Company's business to which any subsidiary of the Company or the ultimate holding company of the Company or any subsidiary of such ultimate holding company was a party and in which a Director of the Company or any entities connected with a Director of the Company (such connected entities being construed in accordance with the Companies Ordinance) had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during that financial year.

MANAGEMENT CONTRACTS

There was in existence during the year ended December 31, 2015 a management services agreement dated November 1, 1999 with Wharf Limited (a wholly-owned subsidiary of The Wharf (Holdings) Limited ("Wharf")), as revised by supplemental agreements, whereby Wharf Limited agreed to continue to provide or procure the provision of services including corporate secretarial services, treasury services, provision of management personnel and other general corporate services to the Group for a term expiring on December 31, 2017. Mr Stephen T H Ng and Mr Paul Y C Tsui are directors of Wharf and/or Wharf Limited and are accordingly regarded as interested in the said agreement.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company, any of its subsidiaries, its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception that during the year, there existed certain outstanding options to subscribe for ordinary shares of Wharf, the Company's parent company, and of Wheelock and Company Limited ("Wheelock"), the Company's ultimate holding company, granted under Wharf's share option scheme and Wheelock's share option scheme respectively to certain employees/directors in Wharf group and in Wheelock group respectively, some of whom were Directors of the Company during the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES (Continued)

Under the respective rules of the two schemes (such rules being subject to the relevant laws and regulatory provisions applicable from time to time), shares of Wharf and/or Wheelock would be issued at such prices as being not less than the highest of (i) the indicative price as specified in the written offer; (ii) the closing price on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant of the options; and (iii) the average closing price on the Stock Exchange for the five trading days immediately preceding the date of grant; and the relevant options would be exercisable during such periods, not being beyond the expiration of 10 years from the date of grant of relevant options, as determined by the board of directors of Wharf and/or Wheelock respectively.

During the financial year, no share of Wharf or Wheelock was allotted and issued to any Director of the Company under the abovementioned share option schemes.

EQUITY-LINKED AGREEMENT

No equity-linked agreement was entered into by the Company during the financial year or subsisted at the end of the financial year.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director is entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution and/or discharge of his duties and/or the exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office, to the extent as permitted by laws.

The Company has, in conjunction with Wharf, its parent company, and Wheelock, its ultimate holding company, maintained directors' liability insurance which is in force throughout the financial year and up to the date of this report to provide appropriate insurance cover for all directors of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDITORS

The Financial Statements now presented have been audited by KPMG, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

OTHER CORPORATE INFORMATION

Other corporate information supplementary to this Report of the Directors are set out on pages 24 to 34.

By Order of the Board
Kevin C Y Hui
Company Secretary

Hong Kong, February 25, 2016

SUPPLEMENTARY CORPORATE INFORMATION

(A) Biographical Details of Directors and Senior Managers etc.

(i) Directors

Stephen Tin Hoi NG, *Chairman and Chief Executive Officer (Age: 63)*

Mr Ng has been Director and Chief Executive Officer of the Company since 1999 and became its Chairman in August 2001. He also serves as a member and the chairman of the Company's Nomination Committee. He is the deputy chairman of publicly listed Wheelock and Company Limited ("Wheelock"), which is the ultimate holding company of the Company, and chairman and managing director of publicly listed The Wharf (Holdings) Limited ("Wharf"), of which the Company is a subsidiary, as well as chairman of both Harbour Centre Development Limited ("HCDL") and Wheelock Properties (Singapore) Limited ("WPSL"), being fellow subsidiaries of the Company publicly listed in Hong Kong and Singapore respectively. Mr Ng is also the chairman of Joyce Boutique Holdings Limited ("Joyce"), a publicly listed company in Hong Kong, as well as a non-executive/non-independent director of Hotel Properties Limited, a publicly listed company in Singapore. Furthermore, Mr Ng is chairman and chief executive officer of Wharf T&T Limited ("WTT"), a fellow subsidiary of the Company, and director and chief executive officer of Wharf Communications Limited ("Wharf Communications"), the immediate holding company of the Company, as well as a director of certain subsidiaries of the Company. He also formerly served as a non-executive director of Greentown China Holdings Limited ("Greentown"), a publicly listed company in Hong Kong, until his resignation in March 2015.

Mr Ng was born in Hong Kong in 1952, and grew up in Hong Kong. He attended Ripon College in Ripon, Wisconsin, U.S.A. and the University of Bonn, Germany, from 1971 to 1975, and graduated with a major in mathematics. He is the Deputy Chairman of Hong Kong General Chamber of Commerce and a council member of the Employers' Federation of Hong Kong.

The basic salary and various allowances (covered by service contract) of Mr Ng for the year 2016, calculated on an annualised basis, would be approximately HK$1.96 million (2015: HK$1.80 million) per annum.

William Jut Ho KWAN, *Director and Chief Financial Officer (Age: 52)*

Mr Kwan was appointed Chief Financial Officer in January 2006 and a Director of the Company in February 2007. He is responsible for finance, accounting, planning, corporate development, investor relations, broadcasting and engineering operations, commercial dealings with acquired channels, human resources, administration, legal and regulatory affairs. He is also a director of certain subsidiaries of the Company. Under the existing service contract between the Group and Mr Kwan, his basic salary and various allowances for the year 2016, calculated on an annualised basis, would be approximately HK$2.23 million (2015: HK$2.17 million) per annum.

Herman Shao Ming HU, *BBS, JP, Director (Age: 61)*

Mr Hu, *BSc, FCIBSE, FHKIE, MIEEE, C. Eng.*, has been an Independent Non-executive Director ("INED") of the Company since 2012. He is the chairman of Ryoden Development Limited. Mr Hu has been elected to be a Deputy of the 12th National People's Congress. He is also the Council Chairman of City University of Hong Kong, the Vice-President of the Sports Federation & Olympic Committee of Hong Kong, China, a member of Council on Human Reproductive Technology, an Honorary Court Member of Hong Kong University of Science & Technology, a member of the Election Committee of the Government of the HKSAR and the Vice Patron of The Community Chest of Hong Kong.

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(A) Biographical Details of Directors and Senior Managers etc. (Continued)

(i) Directors (Continued)

Roger Koon Hoo LUK, *BBS, JP, Director (Age: 64)*

Mr Luk, *FHKIB*, has been an INED of the Company since 2010. He also serves as the chairman of the Company's Audit Committee and a member of each of the Company's Compensation Committee and Nomination Committee. He has over 30 years of comprehensive experience in accounting and financial management. He joined Hang Seng Bank in 1975, became the bank's director and deputy chief executive in 1994 and then became managing director and deputy chief executive of the bank in 1996 until his retirement in May 2005. Mr Luk is an INED of three companies publicly listed in Hong Kong, namely, China Properties Group Limited, Computime Group Limited and Hung Hing Printing Group Limited, and also an INED of AXA General Insurance Hong Kong Limited and Octopus Cards Limited. Mr Luk was formerly an INED of Wheelock Properties Limited ("WPL", formerly a listed public company until it became a wholly-owned subsidiary of Wheelock in July 2010) from February 2008 to July 2010. He also serves as a council member and the treasurer of The Chinese University of Hong Kong, and a member of The Town Planning Board. Mr Luk also served in the past on the Court and Council of Hong Kong Baptist University, the Advisory Committee on New Broad-based Taxes, the Personal Data (Privacy) Advisory Committee, the Central Policy Unit of the Hong Kong Government, the Statistics Advisory Board, the Broadcasting Authority, the Advisory Committee and the Investor Education Advisory Committee of the Securities and Futures Commission and the Barristers Disciplinary Tribunal Panel. He was an appointed member of the Hong Kong Legislative Council from 1992 to 1995, and also a member of the first Election Committee of the Legislative Council.

Mr Luk graduated with a Bachelor of Social Sciences Degree in Statistics from The University of Hong Kong and also holds a Master of Business Administration Degree granted by The Chinese University of Hong Kong. He is also a Non-official Justice of the Peace and was awarded the honour of Bronze Bauhinia Star in 2004 in recognition of his contributions to public services.

Sherman Sing Ming TANG, *Director (Age: 58)*

Mr Tang has been appointed an INED of the Company since 2014. He is chairman and chief executive officer of Epicurean and Company, Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He holds a Master degree in Electrical Engineering and a degree of Doctor in Medicine from the University of Southern California, the United States of America. Mr Tang is a seasoned entrepreneur in the hospitality industry and currently owns a well-established management and consultancy group in Hong Kong which creates and operates a wide variety of food and beverage concepts. He has over 20 years of experience in investment and operation of restaurants, cafes and bars.

Paul Yiu Cheung TSUI, *Director (Age: 69)*

Mr Tsui, *FCCA, FCPA, FCMA, CGMA, FCIS, CGA-Canada*, has been a Director of the Company since 2009. He also serves as a member of the Company's Audit Committee. He is an executive director and group chief financial officer of Wheelock and vice chairman and group chief financial officer of Wharf. Mr Tsui joined Wheelock/Wharf group in 1996 and became Wheelock's director in 1998. Furthermore, he is the vice chairman of WPL as well as a director of certain subsidiaries of the Company. He is also a director of Joyce. Mr Tsui was formerly a non-executive director of Greentown until his resignation in July 2015 as well as a director of both HCDL and WPSL until his resignation in August 2015.

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(A) Biographical Details of Directors and Senior Managers etc. (Continued)

(i) Directors (Continued)

Patrick Yung Wei WU, *Director (Age: 63)*

Mr Wu has been an INED of the Company since 2007. He also serves as the chairman of the Company's Compensation Committee and a member of each of the Company's Audit Committee and Nomination Committee. Mr Wu is the president & managing director of American Appraisal China Limited. Mr Wu has worked both in industry as a senior executive with extensive management experience and in private practice as a lawyer. He was a partner of an international law firm with particular responsibility for China trade advice. Mr Wu was educated in Hong Kong and the United Kingdom. He graduated from the University of London in 1974 with a Bachelor's Degree in Science, and obtained his Master of Business Administration Degree from the Cass Business School, City University in London in 1976. Mr Wu was admitted as a solicitor of the Supreme Court in the UK in 1982 and in Hong Kong also in 1982 and is a member (non-practising) of The Law Society of Hong Kong. He is also an active member of various professional organisations, chambers of commerce and the business community in Hong Kong.

Notes:

(1) Wheelock and Wharf (Mr Stephen T H Ng and Mr Paul Y C Tsui being directors of both of them) have interests in the shares in issue of the Company discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").

(2) The Company confirms that it has received written confirmation from each of the INEDs confirming their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, and considers them independent.

(ii) Senior Management

Stephen T H NG, *Chairman & Chief Executive Officer*

William J H KWAN, *Director & Chief Financial Officer*

Vincent W S MA, *Executive Director, Hong Kong Cable Television Limited (Age:51)*

Mr Ma joined Hong Kong Cable Television Limited ("HKC") in June 2014 as its Chief Operating Officer (until March 2015) and was appointed executive director in March 2015, overseeing subscription marketing and sales, customer service, network operations and new media development. Graduated from the Hong Kong Polytechnic University majoring in computing studies, Mr Ma has over 25 years of extensive experience in the IT and telecommunications fields. He is also president of WTT.

Ronald Y C CHIU, *Executive Director, i-CABLE News Limited and i-CABLE Sports Limited (Age: 63)*

Mr Chiu was appointed Assistant News Controller in June 1993 and was instrumental in the launch of the first 24-hour Cantonese language News Channel in the world. Mr Chiu was promoted to News Controller in 1994 and appointed as Vice President, News & Sports in 2002. He became an executive director of i-CABLE News Limited and i-CABLE Sports Limited in September 2005 responsible for operating channels of the Sports and News platform. Prior to joining the Company, Mr Chiu held various senior news positions in the television industry. His experience spans from reporting, editing, news anchoring; to planning and execution of news coverage as well as management of news operation. He was made Honorary University Fellow of the Hong Kong Baptist University in 2012 in recognition of his contributions to broadcasting news.

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(A) Biographical Details of Directors and Senior Managers etc. (Continued)

(ii) Senior Management (Continued)

Samuel C C TSANG, *Executive Director, i-CABLE Entertainment Limited and Hong Kong Cable Enterprises Limited (Age: 59)*

Mr Tsang was appointed Enterprises Director in 1995 to take charge of international programme licensing and advertising sales for the station. He became Chief Operating Officer of Hong Kong Cable Enterprises Limited ("HKCE") when it was set up in 2000 to take over advertising sales of HKC. He became General Manager of both HKCE and Hong Kong Cable News Express Limited on March 1, 2005. Mr Tsang has extensive experience in media and marketing, specialising in new business establishment in Mainland China and Hong Kong. He assumed the additional position of executive director, i-CABLE Entertainment Limited, in March 2011, and is also responsible for the operation and development of the Group's entertainment platform.

Simon K K YU, *Vice President, Service Operations, HKC (Age: 61)*

Mr Yu joined the Wharf group in 1987 and has held various administration and audit positions in the Wharf group. He was appointed Corporate Controller-Operations of Wharf Communications in 1992, responsible for operations, accounting, finance, control, administration and personnel. In 1996, Mr Yu was appointed Administration and Audit Director of HKC. He became Vice President of i-CABLE Network Operations Limited in 2006 taking charge of operations of the company's HFC & MMDS networks. Since July 2014, Mr Yu holds the position as Vice President of HKC's Service Operations Division overseeing customer service and relations.

Helina WONG, *Vice President, Subscription Marketing & Sales, HKC (Age: 44)*

Ms Wong joined the Company in July 2012 and is responsible for the growth and development of its Pay TV, Broadband and Telephony services. She started her career in advertising before moving to the telecommunications sector. Before joining the Company, she was General Manager of ec Telecom Limited, a Wharf group subsidiary, providing residential and SME users with telecommunications solutions.

Raymond W M CHAN, *Vice President, Network Operations, HKC (Age:50)*

Mr Chan joined the Company in September 1993 and was responsible for the operations and technical support of broadcasting headend. Throughout his career with the Company, he gained extensive experience in TV broadcasting, telecommunication and data communication engineering. He was appointed Vice President, Network Operations in July 2014, responsible for the development and operation of the Company's Pay TV and broadband distribution networks. Mr Chan holds a Bachelor of Engineering degree (First Class Honours) and a Master of Science degree in Electronic Engineering.

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(B) Directors' Interests in Securities

(i) Interests in Shares and Debt Securities

At December 31, 2015, Directors of the Company had the following beneficial interests, all being long positions, in the securities of the Company, Wharf (which is the Company's parent company), 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:

	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 (Note 1)		
Stephen T H Ng	300,000 (0.0148%)	Personal interest
Wharf — Ordinary Shares (Note 1)		
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 (Note 2)	HK$4,000,000	Personal interest
Wheelock Finance Limited — HKD Guaranteed Notes due 2017		
Roger K H Luk (Note 2)	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 December 31, 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.

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(B) 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 financial year ended December 31, 2015 by the Directors of the Company to subscribe for ordinary shares of Wheelock granted/exercisable under the share option scheme of Wheelock:

		Number of Wheelock's shares under option			
Name of Director	**Date of grant** (Day/Month/Year)	**As at January 1, 2015**	**As at December 31, 2015** (percentage based on number of shares in issue)	**Subscription price per share** (HK$)	**Vesting/ exercise period** (Day/Month/Year)
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 December 31, 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 financial year ended December 31, 2015 by the Directors of the Company to subscribe for ordinary shares of Wharf granted/exercisable under the share option scheme of Wharf:

			Number of Wharf's shares under option			
Name of Director	**Total number as at December 31, 2015** (percentage based on number of shares in issue)	**Date of grant** (Day/Month/Year)	**As at January 1, 2015**	**As at December 31, 2015**	**Subscription price per share** (HK$)	**Vesting/ exercise period** (Day/Month/Year)
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)]

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(B) Directors' Interests in Securities (Continued)

(iii) Interests in Share Options of Wharf (Continued)

Notes:

(1) The share options of Wharf granted on July 4, 2011 outstanding as at both January 1, 2015 and December 31, 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 December 31, 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 December 31, 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 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 for Securities Transactions by Directors of Listed Issuers, there were no interests, both long and short positions, held as at December 31, 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 year.

(C) 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 December 31, 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%)

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(C) Substantial Shareholders' Interests (Continued)

Notes:

(1) *The total number of shares of the Company in issue as at December 31, 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 59.02% 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.*

All the interests stated above represented long positions and as at December 31, 2015, there were no short position interests recorded in the Register.

(D) Retirement Scheme and Mandatory Provident Fund

The principal retirement scheme operated by the Group is a defined contribution retirement scheme for its employees, established under a trust deed. Other fellow subsidiaries of the Company also participate in the scheme.

The scheme is funded by contributions from employees and employers. The employees and employers contribute respectively to the scheme sums which represent percentages of the employees' salaries as defined under the trust deed. Forfeited contributions may be utilised by the employers to reduce contributions.

The Group's principal retirement scheme is closed to new employees joining after October 1, 2000 while existing members of the scheme can continue to accrue future benefits.

Employees joining after October 1, 2000 will participate in the Mandatory Provident Fund, which is not operated by the Group, with terms as stipulated by the Mandatory Provident Fund Schemes Authority. The Group will also provide voluntary top-up benefits to employees receiving a monthly basic salary exceeding the statutory limits prescribed by the Mandatory Provident Fund Schemes Ordinance.

For the retirement scheme operated by the Group, retirement scheme costs before capitalisation and charged to the consolidated statement of profit or loss during the financial year ended December 31, 2015 amounted to HK$19,903,009 (2014: HK$20,381,447) which were incurred after utilisation of forfeitures to reduce the Group's contributions of HK$286,684 (2014: HK$78,187).

(E) Directors' Interests in Competing Business

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules:

Two Directors of the Company, namely, Mr Stephen T H Ng and Mr Paul Y C Tsui, being also directors of WTT (a wholly-owned subsidiary of Wharf), are considered as having an interest in WTT under Rule 8.10 of the Listing Rules.

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(E) Directors' Interests in Competing Business (Continued)

WTT currently holds a Unified Carrier Licence to provide, *inter alia*, telecommunications services to commercial customers. WTT is therefore a potential competitor of the Group for the provision of facility-based telecommunications services at present and in future.

In order to protect the interests of the Group, prior to the date of listing of shares of the Company on the Stock Exchange, each of Wharf and Wharf Communications (being a wholly-owned subsidiary of Wharf) has covenanted with the Company, subject to certain conditions, not to, and to use its best endeavours to procure that none of the directly or indirectly held subsidiaries (including WTT) and associated companies of Wharf will, either alone or jointly with any other party, directly and indirectly carry on, or be engaged or concerned or interested in or assist, any business in Hong Kong which would compete directly or indirectly with the TV and Internet access businesses of the Group from time to time.

The Group considers that its interests in the relevant sector of its communications businesses are adequately safeguarded and the Group is capable of carrying on its communications businesses independently of, and at arm's length from, WTT.

For further safeguarding of the interests of the Group, the INEDs and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group's communications businesses are and continue to be run on the basis that they are independent of, and at arm's length from, that of the Wharf group.

(F) Major Customers and Suppliers

For the financial year ended December 31, 2015:

(i) the aggregate amount of purchases (not including the purchases of items which are of a capital nature) attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases;

(ii) the aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue; and

(iii) none of the Directors of the Company or their close associates holds, nor does any Shareholder of the Company owning (to the knowledge of the Directors) more than 5% of the number of issued shares of the Company hold, any interests in any of the Group's five largest suppliers or customers.

(G) Bank Loans, Overdrafts and Other Borrowings

Particulars of any and all bank loans, overdrafts and/or other borrowings of the Company and of the Group as at December 31, 2015 which are repayable on demand or within a period not exceeding one year or after one year are set out in Note 22 to the Financial Statements on page 69.

(H) Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the financial year ended December 31, 2015.

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(I) Disclosure of Connected Transactions

(i) Set out below is information in relation to certain continuing connected transactions (the "Transactions") between the Company (the Company being a 73.8%-owned subsidiary of Wharf) and/or its subsidiaries (together, the "Group") and other subsidiaries or affiliates of Wharf, which were substantially disclosed in the announcement of the Company dated December 19, 2014 and are required under the Listing Rules to be disclosed in the Annual Report and Financial Statements of the Company:

Description of the Transactions	Amounts for the financial year ended December 31, 2015 HK$ million
(1) Master Tenancy Agreement	
Amount paid/payable by the Group	50.8
(2) Master Licence Agreement for Wharf group to occupy premises	
Amount received/receivable by the Group	7.5
(3) Master Services Agreement	
1. Amount received/receivable by the Group	10.7
2. Amount paid/payable by the Group	22.2
(4) Management Services Agreement for management services provided by Wharf group	
Amount paid/payable by the Group	9.1

The Transactions are subject to various annual cap amounts previously disclosed in the abovementioned announcement of the Company. The purposes of entering into the Transactions are for the continued operation and growth of the Group's business, for generation of recurrent rental revenue to the Group and/or maintaining revenue stream for the Group.

SUPPLEMENTARY CORPORATE INFORMATION (Continued)

(I) Disclosure of Connected Transactions (Continued)

(ii) Confirmation from Directors etc.

The Directors, including the INEDs, of the Company have reviewed the Transactions and confirmed that the Transactions were entered into:

(a) by the Group in the ordinary and usual course of its business;

(b) on normal commercial terms or better; and

(c) according to the agreements governing such Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Group has followed the specific pricing terms set out in the relevant agreements for the Transactions conducted during the year.

The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing the auditors' findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 33 of the Annual Report in accordance with Main Board Listing Rules 14A.56. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

The auditors of the Company have confirmed that nothing has come to their attention that caused them to believe that the Transactions:

1. had not been approved by the Company's Board of Directors;

2. were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods and services by the Group;

3. were not entered into, in all material aspects, in accordance with the relevant agreements governing the Transactions; and

4. have exceeded the relevant cap amounts, where applicable, during the financial year ended December 31, 2015.

Note: Certain particulars of the related party transactions entered into by the Group during the financial year ended December 31, 2015 under review have been disclosed in Note 33 to the Financial Statements on pages 79 and 80. Those related party transactions also constitute connected transactions (as defined in the Listing Rules) for the Company and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report
to the members of i-CABLE Communications Limited
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of i-CABLE Communications Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 36 to 83, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statement of profit or loss, the consolidated statement of profit of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

February 25, 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	*3,4*	**1,509,678**	1,665,658
Programming costs		**(900,761)**	(925,324)
Network expenses		**(200,970)**	(220,557)
Selling, general and administrative and other operating expenses		**(342,452)**	(333,540)
Cost of sales		**(84,760)**	(98,506)
(Loss)/profit from operations before depreciation		**(19,265)**	87,731
Depreciation	*5*	**(223,007)**	(226,514)
Loss from operations	*4*	**(242,272)**	(138,783)
Interest income	*5*	**5**	69
Finance costs, net	*5*	**(2,998)**	(519)
Non-operating expenses	*5*	**(1,373)**	(66)
Loss before taxation	*5*	**(246,638)**	(139,299)
Income tax	*6(a)*	**13,540**	(191)
Loss for the year		**(233,098)**	(139,490)
Attributable to:			
Equity shareholders of the Company		**(233,098)**	(139,490)
Loss per share	*10*		
Basic		**(11.6) cents**	(6.9) cents
Diluted		**(11.6) cents**	(6.9) cents

The notes on pages 40 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2015

	Note	2015 HK$'000	2014 HK$'000
Loss for the year		**(233,098)**	(139,490)
Other comprehensive income for the year (after reclassification adjustment)	*9*		
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(461)**	–
Total comprehensive income for the year		**(233,559)**	(139,490)
Attributable to:			
Equity shareholders of the Company		**(233,559)**	(139,490)

The notes on pages 40 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	*11*	**873,803**	893,066
Programming library	*12*	**156,531**	167,981
Intangible assets	*13*	**3,767**	3,767
Interest in associate	*14*	**–**	–
Deferred tax assets	*27(b)*	**308,884**	302,949
Other non-current assets	*15*	**62,588**	58,479
		1,405,573	1,426,242
Current assets			
Inventories	*17*	**14,891**	18,152
Accounts receivable from trade debtors	*18*	**68,096**	77,494
Deposits, prepayments and other receivables	*18*	**28,060**	83,243
Amounts due from fellow subsidiaries	*19*	**79**	1,158
Cash and cash equivalents	*20*	**82,427**	62,382
		193,553	242,429
Current liabilities			
Amounts due to trade creditors	*21*	**33,138**	69,834
Accrued expenses and other payables	*21*	**214,532**	214,599
Receipts in advance and customers' deposits	*21*	**170,392**	158,245
Interest bearing borrowings	*22*	**300,000**	100,000
Current taxation	*27(a)*	**150**	179
Amounts due to fellow subsidiaries	*23*	**34,308**	38,122
Amount due to immediate holding company	*24*	**1,614**	936
		754,134	581,915
Net current liabilities		**(560,581)**	(339,486)
Total assets less current liabilities		**844,992**	1,086,756
Non-current liabilities			
Deferred tax liabilities	*27(b)*	**17,247**	25,530
Other non-current liabilities	*25*	**8,772**	8,694
		26,019	34,224
NET ASSETS		**818,973**	1,052,532
CAPITAL AND RESERVES	*26*		
Share capital		**6,857,599**	6,857,599
Reserves		**(6,038,626)**	(5,805,067)
TOTAL EQUITY		**818,973**	1,052,532

The notes on pages 40 to 83 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on February 25, 2016.

Stephen T H Ng
Chairman and Chief Executive Officer

William J H Kwan
Director and Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

		Attributable to equity shareholders of the Company							
	Note	Share capital HK$'000	Share premium HK$'000	Special capital reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Revenue reserve HK$'000	Total reserves HK$'000	Total equity HK$'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
Changes in equity for 2014:									
Loss for the year		–	–	–	–	–	(139,490)	(139,490)	(139,490)
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	(139,490)	(139,490)	(139,490)
Transition to no-par value regime on March 3, 2014	*26(c)*	4,846,087	(4,838,365)	–	–	(7,722)	–	(4,846,087)	–
Transfer to special capital reserve	*26(d)(i)*	–	–	3	–	–	(3)	–	–
Balance at December 31, 2014 and January 1, 2015		**6,857,599**	**–**	**13,984**	**4,104**	**–**	**(5,823,155)**	**(5,805,067)**	**1,052,532**
Changes in equity for 2015:									
Loss for the year		**–**	**–**	**–**	**–**	**–**	**(233,098)**	**(233,098)**	**(233,098)**
Other comprehensive income		**–**	**–**	**–**	**(461)**	**–**	**–**	**(461)**	**(461)**
Total comprehensive income		**–**	**–**	**–**	**(461)**	**–**	**(233,098)**	**(233,559)**	**(233,559)**
Transfer to special capital reserve	*26(d)(i)*	**–**	**–**	**1**	**–**	**–**	**(1)**	**–**	**–**
Balance at December 31, 2015		**6,857,599**	**–**	**13,985**	**3,643**	**–**	**(6,056,254)**	**(6,038,626)**	**818,973**

The notes on pages 40 to 83 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2015

	Note	2015 HK$'000	2014 HK$'000
Operating activities			
Loss before taxation		**(246,638)**	(139,299)
Adjustments for:			
Finance costs, net		**2,998**	519
Interest income		**(5)**	(69)
Depreciation		**223,007**	226,514
Amortisation of programming library		**123,540**	118,934
Impairment losses on programming library		**4,117**	2,101
Impairment losses on property, plant and equipment		**867**	998
Net loss on disposal of property, plant and equipment		**1,373**	67
Operating profit before changes in working capital		**109,259**	209,765
Decrease/(increase) in inventories		**3,682**	(3,909)
Decrease in accounts receivable from trade debtors		**9,397**	2,626
Decrease/(increase) in deposits, prepayments and other receivables		**47,880**	(30,862)
Decrease/(increase) in amounts due from fellow subsidiaries		**1,259**	(1,885)
Decrease in amounts due to trade creditors		**(37,413)**	(15,495)
Decrease in accrued expenses and other payables		**(5,649)**	(11,446)
Increase/(decrease) in receipts in advance and customers' deposits		**12,226**	(40,554)
(Decrease)/increase in amounts due to fellow subsidiaries		**(3,813)**	7,235
Net change in amount due to immediate holding company		**678**	(706)
Cash generated from operations		**137,506**	114,769
Interest received		**5**	305
Overseas tax paid		**(701)**	(919)
Net cash generated from operating activities		**136,810**	114,155
Investing activities			
Purchase of property, plant and equipment		**(196,954)**	(187,768)
Additions to programming library		**(120,064)**	(147,543)
Proceeds from disposal of property, plant and equipment		**340**	1,524
Release of bank deposits with maturity greater than three months		**–**	30,000
Net cash used in investing activities		**(316,678)**	(303,787)
Financing activities			
Drawdown of interest bearing borrowings		**200,000**	100,000
Net cash generated from financing activities		**200,000**	100,000
Net increase/(decrease) in cash and cash equivalents		**20,132**	(89,632)
Effect of foreign exchange rates changes		**(87)**	(14)
Cash and cash equivalents at January 1		**62,382**	152,028
Cash and cash equivalents at December 31	*20*	**82,427**	62,382

The notes on pages 40 to 83 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2015, comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial instruments classified as available-for-sale (see Note 1(r)) are stated at their fair value.

Although the Group had net current liabilities of HK$561 million (2014: HK$339 million) as of December 31, 2015, the Group had cash of HK$82 million (2014: HK$62 million) and recourse to various financing facilities.

In 2014, the Group had received a revolving banking facility of HK$200 million (which was available from January 2015 onwards). During 2015, this facility was revised to HK$400 million (which was available from January 2016 onwards). As of December 31, 2015, the Group had utilised HK$125 million (2014: HK$ Nil) of this facility.

In addition, the Group had been provided with series of revolving loan facilities by a fellow subsidiary. In 2014, a revolving loan facility of $200 million was provided by the fellow subsidiary (which was available from January to December 31, 2015). During 2015, this was replaced by a revolving loan facility from the same fellow subsidiary of HK$400 million (which was available from January to December 31, 2016). As of December 31, 2015, the Group had utilised HK$175 million (2014: HK$100 million) of the facilities provided by the fellow subsidiary.

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 35.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(r)) or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 1(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(s)).

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Notes 1(s)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(r)).

In the Company's statement of financial position, investment in an associate is stated at cost less impairment losses (see Note 1(s)).

(e) Joint operations

Joint operations are a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group's share of joint operations are recognised in the statement of financial position and classified according to their nature. Liabilities and expenses incurred directly in respect of its interest in joint operations are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of the joint operation, together with its share of any expenses incurred are recognised in profit or loss when it is probable that the economic benefits associated with the transactions will flow to or from the Group.

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(s)). The cost of self-constructed items of property, plant and equipment includes the cost of materials, labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 1(n)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated on a straight-line basis to write off the cost less their estimated residual value, if any, of the equipment required to support a fully operating network and cable television system at rates determined by the estimated useful lives of the assets ranging from 5 to 20 years, adjusted by the appropriate pre-maturity fraction during the pre-maturity period, which began with the first earned subscriber revenue on October 31, 1993 and was to continue until the earlier of the attainment of a predetermined subscriber level and December 31, 1996. The pre-maturity period ended on November 30, 1996, when the predetermined subscriber level was attained. Depreciation is calculated on a straight-line basis to write off the costs, less the estimated residual value, if any, of other assets at rates determined by the estimated useful lives ranging from 2 to 40 years.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment and depreciation (Continued)

The principal annual depreciation rates used are as follows:

Network, decoders, cable modems and television production systems	5% to 50%
Furniture, fixtures, other equipment and motor vehicles	10% to 33.33%
Buildings situated on leasehold land*	Higher of 2.5% or percentage to amortise the asset cost over the unexpired term of land leases
Leasehold improvements	8.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Under certain circumstances, the Group may have an obligation to dismantle part of its network upon request by concerned parties. Owing to the absence of such history, no reliable estimate can be reasonably made in respect of such potential obligation.

* *This represents units in industrial and commercial buildings which the Directors consider impracticable to split the cost into land and buildings.*

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 1(h). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 1(s). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leased assets (Continued)

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(h) Programming costs

(i) Programming library

Programming library consists of presentation rights for commissioned programmes and acquired programmes for showing on the Group's television channels, and commissioned programmes and films for licensing purposes.

Presentation rights are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and impairment losses (see Note 1(s)). Amortisation is charged to profit or loss on an accelerated basis over the licence period or over the estimated number of future showings. Subsequent expenditure on programmes after initial acquisition is recognised as an expense when incurred.

Commissioned programmes and films for licensing purposes comprise direct production costs and production overheads, and are stated at the lower of amortised cost or net realisable value. Costs are amortised on an individual programme/film basis in the ratio of the current year's gross revenues to management's forecast of the total ultimate gross revenues from all sources.

(ii) Live programmes

Live programmes consist of third party feed programmes and are charged to profit or loss upon telecast of the programmes. Payments made in advance or in arrears of programme cost recognition are recorded as prepayments or accruals, as appropriate.

(iii) In-house developed programmes

In-house developed programmes consist primarily of news, documentary and general entertainment programmes with short lead-time from production to telecast. The costs of in-house developed programmes are accordingly recognised as expenses in the period in which they are incurred.

(iv) Film rights and perpetual film rights

Film rights generated by the Group or perpetual film rights acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and impairment losses (see Note 1(s)). Costs represent the carrying value transferred from films in progress upon completion or the purchase price of the perpetual film rights, and are amortised at rates calculated to write off the costs in proportion to the estimated revenues from exhibition, the reproduction and distribution of audio visual products, the licensing of video rights and other broadcast rights following their release. Such rates are subject to annual review by the Directors.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Programming costs (Continued)

(v) Films in progress

Films in progress are stated at cost less impairment losses (see Note 1(s)). Costs include all direct costs associated with the production of films. Impairment losses are made for costs which are in excess of the expected future revenue generated by these films. Costs of films are transferred to film rights upon completion.

(i) Intangible assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(i) Club debentures

The Group's club debentures are stated in the statement of financial position at cost less impairment losses (see Note 1(s)), on an individual basis.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is determined by the Group based on the expected replacement cost of the inventories net of provision for obsolescence.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 1(s)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flows statement.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably as follows:

(i) Income from the provision of subscription Television services, Internet access services, and Voice Over Internet Protocol telephony services is recognised at the time when the services are provided.

(ii) Installation fees are recognised upon completion of the related installation work to the extent of direct selling costs.

(iii) Where packaged service fees comprise a number of elements and the fees can be allocated on a reasonable basis into elements of subscription service and installation service, revenue is recognised in accordance with the accounting policies set out in Notes 1(m)(i) and (ii). Where packaged service fees cannot be allocated into individual elements, the fees are deferred and recognised evenly over the term of the service period.

(iv) Advertising income net of agency deductions is recognised on telecast of the advertisement. When an advertising contract covers a specified period, the related income is recognised evenly over the contract period.

(v) Revenue from theatrical distribution is recognised when the films are exhibited.

(vi) Revenue from distribution of films is recognised upon delivery of the master tapes to the customers.

(vii) Income from licensing of television rights is recognised in full upon delivery of the programmes concerned in accordance with the terms of the licence contracts and is stated net of withholding tax.

(viii) Magazine advertising income is recognised upon the publication of the edition in which the advertisement is placed.

(ix) Sales of magazines are recognised when the magazines are delivered and the title has passed.

(x) Income from network maintenance and operation is recognised at the time when services are provided.

(xi) Rental income receivable under operating leases is recognised in profit or loss in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as integral part of the aggregate net lease payments receivables. Contingent rentals are recognised as income in the accounting period in which they are earned.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition (Continued)

(xii) Dividend income from investments in equity securities is recognised when the shareholder's right to receive payment is established.

(xiii) Interest income is recognised as it accrues using the effective interest method.

(n) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

(a) In the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

(b) In the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Translation of foreign currency

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Translation of foreign currency (Continued)

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(q) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third parties.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows:

Other investments in securities are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(s)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 1(m)(xii) and 1(m)(xiii), respectively. Foreign exchange gains are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 1(s)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

(s) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in associates (including those recognised using the equity method (see Note 1(d))), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(s)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with Note 1(s)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

— For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment (other than properties carried at revalued amounts);
— programming library (including film rights, perpetual film rights and films in progress);
— other intangible assets; and
— Investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

— *Reversals of impairment losses*

In respect of assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 1(s)(i) and (ii)).

Impairment losses recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(t) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with Note 1(w)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(u) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 1(w)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with Note 1(w)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 1(w)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(x) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group, except to the extent that they are included in the cost of property, plant and equipment and programming library not yet recognised as an expense.

2. CHANGES IN ACCOUNTING POLICIES

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

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group does not operate defined benefit plan.

Annual Improvements to HKFRSs 2010–2012 Cycle and 2011–2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

3. REVENUE

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

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

The Group's customer base is diversified and no single customer with whom transactions have exceeded 10% of the Group's revenues. The Group has no significant concentrations of credit risk from customers.

4. SEGMENT INFORMATION

The Group manages 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.

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

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

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

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

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

Business segments

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

4. SEGMENT INFORMATION (Continued)

A reconciliation of reportable segment EBITDA to loss before taxation is provided as follows:

	2015 HK$'000	2014 HK$'000
Total segment EBITDA	**(13,676)**	93,218
Depreciation	**(223,007)**	(226,514)
Total segment EBIT	**(236,683)**	(133,296)
Inter-segment elimination	**(5,589)**	(5,487)
Interest income	**5**	69
Finance costs, net	**(2,998)**	(519)
Non-operating expenses	**(1,373)**	(66)
Loss before taxation	**(246,638)**	(139,299)

	Segment assets	
	2015 HK$'000	2014 HK$'000
Television	**817,610**	891,958
Internet and Multimedia	**333,743**	351,680
Unallocated assets	**138,889**	122,084
	1,290,242	1,365,722
Interest in associate	**–**	–
Deferred tax assets	**308,884**	302,949
	1,599,126	1,668,671

	Segment liabilities	
	2015 HK$'000	2014 HK$'000
Television	**519,589**	403,494
Internet and Multimedia	**153,056**	93,614
Unallocated liabilities	**90,111**	93,322
	762,756	590,430
Current taxation	**150**	179
Deferred tax liabilities	**17,247**	25,530
	780,153	616,139

Geographical segments

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

5. LOSS BEFORE TAXATION

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

	2015 HK$'000	2014 HK$'000
Interest income		
Interest income from deposits with banks and other financial institutions	**(5)**	(69)
Finance costs, net		
Interest expenses on borrowings	**2,998**	519
Other items		
Depreciation		
— assets held for use under operating leases	**31,900**	33,874
— other assets	**191,107**	192,640
Amortisation of programming library*	**123,540**	118,934
Impairment losses		
— trade and other receivables	**2,906**	3,404
— property, plant and equipment	**867**	998
— programming library	**4,117**	2,101
Reversal of impairment losses on trade and other receivables	**(403)**	(2,796)
Cost of inventories	**8,161**	10,697
Rentals payable under operating leases in respect of land and buildings	**67,806**	61,287
Contributions to defined contribution retirement plans	**34,249**	34,325
Auditor's remuneration — audit service		
— charge for the year	**3,044**	3,044
— under-provision in respect of prior years	**64**	81
Dividend income from investment in equity securities	**–**	(281)
Net foreign exchange gain**	**(1,492)**	(1,332)
Rentals receivable under operating leases in respect of		
— subleased land and buildings	**(9,161)**	(9,031)
— owned plant and machinery	**(16,453)**	(8,569)
Net loss on disposal of property, plant and equipment	**1,373**	67

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

** *Net foreign exchange gain of approximately HK$50,000 and HK$1,442,000 are included within programming costs and selling, general and administrative and other operating expenses in the consolidated results of the Group, respectively.*

Operating expenses are analysed by nature in compliance with HKAS 1, Presentation of Financial statements as follows:

	2015 HK$'000	2014 HK$'000
Depreciation and amortisation	**346,547**	345,448
Staff costs	**661,080**	663,067
Other operating expenses	**744,323**	795,926
Total operating costs	**1,751,950**	1,804,441

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2015 HK$'000	2014 HK$'000
Current tax — Overseas		
Tax for the year	**678**	866
	678	866
Deferred tax		
Utilisation of prior years' tax losses recognised	**7,274**	23,406
Benefit of previously unrecognised tax losses now recognised	**(16,221)**	(16,205)
Reversal of temporary differences	**(5,271)**	(7,876)
	(14,218)	(675)
Income tax	**(13,540)**	191

The provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year ended December 31, 2015. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between the effective income tax rate and the applicable tax rate:

	2015 %	2014 %
Statutory income tax rate	**(16.5)**	(16.5)
Tax effect of non-deductible expenses	**0.1**	0.1
Tax effect of non-taxable revenue	**–**	–
Tax effect of unused tax losses not recognised	**23.6**	28.1
Tax effect of previously unrecognised tax losses now recognised	**(12.7)**	(11.7)
Differential tax rate on subsidiaries' income	**0.1**	0.1
Effective income tax rate	**(5.4)**	0.1

7. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follow:

Name of directors	Directors' fees HK$'000	Basic salaries, housing and other allowances, and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Discretionary bonuses and/or performance related bonuses HK$'000	Total emoluments HK$'000
2015					
Independent Non-executive Directors:					
Roger K H Luk	80	–	–	–	80
Patrick Y W Wu	80	–	–	–	80
Herman S M Hu	60	–	–	–	60
Sherman S M Tang	60	–	–	–	60
Non-executive Director:					
Paul Y C Tsui	80	–	–	–	80
Executive Directors:					
Stephen T H Ng	60	1,802	5	3,000	4,867
William J H Kwan	60	2,172	217	860	3,309
Total for 2015	480	3,974	222	3,860	8,536
2014					
Independent Non-executive Directors:					
T K Ho	34	–	–	–	34
Roger K H Luk	80	–	–	–	80
Patrick Y W Wu	80	–	–	–	80
Herman S M Hu	60	–	–	–	60
Sherman S M Tang	60	–	–	–	60
Non-executive Director:					
Paul Y C Tsui	72	–	–	–	72
Executive Directors:					
Stephen T H Ng	60	1,890	5	3,000	4,955
William J H Kwan	60	2,082	208	860	3,210
Total for 2014	506	3,972	213	3,860	8,551

There was no compensation for loss of office and/or inducement for joining the Group paid/payable to the Company's Directors in respect of the years ended December 31, 2015 and December 31, 2014.

Except for Directors' fees of HK$480,000 (2014: HK$506,000), certain Directors' emoluments disclosed above were paid directly by the Company's intermediate holding company, The Wharf (Holdings) Limited ("Wharf"), (or its wholly owned subsidiaries) to the relevant Directors. Wharf recovered such costs from the Group by charging a management fee (see Note 33(iv)).

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND EMOLUMENTS OF SENIOR MANAGEMENT

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, two (2014: two) are Directors whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other three (2014: three) individuals are as follows:

	2015 HK$'000	2014 HK$'000
Basic salaries, housing and other allowances, and benefits in kind	**6,144**	5,880
Retirement scheme contributions	**197**	224
Discretionary bonuses and/or performance related bonuses	**2,029**	1,309
	8,370	7,413

The emoluments of the three (2014: three) individuals with the highest emoluments are within the following bands:

HK$	2015 Number of individuals	2014 Number of individuals
2,000,001–2,500,000	**1**	1
2,500,001–3,000,000	**–**	1
3,000,001–3,500,000	**2**	1
	3	3

(b) Emoluments of Senior Management

Of the seven (2014: seven) senior managers' emoluments, two (2014: two) are Directors whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other five (2014: five) senior managers are as follows:

HK$	2015 Number of senior managers	2014 Number of senior managers
1,500,001–2,000,000	**2**	2
2,000,001–2,500,000	**1**	1
2,500,001–3,000,000	**–**	1
3,000,001–3,500,000	**2**	1
	5	5

9. OTHER COMPREHENSIVE INCOME

Reclassification adjustment relating to components of other comprehensive income.

	2015 HK$'000	2014 HK$'000
Exchange reserve:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(461)**	–
Net movement in the exchange reserve during the year recognised in other comprehensive income	**(461)**	–

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$233,098,000 (2014: HK$139,490,000) and the weighted average number of ordinary shares outstanding during the year of 2,011,512,400 (2014: 2,011,512,400).

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$233,098,000 (2014: HK$139,490,000) and the weighted average number of ordinary shares of 2,011,512,400 (2014: 2,011,512,400) after adjusting for the effects of all dilutive potential ordinary shares.

11. PROPERTY, PLANT AND EQUIPMENT

	Network, decoders, cable modems and television production systems HK$'000	Furniture, fixtures, other equipment and motor vehicles HK$'000	Leasehold land and buildings in Hong Kong and PRC: Long leases HK$'000	Leasehold land and buildings in Hong Kong and PRC: Medium leases HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost						
At January 1, 2014	5,605,053	646,731	8,119	47,465	334,681	6,642,049
Additions	174,526	9,755	–	–	3,920	188,201
Disposals	(49,093)	(4,518)	–	–	(1,779)	(55,390)
Reclassification to inventories	(694)	–	–	–	–	(694)
Exchange reserve	–	9	–	15	4	28
At December 31, 2014	5,729,792	651,977	8,119	47,480	336,826	6,774,194
At January 1, 2015	**5,729,792**	**651,977**	**8,119**	**47,480**	**336,826**	**6,774,194**
Additions	**196,739**	**8,861**	**–**	**–**	**1,900**	**207,500**
Disposals	**(32,334)**	**(2,631)**	**–**	**–**	**(870)**	**(35,835)**
Reclassification to inventories	**(831)**	**–**	**–**	**–**	**–**	**(831)**
Exchange reserve	**–**	**(592)**	**–**	**(949)**	**(274)**	**(1,815)**
At December 31, 2015	**5,893,366**	**657,615**	**8,119**	**46,531**	**337,582**	**6,943,213**
Accumulated depreciation						
At January 1, 2014	4,786,971	606,133	1,592	11,287	301,756	5,707,739
Charge for the year	201,875	15,743	203	1,598	7,095	226,514
Impairment loss	998	–	–	–	–	998
Written back on disposals	(47,506)	(4,516)	–	–	(1,777)	(53,799)
Reclassification to inventories	(335)	–	–	–	–	(335)
Exchange reserve	–	8	–	2	1	11
At December 31, 2014	4,942,003	617,368	1,795	12,887	307,075	5,881,128
At January 1, 2015	**4,942,003**	**617,368**	**1,795**	**12,887**	**307,075**	**5,881,128**
Charge for the year	**200,740**	**14,724**	**203**	**1,585**	**5,755**	**223,007**
Impairment loss	**867**	**–**	**–**	**–**	**–**	**867**
Written back on disposals	**(30,649)**	**(2,602)**	**–**	**–**	**(870)**	**(34,121)**
Reclassification to inventories	**(409)**	**–**	**–**	**–**	**–**	**(409)**
Exchange reserve	**–**	**(564)**	**–**	**(315)**	**(183)**	**(1,062)**
At December 31, 2015	**5,112,552**	**628,926**	**1,998**	**14,157**	**311,777**	**6,069,410**
Net book value						
At December 31, 2015	**780,814**	**28,689**	**6,121**	**32,374**	**25,805**	**873,803**
At December 31, 2014	787,789	34,609	6,324	34,593	29,751	893,066

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment loss results from loss recognised on abandonment of lost or damaged property, plant and equipment. In 2015, an impairment loss of HK$867,000 (2014: HK$998,000) was recorded for decoders and cable modems which had become obsolete during normal usage or were leased to subscribers in the ordinary course of the Television Subscription and Broadband Internet access business, and had not been returned after the services were terminated.

As at December 31, 2015, the gross carrying amounts of property, plant and equipment of the Group held for use in operating leases were HK$246,450,000 (2014: HK$258,626,000) and the related accumulated depreciation was HK$196,088,000 (2014: HK$179,155,000).

12. PROGRAMMING LIBRARY

	Internally developed HK$'000	Acquired HK$'000	Total HK$'000
Cost			
At January 1, 2014	69,977	525,688	595,665
Additions	–	151,551	151,551
Written off	–	(79,966)	(79,966)
At December 31, 2014	69,977	597,273	667,250
At January 1, 2015	**69,977**	**597,273**	**667,250**
Additions	**–**	**116,207**	**116,207**
Written off	**–**	**(88,459)**	**(88,459)**
At December 31, 2015	**69,977**	**625,021**	**694,998**
Accumulated amortisation			
At January 1, 2014	69,977	388,223	458,200
Charge for the year	–	118,934	118,934
Impairment loss	–	2,101	2,101
Written off	–	(79,966)	(79,966)
At December 31, 2014	69,977	429,292	499,269
At January 1, 2015	**69,977**	**429,292**	**499,269**
Charge for the year	**–**	**123,540**	**123,540**
Impairment loss	**–**	**4,117**	**4,117**
Written off	**–**	**(88,459)**	**(88,459)**
At December 31, 2015	**69,977**	**468,490**	**538,467**
Net book value			
At December 31, 2015	**–**	**156,531**	**156,531**
At December 31, 2014	–	167,981	167,981

12. PROGRAMMING LIBRARY (Continued)

The management of the Group undertook a review of its programming library to assess the recoverability of film rights. As a result of the assessment, an impairment loss of HK$4,117,000 (2014: HK$2,101,000) was made.

13. INTANGIBLE ASSETS

	Club Debentures HK$'000
Cost less impairment losses	
At January 1, 2014 and December 31, 2014	3,767
At January 1, 2015 and December 31, 2015	**3,767**

14. INTEREST IN ASSOCIATE

Details of the Group's interest in associate are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Principal activities	Particulars of issued and paid up capital	Proportion of ownership interest
FRM Film InvestCo LLC	Incorporated	State of Delaware, USA	Investment holding	Capital contribution US$25,000,000	30%

In respect of the year ended December 31, 2015, the Group has not taken into account the effect of transactions or events of the associate as the associate was inactive during the current year. Since the Group's share of losses exceeds its interest in the associate, the Group's interest is recorded at HK$Nil (2014: HK$Nil) and no recognition of future losses is expected as the Group has no legal or constructive obligation in respect of such losses.

15. OTHER NON-CURRENT ASSETS

	2015 HK$'000	2014 HK$'000
Deposits, prepayments and other receivables	**47,962**	43,674
Amounts due from fellow subsidiaries	**14,626**	14,805
	62,588	58,479

16. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation/ operation	Principal activities	Particulars of issued capital, all fully paid	Proportion of ownership interest Directly	Proportion of ownership interest Indirectly
Hong Kong Cable Enterprises Limited	Hong Kong	Advertising airtime and programme licensing	HK$2 divided into 2 ordinary shares	–	100
Hong Kong Cable News Express Limited	Hong Kong	Advertising airtime	HK$2 divided into 2 ordinary shares	–	100
Hong Kong Cable Television Limited	Hong Kong	Television and Internet and Multimedia	HK$750,000,000 divided into 750,000,000 ordinary shares	–	100
i-CABLE Entertainment Limited	Hong Kong	Programme production and channel operation	HK$10,000,000 divided into 10,000,000 ordinary shares	–	100
i-CABLE Network Limited	Hong Kong	Network operation	HK$102 divided into 100 ordinary shares	–	100
			and 2 non-voting deferred shares	–	–
i-CABLE News Limited	Hong Kong	Programme production and channel operation	HK$10,000,000 divided into 10,000,000 ordinary shares	–	100
i-CABLE Sports Limited	Hong Kong	Programme production and channel operation	HK$10,000,000 divided into 10,000,000 ordinary shares	–	100
i-CABLE Network Operations Limited	Hong Kong	Network operation	HK$500,000 divided into 500,000 ordinary shares	–	100
i-CABLE Telecom Limited	Hong Kong	Telephony	HK$1 divided into 1 ordinary share	–	100
廣州市寬訊技術服務有限公司*	The People's Republic of China	Technical services	HK$34,600,000	–	100

* *This entity is registered as a wholly foreign owned enterprise under PRC law and is not audited by KPMG.*

17. INVENTORIES

	2015 HK$'000	2014 HK$'000
Spare parts and consumables	**14,891**	18,152

18. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	2015 HK$'000	2014 HK$'000
Accounts receivable from trade debtors	**68,096**	77,494
Deposits, prepayments and other receivables	**28,060**	83,243
	96,156	160,737

(a) Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis, based on the invoice date as of the end of the reporting period:

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

The Group's credit policy is set out in Note 28(a).

(b) Impairment losses in respect of accounts receivable from trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against accounts receivable from trade debtors directly (see Note 1(s)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2015 HK$'000	2014 HK$'000
Balance at beginning of year	**6,000**	9,388
Impairment loss for the year	**2,906**	3,404
Reversal of impairment losses in prior year	**(403)**	(2,796)
Written off	**(3,053)**	(3,996)
Balance at end of year	**5,450**	6,000

18. TRADE AND OTHER RECEIVABLES (Continued)

(c) (i) 14% (2014: 17%) of the gross trade receivables relate to the Television and Internet and Multimedia access subscription businesses. There is no significant concentration of credit risk with respect to these trade receivables as the customer bases are widely dispersed in different sectors. The Group has given a credit term of 30 days to these customers. Impairment losses in respect of receivables arising from these subscription businesses are recognised once the receivable is more than 90 days overdue.

(ii) The ageing analysis of accounts receivable from trade debtors from advertising and distribution businesses that are neither individually nor collectively considered to be impaired are as follows:

	2015 HK$'000	2014 HK$'000
Not yet due	**8,969**	6,961
Less than 1 month past due	**20,194**	21,767
1 to 3 months past due	**21,713**	26,546
3 to 6 months past due	**7,266**	8,546
Over 6 months past due	**1,611**	1,467
	50,784	58,326
	59,753	65,287

Receivables that were past due but not impaired relate to accounts receivables from advertising and programme distribution businesses that the Group had continuing business relationship and have a good track record with the Group. Impairment losses are recognised based on the credit history of the customers, and are made on balances overdue for a period of 90 to 270 days. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

19. AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The amounts due from fellow subsidiaries are unsecured, interest free and repayable on demand, and are arisen in the ordinary course of business (see Note 33).

20. CASH AND CASH EQUIVALENTS

	2015 HK$'000	2014 HK$'000
Cash at bank and in hand	**82,427**	62,382

21. TRADE AND OTHER PAYABLES

Trade and other payables comprise:

	2015 HK$'000	2014 HK$'000
Amounts due to trade creditors	**33,138**	69,834
Accrued expenses and other payables	**214,532**	214,599
Receipts in advance and customers' deposits	**170,392**	158,245
	418,062	442,678

An ageing analysis of amounts due to trade creditors, based on the invoice date is set out as follows:

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

22. INTEREST BEARING BORROWINGS

The interest bearing borrowings are unsecured and repayable as follows:

	2015 HK$'000	2014 HK$'000
Within 1 year or on demand		
Bank loan	**125,000**	–
Loan from a fellow subsidiary	**175,000**	100,000
	300,000	100,000

23. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts due to fellow subsidiaries are unsecured, interest free and repayable on demand, and are arisen in the ordinary course of business (see Note 33).

24. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount due to immediate holding company is unsecured, interest free and has no fixed terms of repayment, and is arisen in the ordinary course of business (see Note 33).

25. OTHER NON-CURRENT LIABILITIES

	2015 HK$'000	2014 HK$'000
Accrued expenses and other payables	**8,068**	8,068
Receipts in advance and customers' deposits	**704**	626
	8,772	8,694

26. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Capital and reserves					
Company	**Share capital** HK$'000	**Share premium** HK$'000	**Capital redemption reserve** HK$'000	**Revenue reserve** HK$'000	**Total reserves** HK$'000	**Total Equity** HK$'000
Balance at January 1, 2014	2,011,512	4,838,365	7,722	20,710	4,866,797	6,878,309
Changes in equity for 2014:						
Profit and total comprehensive income for the year	–	–	–	96	96	96
Transition to no-par value regime on March 3, 2014	4,846,087	(4,838,365)	(7,722)	–	(4,846,087)	–
Balance at December 31, 2014 and at January 1, 2015	**6,857,599**	**–**	**–**	**20,806**	**20,806**	**6,878,405**
Changes in equity for 2015:						
Loss and total comprehensive income for the year	**–**	**–**	**–**	**(2,799,827)**	**(2,799,827)**	**(2,799,827)**
Balance at December 31, 2015	**6,857,599**	**–**	**–**	**(2,779,021)**	**(2,779,021)**	**4,078,578**

(b) Dividends

The Board of Directors of the Company does not recommend the payment of any dividends for the year ended December 31, 2015 (2014: HK$Nil).

26. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

Issued share capital

	At December 31, 2015		At December 31, 2014	
	No. of shares ('000)	HK$'000	No. of shares ('000)	HK$'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 December 31	**2,011,512**	**6,857,599**	2,011,512	6,857,599

The transition to the no-par value regime under the Hong Kong Companies Ordinance occurred automatically on March 3, 2014. On that date, the share premium account and the 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 made in accordance with the requirements of Parts 4 and 5 of the Ordinance.

(d) Nature and purpose of reserves

(i) Special capital reserve

The special capital reserve is non-distributable. In 2004, the issued share capital of a subsidiary under the Group was reduced ("Capital Reduction") and the credit arising from the Capital Reduction was applied to eliminate the accumulated losses standing in the statement of profit or loss of that subsidiary as at September 30, 2004.

An undertaking was given to the Court by the subsidiary in connection with the Capital Reduction (the "Undertaking"). Pursuant to the Undertaking, any future recoveries or reversals of provisions in respect of: (1) assets owned or held under finance and operating leases against which charges to depreciation were made as at September 30, 2004; and (2) provisions made by the subsidiary in respect of certain assets held by the subsidiary as at September 30, 2004; collectively the relevant assets ("relevant assets") to the extent that such recoveries exceed the written down amounts of the relevant assets, up to an aggregate amount of HK$1,958,524,266, will be credited to a special capital reserve. While any debt or liability of, or claim against, the subsidiary at the date of the Capital Reduction remains outstanding and the person entitled to the benefit thereof has not agreed, the special capital reserve shall not be treated as realised profits.

The amount to be credited to the special capital reserve is subject to a limit ("Limit"), which was HK$1,958,524,266 as at the date of the capital reduction. The Limit may be reduced by the amount of any increase in the issued share capital of the subsidiary resulting from an issue of shares for cash or other consideration or upon a capitalisation of distributable reserves. The subsidiary shall be at liberty to transfer the amount so reduced to the general reserves of the subsidiary and the same shall become available for distribution. The Limit may also be reduced after the disposal or other realisation of any of the relevant assets by the amount of the charge to depreciation or provision made in relation to such asset as at September 30, 2004 less such amount as is credited to the special capital reserve as a result of such disposal or realisation.

26. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves (Continued)

(i) Special capital reserve (Continued)

In the event that the amount standing to the credit of the special capital reserve exceeds the Limit, the subsidiary shall be at liberty to transfer the amount of any such excess to the general reserves of the subsidiary, which shall become available for distribution.

As at December 31, 2015, the Limit of the special capital reserve, as reduced by HK$992,881 (2014: HK$1,194,837) related to recoveries and reversals of provisions of the relevant assets, was HK$836,436,178 (2014: HK$837,429,059), and the amount standing to the credit of the special capital reserve was HK$13,984,083 (2014: HK$13,983,475).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 1(p).

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policies in Notes 1(r) and (s).

(e) Distributability of reserves

At December 31, 2015, the aggregate amount of reserves of the Company available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was HK$Nil (2014: revenue reserve HK$20,806,000).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to support the Group's stability and growth, by pricing products and services commensurately with the level of risk.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders return, taking into consideration the future of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group made no changes to its capital management objectives, policies or processes during the years ended December 31, 2015 and December 31, 2014.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2015	2014
	HK$'000	HK$'000
Overseas taxation	**150**	179

27. 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 year are as follows:

Deferred tax arising from:	**Depreciation allowances in excess of related depreciation** HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At January 1, 2014	67,025	(343,769)	(276,744)
(Credited)/charged to the consolidated statement of profit or loss (Note 6(a))	(7,876)	7,201	(675)
At December 31, 2014	59,149	(336,568)	(277,419)
At January 1, 2015	**59,149**	**(336,568)**	**(277,419)**
Credited to the consolidated statement of profit or loss (Note 6(a))	**(5,271)**	**(8,947)**	**(14,218)**
At December 31, 2015	**53,878**	**(345,515)**	**(291,637)**

	2015 **HK$'000**	2014 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(308,884)**	(302,949)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**17,247**	25,530
	(291,637)	(277,419)

(c) Deferred tax assets not recognised:

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

	2015 **HK$'000**	2014 HK$'000
Future benefit of tax losses	**422,310**	394,157
Impairment loss for bad and doubtful accounts	**50**	120
	422,360	394,277

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's businesses. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a defined credit policy in place with general credit terms ranging from 0 to 90 days. The exposure to credit risks is monitored on an ongoing basis. The Group has no significant concentrations of credit risk from customers. Subscription revenue from customers is settled mainly in cash or via major credit cards.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and its compliance with lending covenants. The Group's objective is to maintain a balance between the continuity of funding and the flexibility through use of bank overdrafts and bank loans. In addition, banking facilities have been put in place for contingency purposes.

The following table show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2015				2014			
	Contractual undiscounted cash outflow				Contractual undiscounted cash outflow			
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount in the consolidated statement of financial position HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount in the consolidated statement of financial position HK$'000
Amounts due to trade creditors	33,138	–	33,138	33,138	69,834	–	69,834	69,834
Accrued expenses and other payables	214,532	8,068	222,600	222,600	214,599	8,068	222,667	222,667
Receipts in advance and customers' deposits	170,392	704	171,096	171,096	158,245	626	158,871	158,871
Interest bearing borrowings	300,000	–	300,000	300,000	100,000	–	100,000	100,000
Amounts due to fellow subsidiaries	34,308	–	34,308	34,308	38,122	–	38,122	38,122
Amount due to immediate holding company	1,614	–	1,614	1,614	936	–	936	936
	753,984	8,772	762,756	762,756	581,736	8,694	590,430	590,430

(c) Interest rate risk

At December 31, 2015, the Group's interest rate risk arises primarily from the revolving loan of HK$175,000,000 from a fellow subsidiary and HK$125,000,000 from a banking facility. The loans at variable rates expose the Group to cash flow interest rate risk.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Interest rate risk (Continued)

Apart from the foregoing, the Group has no other significant income-generating financial assets or interest-bearing financial liabilities. The Group's revenue, expenses and cash flows are substantially independent of changes in market interest rates.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the end of the reporting period and the periods in which they reprice:

	Total		**Effective interest rate**	
	2015	2014	**2015**	2014
Interest rate risk	**HK$'000**	HK$'000	**%**	%
Floating rate:				
Cash at bank and in hand	**82,427**	62,382	**0.01**	0.01
Interest bearing borrowings	**(300,000)**	(100,000)	**1.29**	1.31
	(217,573)	(37,618)		

At December 31, 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after tax and increased/decreased the revenue reserve by approximately HK$2,175,730 (2014: HK$376,180).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and revenue reserve) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and revenue reserve) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2014.

(d) Currency risk

The Group is exposed to currency risk primarily through trade and other receivables, bank deposits and trade and other payables that are denominated in a foreign currency, i.e. currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Renminbi, Euros and United States dollars. The Group manages this risk as follows:

(i) Forecast transactions

The Group is exposed to currency risk primarily through programmes acquisition activities whereby a substantial portion of our programming costs on overseas content is settled in United States dollars. In view of the continued support from the Hong Kong SAR Government to maintain the peg of the Hong Kong dollars to the United States dollars, management does not expect that there will be any significant currency risk associated with programming cost commitments denominated in United States dollars.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk (Continued)

(ii) Recognised assets and liabilities

In respect of trade and other receivables and payables denominated in foreign currencies, the Group manages the net exposure by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(iii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from forecast transactions and recognised assets or liabilities denominated in currencies other than the functional currency of the entity to which they relate.

	2015			2014		
	Renminbi '000	Euros '000	United States Dollars '000	Renminbi '000	Euros '000	United States Dollars '000
Trade and other receivables	–	11	4,316	–	1,024	8,777
Cash and cash equivalents	802	1	578	1,937	30	207
Trade and other payables	–	(25)	(3,903)	(1,716)	(30)	(6,042)
Exposure arising from recognised assets and liabilities	802	(13)	991	221	1,024	2,942
Highly probable forecast purchases	–	(248)	(81,746)	–	(1,635)	(91,087)
Overall net exposure	802	(261)	(80,755)	221	(611)	(88,145)

(iv) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and revenue reserve) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk (Continued)

(iv) Sensitivity analysis (Continued)

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and revenue reserve HK$'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and revenue reserve HK$'000
Renminbi	5%	41	5%	12
Euros	5%	89	5%	246

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group's loss after tax and revenue reserve measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2014.

29. FAIR VALUES

All financial instruments are carried at amounts not materially different from their fair values as at December 31, 2015 and 2014.

At December 31, 2015, the management adopted valuation technique in which significant inputs are not based on observable market data to estimate the fair value of the unquoted available-for-sale equity security investment.

30. JOINT OPERATIONS

At December 31, 2015, the aggregate amounts of assets and liabilities recognised in the financial statements relating to the Group's interests in joint operations are as follows:

	2015 HK$'000	2014 HK$'000
Assets:		
Programming library	14	4,059
Prepayments and other receivables	–	1,308
	14	5,367
Liabilities:		
Receipts in advance and customers' deposits	18	–

31. COMMITMENTS

Commitments outstanding as at December 31, 2015 not provided for in the financial statements were as follows:

	2015 HK$'000	2014 HK$'000
Capital commitments		
(i) Property, plant and equipment		
— Authorised and contracted for	**24,744**	4,982
— Authorised but not contracted for	**245,098**	208,139
	269,842	213,121
(ii) Programming and other commitments		
— Authorised and contracted for	**669,934**	766,120
— Authorised but not contracted for	**64,608**	72,624
	734,542	838,744
(iii) Operating lease commitments		
— Within one year	**53,880**	59,439
— After one year but within five years	**68,635**	114,843
— After five years	**13,014**	18,570
	135,529	192,852
	1,139,913	1,244,717

(a) Operating lease commitments

The Group leases a number of premises under operating leases for use as office premises, car parks, warehouses, district centres, remote camera sites, multipoint microwave distribution system transmission sites and hub sites. The terms of the leases vary and may be renewable on a monthly basis or run for an initial period of two to fifteen years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually adjusted every two to three years to reflect market rentals. None of the leases includes contingent rentals.

Some of the leased properties have been sublet by the Group under operating leases. The terms of the subleases vary and may be renewable on a monthly basis or run for an initial period of three years, with an option to renew the lease after that date at which time all terms are renegotiated.

The Group leases out decoders to subscribers under operating leases which are renewable on a monthly basis. None of the leases includes contingent rentals.

31. COMMITMENTS (Continued)

(b) Future operating lease income

The total future minimum sublease payments receivable under non-cancellable subleases at December 31, 2015 amounted to HK$21,130,000 (2014: HK$29,922,000). The total future minimum lease payments receivable in respect of decoders and other equipment under non-cancellable operating leases are as follows :

	2015 HK$'000	2014 HK$'000
Within one year	**2,146**	737

32. CONTINGENT LIABILITIES

As at December 31, 2015, there were contingent liabilities in respect of the following:

(i) 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.

(ii) Guarantees, indemnities and letters of awareness to a bank and a fellow subsidiary totally of HK$606,000,000 (2014: HK$206,000,000) in respect of over draft and guarantee facilities to the subsidiaries. Of this amount, at December 31, 2015, HK$300,000,000 (2014: HK$100,000,000) was utilised by the subsidiaries.

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. As at December 31, 2015, the directors do not consider it probable that a claim will be made against the Company under any of the guarantee. 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$300,000,000 (2014: HK$100,000,000).

33. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions during the year ended December 31, 2015:

	2015 HK$'000	2014 HK$'000
Rentals payable and related management fees on land and buildings *(Note (i))*	**57,062**	49,180
Rentals receivable on land and buildings *(Note (ii))*	**(7,535)**	(6,746)
Network repairs and maintenance services charges *(Note (iii))*	**(4,966)**	(10,483)
Management fees *(Note (iv))*	**9,050**	8,987
Computer services *(Note (v))*	**393**	884
Leased line and Public Non-Exclusive Telecommunications Service ("PNETS") charges and international bandwidth access charges *(Note (vi))*	**5,662**	6,430
Telephony services fees *(Note (vii))*	**9,598**	9,696

33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Notes:

(i) *These represent rentals and related management fees paid to fellow subsidiaries in respect of office premises, car parks, warehouses, district centres and hub sites. As at December 31, 2015, related rental deposits amounted to HK$12,734,651 (2014: HK$12,734,651).*

(ii) *This represents rentals received from fellow subsidiaries in respect of the lease of office premises.*

(iii) *This represents service charges to a fellow subsidiary in relation to the operation, repair and maintenance of ducts, cables and ancillary equipment.*

(iv) *This represents costs incurred by a fellow subsidiary on the Group's behalf which were recharged to the Group.*

(v) *This represents service charges paid to fellow subsidiaries for computer system maintenance and consulting services provided.*

(vi) *These represent service fees paid to a fellow subsidiary in respect of the leasing of datalines, PNETS charges and international bandwidth access charges incurred.*

(vii) *This represents service charges paid to a fellow subsidiary in relation to the telephony services.*

On November 18, 2015, Wharf Finance Limited, a fellow subsidiary has granted a revolving loan facility of HK$400,000,000 to a subsidiary of the Group on January 1, 2016 and which will be mature on December 31, 2016 (2014: HK$200,000,000 revolving loan facility, with an original maturity date of December 31, 2015).

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	2015 **HK$'000**	2014 HK$'000
Short-term employee benefits	**19,343**	18,463
Post-employment benefits	**599**	567
	19,942	19,030

Total remuneration is included in "staff costs" (See Note 5).

34. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Investments in subsidiaries		8	8
Amounts due from subsidiaries		5,053,216	7,720,516
		5,053,224	7,720,524
Current assets			
Prepayments and other receivables		1	1
Cash and cash equivalents		48,851	6,602
		48,852	6,603
Current liabilities			
Accrued expenses and other payables		1,433	1,636
Amounts due to subsidiaries		1,017,465	841,631
Amounts due to fellow subsidiaries		4,600	5,455
		1,023,498	848,722
Net current liabilities		(974,646)	(842,119)
NET ASSETS		4,078,578	6,878,405
Capital and reserves	*26(a)*		
Share capital		6,857,599	6,857,599
Reserves		(2,779,021)	20,806
TOTAL EQUITY		4,078,578	6,878,405

Approved and authorised for issue by the Board of Directors on February 25, 2016.

Stephen T H Ng
Chairman and Chief Executive Officer

William J H Kwan
Director and Chief Financial Officer

35. ACCOUNTING ESTIMATES AND JUDGEMENTS

Management considers the key source of estimation uncertainty lies in the recognition of deferred tax assets from unused tax losses. As explained in Note 1(o), all deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be utilised, are recognised. It is possible that adverse changes to the operating environment or the Group's organisation structure could cause a future write-down of the deferred tax assets recognised.

Apart from deferred tax assets, management also makes estimates and assumptions that affect the reported amounts of other assets, liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities. Notes 1(f), 1(h)(i), 1(h)(iv) and 1(h)(v), 1(j), 1(k), 1(s), and Note 29 contain information about the assumptions and risk factors relating to useful lives of property, plant and equipment, net realisable value of commissioned programmes, films rights and perpetual film rights and films in progress, impairment of property, plant and equipment, other intangible assets, inventories, loans and receivables, and unlisted equity instruments.

The useful lives of property, plant and equipment are estimated at the time such assets are acquired and are based on historical experience with similar assets, also taking into account the anticipated technological or industrial changes in order to determine the amount of depreciation expense to be recorded during any reporting period. If these changes were to occur more rapidly than anticipated or in a different form than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation expense in future periods.

Net realisable values of commissioned programmes, films rights and perpetual film rights and films in progress are estimated based on the projected future revenue to be derived from all applicable territories and windows less cost to sell, taking into account historical performances of films and programmes with comparable budgets, casts, or other relevant qualities. Impairment is made for carrying costs that are in excess of the expected future revenue to be generated by these programmes and films. Films in progress are stated at cost less any impairment, taking into account the project status and estimated realisable value. If revenue actually generated were to fall short of forecasts, or there are changes in total projected ultimate gross revenues, amortisation may need to be increased, or impairment may need to be made to reduce the carrying value of individual programme or film to its realisable amount.

Property, plant and equipment, inventories, other intangible assets and various financial instruments including loans and receivables, equity instruments are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the realisable value. If any such indication exists, the asset's realisable value is estimated and an impairment loss is recognised.

The value of property, plant and equipment and inventories and other intangible assets in use represent the amount that these assets are expected to generate based on reasonable and supportable assumptions. The value of loans and receivables are calculated based on estimated future cash flows. The fair value of equity instruments are estimated based on a combination of valuation techniques including use of recent arm's length market transactions of the underlying securities and references to the fund managers' estimated fair value as adjusted for specific circumstances of the investment including recent fund raising results and financial outlook.

Actual results may differ from these estimates under different assumptions or conditions.

36. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended December 31, 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRSs, 2012–2014 Cycle	1 January 2016
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to HKFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to HKAS 1, *Disclosure initiative*	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

37. IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

The Directors consider the immediate and the ultimate controlling parties at December 31, 2015 to be Wharf Communications Limited and Wheelock and Company Limited, respectively, both of which are incorporated in Hong Kong. Wheelock and Company Limited produces financial statements available for public use.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on February 25, 2016.

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in HK$ million)

	2011	2012	2013	2014	**2015**
Results					
Revenue	2,110	2,127	1,932	1,666	**1,510**
Operating expenses	(2,290)	(2,402)	(2,020)	(1,804)	**(1,752)**
Loss from operations	(180)	(275)	(88)	(138)	**(242)**
Interest income	1	1	1	–	**–**
Finance costs, net	(1)	(4)	(3)	(1)	**(3)**
Non-operating (expenses)/income	(3)	6	–	–	**(1)**
Impairment losses on investment	–	(1)	–	–	**–**
Loss before taxation	(183)	(273)	(90)	(139)	**(246)**
Income tax	4	(5)	(3)	–	**13**
Loss for the year	(179)	(278)	(93)	(139)	**(233)**
Attributable to:					
Equity shareholders of the Company	(179)	(278)	(93)	(139)	**(233)**
Assets and Liabilities					
Property, plant and equipment	1,075	1,024	934	893	**874**
Programming library	107	109	138	168	**156**
Intangible assets	4	4	4	4	**4**
Interest in associate	–	–	–	–	**–**
Deferred tax assets	336	323	311	303	**309**
Other non-current assets	59	59	56	58	**63**
Current assets	594	447	331	243	**193**
Total assets	2,175	1,966	1,774	1,669	**1,599**
Current liabilities	549	528	539	582	**754**
Deferred tax liabilities	54	44	34	25	**17**
Other non-current liabilities	9	9	8	9	**9**
Bank loans	–	100	–	–	**–**
Total liabilities	612	681	581	616	**780**
Share capital : nominal value	2,012	2,012	2,012	–	**–**
Other statutory capital reserves	4,846	4,846	4,846	–	**–**
Share capital and other statutory capital reserves	6,858	6,858	6,858	6,858	**6,858**
Other reserves	(5,295)	(5,573)	(5,665)	(5,805)	**(6,039)**
Total equity attributable to equity shareholders of the Company	1,563	1,285	1,193	1,053	**819**
Total liabilities and equity	2,175	1,966	1,774	1,669	**1,599**

Note:

As the term "share capital" includes share premium account and capital redemption reserve from the commencement date of the new Hong Kong Companies Ordinance of March 3, 2014, but not before that date, presentation of "capital and reserves" has been revised by providing further breakdown in order to be consistent with both the old and new terminology.

A Chinese version of this annual report is available from the Company upon request
如有需要，可向本公司索取本年報之中文版本

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i-CABLE COMMUNICATIONS LIMITED

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