



有線寬頻 i-CABLE



i-CABLE COMMUNICATIONS LIMITED

STOCK CODE: 1097



BUSINESS MODEL

i-CABLE

Communications Limited is an integrated broadcasting, communications, advertising and multimedia services provider in Hong Kong, commanding one of the largest and most influential TV viewer and communications service user bases in town.

It owns and operates a near universal wireline network in Hong Kong, over which it provides TV, Broadband, Telephony and multimedia services to well over one million households as well as customers in various businesses.

It is also one of the largest producers of TV, 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.

RESULTS HIGHLIGHTS

- Over-capacity continued but price competition stabilized.
- Subscriber and revenue erosion during and subsequent to the period was relatively mild.
- Broadband revenue steadied despite slightly smaller customer base.
- Due to prudent investment in sports rights, operating costs are expected to decline at a faster rate than revenue decline in the second half of 2013 which may improve margin.
- Capex was one gear lower.

GROUP RESULTS

The unaudited Group loss attributable to Shareholders for the six months ended June 30, 2013 was HK\$112 million (2012: HK\$97 million). Basic and diluted loss per share were both HK\$0.056 (2012: HK\$0.048).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2013 (2012: Nil).

BUSINESS REVIEW

COMPETITION AND OPERATING ENVIRONMENT

While competition remained intense, the first half of 2013 saw relative pricing stability in the telephony, broadband and TV sectors.

The TV customer base declined partly due to the expiry of our Barclays Premier League (“BPL”) rights. Thanks to a host of programming, marketing and service enhancement initiatives, efforts to retain customers paid off with attrition rates kept well in check.

Our broadband business continued to come under pressure from both wire-line and wireless service providers. Whilst the market has been relatively stable, the return to aggressive pricing to fight for market share remains a risk.

PROGRAMMING

Sports continued to feature strongly on our Pay TV services. Our exclusive rights to the European, Australian and Japanese leagues and tournaments ensured that casual football lovers and diehard fans alike would not miss out on the action of these exciting matches.

Diversity was never overlooked and we took great care in bringing subscribers a wide range of prestigious international sports events spanning swimming, badminton, basketball, volleyball, darts, bowling, snooker, ice hockey, car racing, dancing, tennis, figure skating and table tennis.

Staying true to our commitment to bring world-class mega sports events to Hong Kong, we have acquired all media rights to the 17th Asian Games Incheon 2014. As official broadcaster for the fifth consecutive time, we will carry the Games with extensive live and archived coverage in multiple formats across media platforms.

In entertainment, our platform was given a powerboost in June. Drama Channel was introduced, to show top drama series from around the world on a 24/7 basis, keeping subscribers satisfyingly occupied with all things melodrama. Our entertainment news, previously having its own channel, is repackaged and merged into the now revamped Entertainment Channel to provide a strong, diverse suite of entertainment programmes both acquired and locally produced.

News programming is always an integral part of our continuous success as Hong Kong's most-watched pay TV operator. In 2013, we introduced in-depth daily weeknight reports from our China team, sharing their unique perspective of the most topical news and current affairs on the mainland. Equally committed were our local journalists who not only provided professional coverage of news at home but also made news headlines themselves with their remarkable investigative reports often instantly and widely picked up and quoted by fellow media organisations.

Outlook

In addition to the usual constraints of saturating markets, the business climate looks set to be even more challenging and competitive pressure stronger in the next few years.

Three and a half years have gone by since Group affiliate Fantastic Television Limited submitted an application for a free domestic TV programme service licence. Whilst it remains to be seen whether the Government will live up to its promise to open up the free TV market, the TV landscape has already seen significant changes.

The overwhelmingly dominant TV player in Hong Kong, as the only operator licensed to provide both free and pay TV services defying and making a mockery of cross-media and cross-licence restrictions, has become more aggressive than ever, from acquiring premier sports rights, to poaching programming and other ideas and talents, and to setting up for the first time dedicated sports channels on its pay platform. It is at the same time making full use of "due process" to steadfastly challenge the Government's decision to open up the free TV market. Such phenomenon is not healthy at all and should come under close and immediate scrutiny. If it is not rectified, this dominant player's market position will be further entrenched much to the detriment of Hong Kong viewers and healthy development of the TV and entertainment industries.

Looking ahead, the overall operating environment is not expected to improve in the near term. That being said, however, operating costs are expected to decline in the second half of the year due to factors such as stringent cost control, prudent investments and the decrease in premium sports programming costs.

FINANCIAL REVIEW

A. Review of 2013 Interim Results

Consolidated turnover decreased by HK\$29 million or 3% to HK\$1,009 million.

Operating costs before depreciation decreased by HK\$2 million to HK\$1,007 million. Network costs decreased by 5% and cost of sales 2%, while programming costs increased by 1%.

EBITDA was HK\$1 million (2012: HK\$28 million). Net loss was HK\$112 million (2012: HK\$97 million). Basic and diluted loss per share was HK\$0.056 (2012: HK\$0.048).

B. Segmental Information

Television

Turnover decreased by 4% to HK\$820 million, mainly attributable to a decrease in subscription revenue related to BPL as well as lower advertising income partly offset by higher one-off network income. Operating costs before depreciation decreased by 1% to HK\$827 million, primarily due to lower sales acquisition cost and network related cost partly offset by higher programming cost. EBITDA loss was HK\$7 million (2012: EBITDA gain HK\$20 million).

Internet & Multimedia

Turnover increased by 1% to HK\$171 million. Operating costs before depreciation increased by 1% to HK\$112 million. EBITDA was unchanged at HK\$58 million (2012: HK\$58 million).

C. Liquidity and Financial Resources

As of June 30, 2013, the Group had bank deposits and net cash of HK\$56 million, as compared to HK\$188 million at December 31, 2012.

The consolidated net asset value of the Group as at June 30, 2013 was HK\$1,173 million, or HK\$0.58 per share.

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

Capital expenditure during the period amounted to HK\$78 million (2012: HK\$113 million). Major items included HD set-top-boxes, network equipment as well as TV production and broadcast facilities for HD channels.

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

D. Contingent Liabilities

At June 30, 2013, 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 banks up to HK\$206 million (2012: HK\$206 million), of which HK\$100 million (2012: HK\$100 million) have been utilised by the subsidiaries.

E. Human Resources

The Group had 2,431 employees at the end of June 2013 (2012: 2,693). Total gross amount of salaries and related costs incurred in the corresponding period amounted to HK\$358 million (2012: HK\$359 million).

Consolidated Statement of Profit or Loss

For the six months ended June 30, 2013 – unaudited

	Note	Six months ended June 30,	
		2013 HK\$'000	2012 HK\$'000
Turnover	2,3	1,008,744	1,037,929
Programming costs		(661,984)	(657,305)
Network expenses		(109,090)	(114,324)
Selling, general and administrative and other operating expenses		(185,518)	(186,021)
Cost of sales		(50,891)	(51,985)
Profit from operations before depreciation		1,261	28,294
Depreciation	4	(118,242)	(128,648)
Loss from operations	3	(116,981)	(100,354)
Interest income		133	646
Finance costs, net		(1,980)	(1,772)
Non-operating income		672	2,691
Loss before taxation	4	(118,156)	(98,789)
Income tax	5	6,097	1,897
Loss for the period		(112,059)	(96,892)
Attributable to:			
Equity shareholders of the Company		(112,059)	(96,892)
Non-controlling interests		-	-
Loss for the period		(112,059)	(96,892)
Loss per share	6		
Basic		(5.6) cents	(4.8) cents
Diluted		(5.6) cents	(4.8) cents

The notes on pages 11 to 19 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2013 – unaudited

	Six months ended June 30,	
	2013 HK\$'000	2012 HK\$'000
Loss for the period	(112,059)	(96,892)
Other comprehensive income for the period (after reclassification adjustment):		
Exchange difference on translation of foreign subsidiaries' financial statements	282	109
Total comprehensive income for the period	(111,777)	(96,783)
Attributable to:		
Equity shareholders of the Company	(111,777)	(96,783)
Non-controlling interests	–	–
Total comprehensive income for the period	(111,777)	(96,783)

The notes on pages 11 to 19 form part of this interim financial report.

Consolidated Statement of Financial Position

At June 30, 2013 – unaudited

	Note	At June 30, 2013 HK\$'000 (unaudited)	At December 31, 2012 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	7	982,799	1,024,223
Programming library	8	129,409	108,945
Other intangible assets	9	3,767	3,767
Interest in associate		–	–
Deferred tax assets	13	324,548	322,551
Other non-current assets		67,853	58,580
		1,508,376	1,518,066
Current assets			
Inventories		6,741	5,947
Accounts receivable from trade debtors	10	76,773	88,936
Deposits, prepayments and other receivables		38,552	62,202
Amounts due from fellow subsidiaries		9,783	1,823
Cash and cash equivalents		156,376	288,287
		288,225	447,195
Current liabilities			
Amounts due to trade creditors	11	70,372	106,488
Accrued expenses and other payables		181,684	184,266
Receipts in advance and customers' deposits		207,540	208,034
Bank loans		100,000	–
Current taxation	13	440	696
Amounts due to fellow subsidiaries		15,249	27,043
Amount due to immediate holding company		821	1,770
		576,106	528,297
Net current liabilities		(287,881)	(81,102)
Total assets less current liabilities		1,220,495	1,436,964
Non-current liabilities			
Deferred tax liabilities	13	39,324	44,009
Other non-current liabilities		8,585	8,592
Bank loans		–	100,000
		47,909	152,601
NET ASSETS		1,172,586	1,284,363
Capital and reserves			
Share capital	12	2,011,512	2,011,512
Reserves		(838,926)	(727,149)
Total equity attributable to equity shareholders of the Company		1,172,586	1,284,363
Non-controlling interests		–	–
TOTAL EQUITY		1,172,586	1,284,363

The notes on pages 11 to 19 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2013 – unaudited

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Special capital reserve	Exchange reserve	Capital redemption reserve	Fair value reserve	Revenue reserve	Total reserves	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at January 1, 2012*	2,011,512	4,838,365	13,963	3,650	7,722	-	(5,312,399)	(448,699)	1,562,813	-	1,562,813
Loss for the period	-	-	-	-	-	-	(96,892)	(96,892)	(96,892)	-	(96,892)
Other comprehensive income for the period	-	-	-	109	-	-	-	109	109	-	109
Total comprehensive income for the period	-	-	-	109	-	-	(96,892)	(96,783)	(96,783)	-	(96,783)
Transfer to special capital reserve	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2012*	2,011,512	4,838,365	13,963	3,759	7,722	-	(5,409,291)	(545,482)	1,466,030	-	1,466,030
Balance at January 1, 2013*	2,011,512	4,838,365	13,967	3,535	7,722	-	(5,590,738)	(727,149)	1,284,363	-	1,284,363
Loss for the period	-	-	-	-	-	-	(112,059)	(112,059)	(112,059)	-	(112,059)
Other comprehensive income for the period	-	-	-	282	-	-	-	282	282	-	282
Total comprehensive income for the period	-	-	-	282	-	-	(112,059)	(111,777)	(111,777)	-	(111,777)
Transfer to special capital reserve	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2013*	2,011,512	4,838,365	13,967	3,817	7,722	-	(5,702,797)	(838,926)	1,172,586	-	1,172,586

* Included in the Group's revenue reserve is positive goodwill written off against reserves in prior years amounting to HK\$197,785,000.

The notes on pages 11 to 19 form part of this interim financial report.

Condensed Consolidated Cash Flows Statement

For the six months ended June 30, 2013 – unaudited

	Six months ended June 30,	
	2013 HK\$'000	2012 HK\$'000
Operating activities		
Loss before taxation	(118,156)	(98,789)
Adjustments for:		
Finance costs, net	1,980	1,772
Interest income	(133)	(646)
Depreciation	118,242	128,648
Amortisation of programming library	39,984	42,753
Others	91	(1,968)
Operating profit before change in working capital	42,008	71,770
Change in working capital	(39,798)	(61,257)
Cash generated from operations	2,210	10,513
Interest received	10	313
Overseas tax paid	(849)	(657)
Net cash generated from operating activities	1,371	10,169
Investing activities		
Purchase of property, plant and equipment	(80,383)	(115,785)
Other net investing activities	(52,997)	(49,239)
Net cash used in investing activities	(133,380)	(165,024)
Net cash generated from financing activities	–	100,000
Net decrease in cash and cash equivalents	(132,009)	(54,855)
Effect of foreign exchange rate changes	98	25
Cash and cash equivalents at January 1	288,287	338,359
Cash and cash equivalents at June 30	156,376	283,529

The notes on pages 11 to 19 form part of this interim financial report.

1. Basis of preparation and comparative figures

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

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

The interim financial report is prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for accounting policy changes that are expected to be reflected in the 2013 annual financial statements.

2. Turnover

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

3. Segment information

The Group managed its businesses according to the nature of services provided. Management has determined two reportable operating segments for measuring performance and allocating resources. The segments are Television and Internet and Multimedia.

The Television segment includes operations related to the Television subscription business, advertising, channel carriage, Television relay service, programme licensing, network maintenance, and miscellaneous Television related businesses.

The Internet and Multimedia segment includes operations related to Broadband Internet access services, portal operation, mobile content licensing, Voice Over Internet Protocol telephony services as well as other Internet access related businesses.

3. Segment information *(continued)*

Business segments for the six months ended June 30, 2013 and 2012

	Television		Internet and multimedia		Unallocated		Total	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue from external customers	810,657	848,788	170,658	169,020	27,429	20,121	1,008,744	1,037,929
Inter-segment revenue	9,821	6,697	124	283	4,589	2,795	14,534	9,775
Reportable segment revenue	820,478	855,485	170,782	169,303	32,018	22,916	1,023,278	1,047,704
Reportable segment results ("EBITDA")	(6,890)	19,794	58,312	58,493	(49,490)	(49,583)	1,932	28,704
Reportable segment results ("EBIT")	(76,491)	(59,332)	12,699	12,390	(52,518)	(53,002)	(116,310)	(99,944)
Inter-segment elimination							(671)	(410)
Loss from operations							(116,981)	(100,354)
Interest income							133	646
Finance costs, net							(1,980)	(1,772)
Non-operating income							672	2,691
Income tax							6,097	1,897
Loss for the period							(112,059)	(96,892)

4. Loss before taxation

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

	Six months ended June 30,	
	2013 HK\$'000	2012 HK\$'000
Depreciation		
- assets held for use under operating leases	16,177	14,502
- other assets	102,065	114,146
	118,242	128,648
Amortisation of programming library*	39,984	42,753
Staff costs	343,305	342,873
Contributions to defined contribution retirement plans	17,346	17,028
Cost of inventories	9,116	10,533
Interest expenses on bank loans	1,980	1,763
Auditors' remuneration	1,419	1,602
Non-operating income		
Net gain on disposal of property, plant and equipment	(672)	(2,691)

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

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

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

	Six months ended June 30,	
	2013 HK\$'000	2012 HK\$'000
Current tax – Overseas		
Tax for the period	(585)	(1,031)
Deferred tax (Note 13(b))		
Utilisation of prior year's tax losses recognised	(17,846)	(24,904)
Benefit of previously unrecognised tax losses now recognised	19,446	17,671
Reversal of temporary differences	5,082	10,161
	6,682	2,928
Income tax	6,097	1,897

The provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the period. Taxation for the overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

6. Loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$112,059,000 (2012: HK\$96,892,000) and the weighted average number of ordinary shares outstanding during the period of 2,011,512,400 (2012: 2,011,512,400).

There were no potential diluted ordinary shares in existence during the periods ended June 30, 2013 and 2012.

7. Property, plant and equipment

	HK\$'000
Net book value at January 1, 2013	1,024,223
Additions — Network, decoders, cable modems and television production systems	69,190
— Others	8,581
Disposals	(237)
Depreciation	(118,242)
Impairment loss	(763)
Reclassification to inventories	(268)
Exchange reserve	315
Net book value at June 30, 2013	982,799

8. Programming library

	HK\$'000
Net book value at January 1, 2013	108,945
Additions	60,448
Amortisation	(39,984)
Net book value at June 30, 2013	129,409

9. Other intangible assets

	At June 30, 2013 HK\$'000	At December 31, 2012 HK\$'000
Club debentures	3,767	3,767

10. Accounts receivable from trade debtors

An ageing analysis of accounts receivable from trade debtors (net of allowance for doubtful debts) is set out as follows:

	At June 30, 2013 HK\$'000	At December 31, 2012 HK\$'000
0 to 30 days	36,897	18,991
31 to 60 days	5,132	27,478
61 to 90 days	13,948	17,458
Over 90 days	20,796	25,009
	76,773	88,936

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

11. Amounts due to trade creditors

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

	At June 30, 2013 HK\$'000	At December 31, 2012 HK\$'000
0 to 30 days	21,502	24,006
31 to 60 days	21,403	30,709
61 to 90 days	8,445	16,821
Over 90 days	19,022	34,952
	70,372	106,488

12. Share capital

	At June 30, 2013		At December 31, 2012	
	No. of shares ('000)	HK\$'000	No. of shares ('000)	HK\$'000
Authorised				
Ordinary shares of HK\$1 each	8,000,000	8,000,000	8,000,000	8,000,000
Issued and fully paid				
At January 1 and end of period/year	2,011,512	2,011,512	2,011,512	2,011,512

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. Income tax in the consolidated statement of financial position

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

	At June 30, 2013 HK\$'000	At December 31, 2012 HK\$'000
Overseas taxation	440	696

- (b) Deferred tax assets and liabilities recognised:

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

Deferred tax arising from:	Depreciation allowances in excess of related depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At January 1, 2013	76,076	(354,618)	(278,542)
Credited to consolidated statement of profit or loss (Note 5)	(5,082)	(1,600)	(6,682)
At June 30, 2013	70,994	(356,218)	(285,224)

13. Income tax in the consolidated statement of financial position *(continued)*

	At June 30, 2013 HK\$'000	At December 31, 2012 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	(324,548)	(322,551)
Net deferred tax liabilities recognised in the consolidated statement of financial position	39,324	44,009
	(285,224)	(278,542)

(c) Deferred tax assets not recognised:

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

	At June 30, 2013 HK\$'000	At December 31, 2012 HK\$'000
Future benefit of tax losses	369,682	369,332
Impairment loss for bad and doubtful accounts	69	50
	369,751	369,382

14. Commitments

Commitments outstanding as of June 30, 2013 not provided for in the interim financial report were as follows:

	At June 30, 2013 HK\$'000	At December 31, 2012 HK\$'000
Capital commitments		
(i) Property, plant and equipment		
– Authorised and contracted for	16,274	23,588
– Authorised but not contracted for	225,742	127,711
	242,016	151,299
(ii) Acquisition of equity interests in prospective subsidiary and associate		
– Authorised and contracted for	3,093	3,057
– Authorised but not contracted for	–	–
	3,093	3,057
	245,109	154,356

15. Contingent liabilities

As at June 30, 2013, there were contingent liabilities in respect of the following:

- (a) The Company has undertaken to provide financial support to its certain subsidiaries in order to enable them to continue to operate as going concerns.
- (b) Guarantees, indemnities and letters of awareness to banks totalling HK\$206 million (December 31, 2012: HK\$206 million) in respect of overdraft and guarantee facilities given by those banks to the subsidiaries. Of this amount, at June 30, 2013, HK\$100 million (December 31, 2012: HK\$100 million) was utilised by the subsidiaries.

As at June 30, 2013, the Company has issued three separate guarantees to a bank in respect of banking facilities granted to two wholly-owned subsidiaries. At June 30, 2013, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at June 30, 2013 under the guarantees issued is the facilities drawn down by the wholly-owned subsidiaries of HK\$100 million (December 31, 2012: HK\$100 million).

16. Material related party transactions

The significant and material related party transactions between the Group and related parties as set out in the annual accounts for the year ended December 31, 2012 continued to take place during this interim reporting period.

There were no new significant and material related party transactions entered by the Group during the six months ended June 30, 2013.

17. Review by the audit committee

The unaudited interim financial report for the six months ended June 30, 2013 was reviewed with no disagreement by the Audit Committee of the Company.

18. Approval of unaudited interim financial report

The unaudited interim financial report was approved by the Directors on August 8, 2013.

CORPORATE GOVERNANCE CODE

During the financial period under review, all code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) were met by the Company, except in respect of one code provision (viz. Code Provision A.2.1) providing for the roles of chairman and chief executive (or chief executive officer) to be performed by different individuals. Such deviation is deemed necessary as, given the nature and size of the Company’s business, it is at this stage considered to be more efficient to have one single person to hold both positions. The Board of Directors believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors.

MODEL CODE FOR DIRECTORS’ DEALING IN SECURITIES

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard set out in 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 who were in office during the period under review, all of them have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct adopted by the Company regarding directors’ securities transactions during the period under review.

DIRECTORS’ INTERESTS IN SECURITIES

At June 30, 2013, Directors of the Company had the following beneficial interests, all being long positions, in the securities of the Company, The Wharf (Holdings) Limited (“Wharf”) (which is the Company’s parent company), Wheelock and Company Limited (“Wheelock”) (which is Wharf’s parent company), Wharf Finance (No. 1) Limited and Wheelock Finance Limited (both being fellow subsidiaries of the Company), and the percentages (where applicable) which the relevant securities represented to the issued share capitals of the five relevant companies respectively are also set out below:

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

	Quantity held (percentage of issued capital, where applicable)	Nature of interest
The Company – Ordinary Shares		
Stephen T H Ng	1,265,005 (0.0629%)	Personal interest
Wheelock – Ordinary Shares		
Stephen T H Ng	300,000 (0.0148%)	Personal interest
Paul Y C Tsui <i>(Note 1)</i>	1,500,000 (0.0738%)	Personal interest in options for shares
Wharf – Ordinary Shares		
Stephen T H Ng <i>(Note 2)</i>	4,304,445 (0.1421%)	Personal interest in 804,445 shares and options for 3,500,000 shares
Paul Y C Tsui <i>(Note 3)</i>	2,200,000 (0.0726%)	Personal interest in options for shares
Wharf Finance (No. 1) Limited – HKD Fixed Rate Notes due 2020		
Roger K H Luk	HK\$4,000,000	Personal interest
Wheelock Finance Limited – HKD Guaranteed Notes due 2017		
Roger K H Luk	HK\$2,000,000	Personal interest

Notes:

- (1) *The 1,500,000 Wheelock share options represent the outstanding options granted to Mr Paul Y C Tsui under Wheelock's share option scheme in June 2013 which have not yet been exercised by Mr Tsui.*
- (2) *Of the 3,500,000 Wharf share options, 1,500,000 options and 2,000,000 options represent the outstanding options granted to Mr Stephen T H Ng under Wharf's share option schemes in July 2011 and June 2013 respectively which have not yet been exercised by Mr Ng.*
- (3) *Of the 2,200,000 Wharf share options, 1,200,000 options and 1,000,000 options represent the outstanding options granted to Mr Paul Y C Tsui under Wharf's share option schemes in July 2011 and June 2013 respectively which have not yet been exercised by Mr Tsui.*

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the Securities and Futures Ordinance (the "SFO") in respect of information required to be notified to the Company and the Stock Exchange by the Directors and/or Chief Executive of the Company pursuant to the SFO or to the Model Code, there were no interests, both long and short positions, held as at June 30, 2013 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), nor had there been any rights to subscribe for any shares, underlying shares or debentures of the Company and its associated corporations held by any of them at any time during the financial period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at June 30, 2013, 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 issued share capital of the Company:

Names	No. of ordinary shares (percentage of issued capital)
(i) The Wharf (Holdings) Limited	1,480,505,171 (73.60%)
(ii) Wheelock and Company Limited	1,481,442,626 (73.65%)
(iii) HSBC Trustee (Guernsey) Limited	1,481,442,626 (73.65%)

Notes:

- (1) *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 the shareholding stated against party (i) above was entirely duplicated or included in that against party (ii) above, and the shareholdings stated against (ii) and (iii) represented the same block of shares.*
- (2) *Wheelock's deemed shareholding interests stated above were held through, inter alia, its two wholly-owned subsidiaries, namely, Wheelock Investments Limited and WF Investment Partners Limited.*
- (3) *Wharf's deemed shareholding interests stated above were held through its wholly-owned subsidiary, namely, Wharf Communications Limited.*

All the interests stated above represented long positions and as at June 30, 2013, there were no short position interests recorded in the Register.

CHANGES OF INFORMATION OF DIRECTORS

Given below is the latest information regarding annual emoluments, calculated on an annualised basis for the year 2013, of any and all Director(s) of the Company for whom there has/have been change(s) of amounts of emoluments since the publication of the last annual report of the Company:

Director	Salary and various allowances ⁽¹⁾ HK\$ Million	Discretionary annual bonus in cash ⁽²⁾ HK\$ Million
Stephen T H Ng	1.8 (2012: 2.0)	3.0 (2012: 4.0)

Notes:

- (1) *Not including the Director's fee of HK\$60,000 per annum to each of the Directors of the Company payable by the Company.*
- (2) *Paid during the six-month period ended June 30, 2013, with the amounts of such discretionary annual bonus(es) fixed/decided unilaterally by the employer(s).*

PURCHASE, SALE OR REDEMPTION OF SHARES

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

By Order of the Board

H O Hung

Company Secretary

Hong Kong, August 8, 2013

As at the date of this interim report, the Board of Directors of the Company comprises Mr Stephen T H Ng, Mr William J H Kwan and Mr Paul Y C Tsui, together with four Independent Non-executive Directors, namely, Mr T K Ho, Mr Herman S M Hu, Mr Roger K H Luk and Mr Patrick Y W Wu.

Notwithstanding any choice of language or means for the receipt of corporate communications (viz. annual report, interim report, etc.) previously made by Shareholder(s) and communicated to the Company, Shareholder(s) is/are given the option (which may be exercised at any time by giving reasonable prior notice to the Company) of changing his/her/their choice of printed language version(s) to English only, Chinese only or both English and Chinese for receiving future corporate communications, or changing the choice of receiving future corporate communications to using electronic means instead of in printed version (or vice versa). Such notice of change of choice should contain the full name(s) in English, address and contact telephone number of the relevant Shareholder(s), together with the relevant words regarding the request for the change of choice, and should be sent to the Company, c/o the Company's Registrars, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by post or by hand delivery, or via email to i-cablecomm-ecom@hk.tricorglobal.com.