有線寬頻 i-CABLE

i-CABLE COMMUNICATIONS LIMITED

STOCK CODE : 1097

ANNUAL REPORT 2014

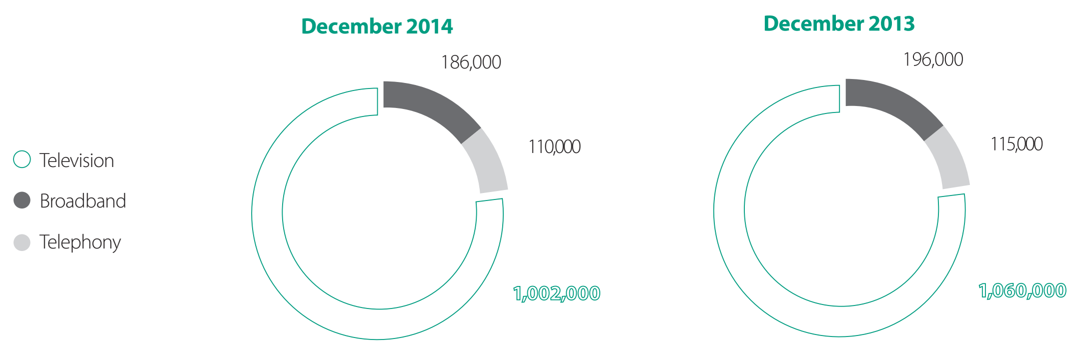
NEW CHALLENGE NEW CHANCE

CONTENTS

RESULTS HIGHLIGHTS

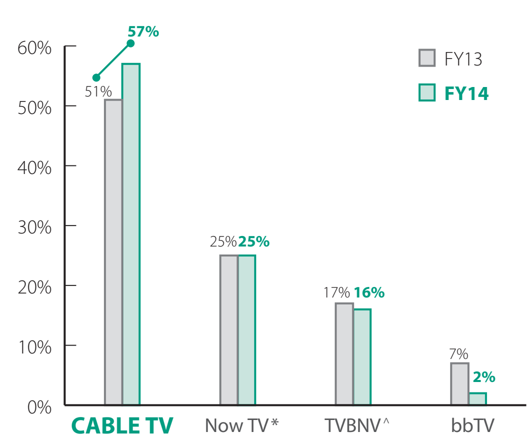
- Weaker local consumption depressed demand, while intense competition and product substitution increased supply.
- They combined to put significant pressure on both subscription and advertising revenue.
- TV customer base contraction continued on weaker sales in a shrinking market despite signs of stabilization towards the end of the year.
- Broadband reported minor growth in revenue and operating margin.
- It has become more necessary than ever to invest prudently in programming and other initiatives to prepare for challenging times ahead.
- Past operating losses have weakened our financial position. To sustain this investment, we will evaluate funding options from internal resources, external debt as well as fresh equity.

Customers



Viewership

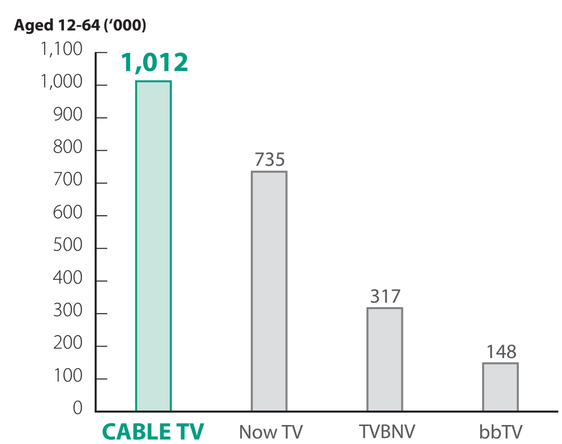
Viewing Share Among Pay TV Operators



Source: Nielsen
All Individuals aged 4+
All Day All Time

* *Excluded 8 TVBNV channels via Now TV platform in top 50 channel list only*
^ *Included 8 TVBNV channels via Now TV platform in top 50 channel list only*

TV Services Watched Past 7 Days



Source: 2014 Nielsen Media Index (Jul 2013 –Jun 2014)
Weighted by population

As the most watched Pay TV service in Hong Kong, our movie & entertainment platforms significantly outperformed our competitors during the year

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	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*
Helina Wong	Vice President, *Subscription Marketing & Sales*
Raymond W M Chan	Vice President, *Network Operations*

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,

2014 was an unsettling year for both socio-politics and economics around the world. Hardly a day passed without a front page story that rocked the world or rocked Hong Kong. From the Middle East to the South China Sea, from Ukraine to East Asia, from Washington to Beijing, from Mainland China to Hong Kong, from currencies to oil prices, from disasters to jubilations. And one may well feel disoriented if one did not watch the news for a day.

At home, Hong Kong saw its biggest internal rift in decades during the Occupy Movement. It was a challenging time for our news colleagues at the frontline, where stories were developing at a frantic pace, sometimes round the clock.

Our mission has always been the same – to stay relevant to our audience and in the marketplace; as well as to provide the best customer experience we could offer. Although life has not always been easy in our small and crowded marketplace, we should and will keep investing in the best content, customer service and infrastructure, in spite of the challenging times.

We are proud to continue to be the most watched pay TV service in Hong Kong by a big margin, reinforcing our long held belief that our local programming capability is the strongest and the most relevant. That said, the fortunes of free TV broadcaster Asia Television Limited remind us how harsh life could be fighting a dominant broadcaster which ironically is the sole operator licensed to operate both free and pay TV in a small marketplace. Hong Kong needs a playing field that is pro-competition and we will strive to fight for this in our free TV licence application.

Looking ahead, we have planned a number of initiatives to sharpen our content, our infrastructure and our services. Operating losses over the past seven years have weakened our financial position and depleted cash and earnings reserves. To more fully fulfill these plans, we will evaluate funding options from internal resources, external debt as well as fresh equity.

Finally, I wish to express my heartfelt gratitude to shareholders, customers, colleagues and business partners for their enthusiastic support, without which we could not achieve what we have today.

Stephen T H Ng
Chairman and Chief Executive Officer
i-CABLE Communications Limited
Hong Kong, February 26, 2015

OPERATING ENVIRONMENT

Weaker local consumption depressed demand, while intense competition and product substitution among all forms of video, broadband and telephony services increased supply. They combined to put significant pressure on both subscription and advertising revenue. At the same time, escalating costs, especially programming rights fee, continued to erode our margin. Yet, it has become more necessary than ever to invest prudently in programming and other initiatives to prepare for challenging times ahead.

Our unique local programming helps us to compete in an increasingly crowded marketplace. We are proud of being the most watched pay TV platform over the past 21 years. Our creative and unique programming is a strong asset to uphold our leading position in the local pay TV scene. We will continue to wisely invest in local programming.

TELEVISION SERVICES

Customer base contraction continued on weaker sales in a shrinking market despite signs of stabilization towards the end of the year. The contraction of high yield segment slowed down. Nevertheless, challenges remained fierce as more free content, available both legally and illegally and enabled by technology, continued to fundamentally change viewing behaviour and customer expectation.

Our multiple HD content offers enhanced viewing experience to our customers. We continue to devote significant investment to upgrade our HD News Centre and broadcasting facilities to bring a new look to our customers in the near future.

Our Pay TV licence will expire in May 2017 and we are required to apply for renewal latest by May 2015. The Communications Authority will consult the public on our past performance as well as our plans for the next licence term. We have started preparations for this process that could take about a year, if not longer, to complete.

INTERNET & MULTIMEDIA

Broadband reported modest growth in revenue and operating margin, mostly from the continuous growth in our mid-range price plans.

During the year, we geared up dynamic marketing and sales strategies and products such as a 200 Mbps plan to target the mid-range segment of the market. We believe these affordably priced, mid-range products with a strong price-performance ratio would stand to benefit from market changes.

The Group continues to invest in service and network upgrades to enhance and optimize network performance to bring customers better, faster and more reliable broadband services. The expanded network capacity and service quality will facilitate customer retention and acquisition, as well as upselling opportunities.

PROGRAMMING

As the most watched Pay TV service in Hong Kong, our movie and entertainment platforms significantly outperformed our competitors during the year. Our movie acquisition has begun to refocus on local market flavor and local movies with good production value as well as substantial viewership ratings. Entertainment platform made further progress with regards to programme development; our local productions were daring and innovative with original concepts.

Our news team had been working full steam to cover the political reform and Occupy Movement protests, providing up to the minute updates of every turn of the events while maintaining a fair and balanced editorial stance.

Preparations are underway in earnest to upgrade our news production and broadcast to HD capabilities, taking our news services to a whole new level and boosting the sales potential of our news programming both as packaged and standalone products.

On the sports front, we renewed our rights to the UEFA Champions League through to 2018 and strengthened our line-up with exclusive rights to the qualification for UEFA European Football Championship 2016 in France and 2018 FIFA World Cup in Russia. Other sports brought to our viewers included tennis, table tennis, swimming, badminton, basketball and volleyball as well as world class cycling meets here on home turf featuring athletes from around the world. The region’s most coveted sports event, the 2014 Incheon Asian Games opened in September with close to 140 hours of live broadcast over 16 days through our 24-hour dedicated channel.

Internationally sought-after channels such as Comedy Central, Sony TV and beTV were added to our Pay TV platform to enrich our offers of premium entertainment programming. Also introduced was the HD version of AXN previously in SD only. We will continue to dedicate ample resources to local and acquired productions to keep our customers well entertained.

A new “i-cable.com” application for mobile devices was introduced to provide both pay and free online programming and related information on one single platform under our new multi-view strategy to bring subscribers a better mobile viewing experience and provide prospective customers with a rich portal to sample our services. This new app drew a good hit rate and also advertising income.

SUNDREAM MOTION PICTURES

Sundream Motion Pictures has developed into a full-fledged film business and continued to bring the best either by acquisition or production. During the year, Sundream released a total of 20 films in Hong Kong and Macau, including 3 local films produced by Sundream, i.e. *Enthralled*, the debut of Chip Tsao as director; *Hungry Ghost Rituals*, the debut of Cheung Ka Fai as director; and *Gangster Pay Day*, starring Anthony Wong and Charlene Choi. Besides, Angel Whispers, which is the debut of Carrie Ng and Shirley Yung as directors, won the 2014 HAF (the Hong Kong Asia Film Financing Forum) Award; the film will be released in 2015.

CORPORATE AND COMMUNITY AFFAIRS

We believe that we have an important role to play in making our society better.

We attach great importance to staff participation in community activities, motivating and encouraging colleagues to extend a helping hand to the elderly, children and youths as well as families in need of social help and support. Leading charitable organisations that we worked with included the Community Chest, 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.

We continued our support for *Project WeCan*, a multi-company business-in-community programme initiated by the Wharf group and designed to offer care and opportunities for less-privileged students in Hong Kong, through our partner school, Buddhist Wong Wan Tin College. With the aim of uplifting students' performance, exposure and personal development, we arranged a spectrum of activities including training programmes on the TV industry, workshop on MC coaching and presentation, job tasting programme and interest class etc. The school also participated in the Project WeCan Young Innovators Bazaar, joining hands with our volunteers, to showcase their entrepreneurial spirit and creativity.

The Group received the "Caring Company Scheme 5 Years Plus Logo" in 2014 from the Hong Kong Council of Social Service, in recognition of our continuous commitment as a socially responsible corporation.

We had reduced our paper, fuel and HQ electricity consumption by 56%, 26% and 23% respectively as compared to 2008 when we pressed ahead more vigorous green efforts. It was our sixth consecutive year participating in the "Earth Hour" campaign, encouraging our colleagues to save energy and promoting this campaign online.

OUTLOOK

Faced with fierce competition, retooling for our business is the most critical mission. The Group endeavours to take its service to a different level to attain customer satisfaction and strengthen its marketing to drive revenue. Our sales, marketing and customer service teams have been working on new initiatives, including pricing strategy, customer segmentation and service image, to enhance brand and product attributes.

Enhancement of network infrastructure and the introduction of a new conditional access system are our other foci. The network upgrades will uplift our broadband services for a bigger number of homes. The introduction of the new conditional access system will enrich our customer viewing experience.

It has been over one year since the Government's in-principle approval to grant Fantastic Television Limited a free TV licence. Despite using our best efforts to negotiate with the Communications Authority over the draft licence, there is still inertia in the CA's response on a regulatory regime greatly favouring the incumbents in many ways. A pro-competition playing field is a pre-requisite for a healthy free TV industry to prosper with new licensees. We will bear this in mind when negotiating the free TV licence.

BUSINESS MODEL

i-CABLE Communications Limited is an integrated communications 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 one of the near universal wireline telecommunications networks 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.

FINANCIAL REVIEW

A. REVIEW OF 2014 RESULTS

Consolidated turnover decreased by 14% to HK$1,666 million.

Operating costs before depreciation decreased by 11% to HK$1,578 million. Programming costs decreased by 15%, selling, customer service, general and administrative expenses by 10% and cost of sales by 5%, while network cost was unchanged.

EBITDA was HK$88 million (2013: HK$149 million).

Net loss was HK$139 million (2013: HK$93 million). Basic and diluted loss per share was HK$0.07 (2013: HK$0.05).

B. SEGMENTAL INFORMATION

Television

Turnover decreased by 18% to HK$1,266 million on lower subscription and advertising income. Operating costs before depreciation decreased by 13% to HK$1,232 million, primarily due to lower programming and subscriber acquisition cost. EBITDA was HK$34 million (2013: HK$125 million).

Internet & Multimedia

Turnover increased by 5% to HK$365 million. Operating costs before depreciation decreased by 6% to HK$209 million. EBITDA improved by 25% to HK$156 million (2013: HK$125 million).

C. LIQUIDITY AND FINANCIAL RESOURCES

As of December 31, 2014, the Group had net debt of HK$38 million (2013: net cash HK$182 million). The ratio of net debt to total equity was 3.6% (2013: -15.3%).

Consolidated net asset value as at December 31, 2014 was HK$1,053 million, or HK$0.52 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$188 million (2013: HK$149 million). Major items included network upgrade and expansion as well as TV production and broadcast facilities for HD channels.

The Group's ongoing capital expenditure and new business development will first be funded by internal cash flows generated from operations. Loan facilities and fresh equity will also be considered thereafter.

D. CONTINGENT LIABILITIES

At December 31, 2014, 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 loan up to HK$206 million (2013: HK$6 million), of which HK$100 million (2013: Nil) have been utilised by the subsidiaries.

E. HUMAN RESOURCES

At year-end, the Group had 2,256 employees (2013: 2,384). During the year, gross salaries and related costs of HK$699 million (2013: HK$714 million) were incurred.

(A) CORPORATE GOVERNANCE PRACTICES

During the financial year ended December 31, 2014, all the code provisions 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 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 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 and 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 financial year ended December 31, 2014.

(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, 2014. The composition of the Board and attendance of the Directors are set out below:

	Attendance/Number of Meeting(s)	
Directors	**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		
T K Ho *(retired on June 4, 2014)*	3/3	1/1
Herman S M Hu	5/5	1/1
Roger K H Luk	5/5	1/1
Sherman S M Tang	4/5	1/1
Patrick Y W Wu	4/5	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.

(C) BOARD OF DIRECTORS (Continued)

(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.

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.

(C) BOARD OF DIRECTORS (Continued)

(IV) Directors' Continuous Professional Development (Continued)

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 (as the chairman of the AC), Mr Paul Y C Tsui and Mr Patrick Y W Wu.

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.

Four AC meetings were held during the financial year ended December 31, 2014. Attendance of the AC members is set out below:

Members	Attendance/ Number of Meetings
Roger K H Luk, Chairman *(appointed as chairman with effect from June 4, 2014)*	4/4
Patrick Y W Wu	3/4
Paul Y C Tsui *(appointed as member with effect from June 4, 2014)*	2/2
T K Ho, Chairman *(ceased to be chairman with effect from June 4, 2014)*	2/2

(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:

(A) Relationship with the Company's 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.

(F) BOARD COMMITTEES (Continued)

(I) Audit Committee (Continued)

(B) Review of the Company's financial information

(a) to monitor integrity of the Company's financial statements and annual report, 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 judgemental 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 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 and give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

(C) Oversight of the Company's financial reporting system and internal control procedures

(a) to review the Company's financial controls, internal control and risk management systems;

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

(c) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(d) to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(F) BOARD COMMITTEES (Continued)

(I) Audit Committee (Continued)

(C) Oversight of the Company's financial reporting system and internal control procedures (Continued)

(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 and 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.

(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.

(F) BOARD COMMITTEES (Continued)

(I) Audit Committee (Continued)

(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, 2014 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 audit programme of the internal audit function;

(f) review of the Group's financial controls, internal control and risk management systems;

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

(h) review of the corporate governance matters of the Group; and

(i) review of and monitoring of the Group's compliance with legal and regulatory requirements.

(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, 2014. Attendance of the CC members is set out below:

Members	Attendance/ Number of Meeting
Patrick Y W Wu, Chairman *(appointed as chairman with effect from June 4, 2014)*	1/1
Roger K H Luk *(appointed with effect from June 4, 2014)*	1/1
T K Ho, Chairman *(ceased to be chairman with effect from June 4, 2014)*	0/0

(F) BOARD COMMITTEES (Continued)

(II) Compensation Committee (Continued)

(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) 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.

(F) BOARD COMMITTEES (Continued)

(II) Compensation Committee (Continued)

(ii) The work performed by the CC, which has the delegated authority and responsibility, for the financial year ended December 31, 2014 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 (who was appointed as member of the NC with effect from June 4, 2014).

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, 2014, 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 15 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, 2014 provided by KPMG, the external auditors of the Company, amounted to HK$3 million.

(H) INTERNAL CONTROLS

The Directors are ultimately responsible for the internal control system of the Group and, through the AC, have reviewed the effectiveness of the system, including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, and their training programmes and budget. The internal control system comprises a well-defined organisational structure with specified limits of authority in place. Areas of responsibility of each business and operational unit are also clearly defined to ensure effective checks and balances.

Procedures have been designed for safeguarding assets against unauthorised use or disposition, maintenance of proper accounting records, assurance of the reliability of financial information for internal use or publication and compliance with relevant legislation and regulations. Such procedures are designed to manage risks of failure in operational systems and can provide reasonable assurance against material errors, losses or fraud.

The internal audit function monitors compliance with policies and standards and the effectiveness of internal control structures across the whole Group. Findings regarding internal control matters are reported to the AC. The external auditors have access to the full set of internal audit reports.

A review of the effectiveness of the Group's internal control system and procedures covering all controls, including financial, operational and compliance and risk management, and the adequacy of, *inter alia*, resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function was conducted by the AC and subsequently reported to the Board during the financial year ended December 31, 2014. Based on the result of the review, in respect of the financial year ended December 31, 2014, the Directors considered that the internal control system and procedures of the Group were effective and adequate.

(I) DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements for the financial year ended December 31, 2014, which give a true and fair view of the affairs of the Company and of the Group and of the Group's results and cash flow 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.

In preparing the financial statements for the financial year ended December 31, 2014:

(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

(K) SHAREHOLDERS' RIGHTS (Continued)

(III) Make Proposals at General Meetings (Continued)

- 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

In accordance with the CO which came into effect on March 3, 2014, the Company's memorandum of association is technically regarded to have ceased to be in existence and all provisions thereof are deemed to form part of the Company's articles of association by operation of law. A special resolution for the adoption of a revised set of articles of association ("New Articles") for the purpose of, *inter alia*, keeping in line with the CO was passed by the Shareholders at the Annual General Meeting held on June 4, 2014. The set of New Articles is available at the Company's corporate website (www.i-cablecomm.com).

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report and the Audited Financial Statements for the financial year ended December 31, 2014.

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 17 to the Financial Statements on page 67.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended December 31, 2014 are set out in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 35 and 36 respectively.

Appropriations and movements in reserves during the financial year are set out in the Consolidated Statement of Changes in Equity on page 39.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the financial year ended December 31, 2014.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the financial year are set out in Note 12 to the Financial Statements on pages 64 and 65.

DONATIONS

The Group made donations during the financial year totalling HK$37,000.

DIRECTORS

The Directors of the Company during the financial year were Mr Stephen T H Ng, Mr William J H Kwan, Mr T K Ho (retired effective from June 4, 2014), Mr Herman S M Hu, Mr Roger K H Luk, Mr Paul Y C Tsui, Mr Patrick Y W Wu and Mr Sherman S M Tang (appointed effective from January 1, 2014).

Messrs Stephen T H Ng, Herman S M Hu and Paul Y C Tsui 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).

INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, its subsidiaries or its ultimate holding company or any subsidiary of that ultimate holding company was a party and in which a Director of the Company 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, 2014 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 were 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, its subsidiaries or 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 of companies in Wharf group and in Wheelock group respectively, some of whom were Directors of the Company during the financial year.

Under the rules of the two share option schemes (such rules being subject to the relevant Laws and rules applicable from time to time), shares of Wharf and/or Wheelock would be issued at such respective 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/Wheelock was allotted and issued to any Director of the Company under Wharf's and/or Wheelock's share option scheme respectively.

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 33.

By Order of the Board
Kevin C Y Hui
Company Secretary

Hong Kong, February 26, 2015

OTHER CORPORATE INFORMATION

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

(i) Directors

Stephen Tin Hoi NG, *Chairman and Chief Executive Officer (Age: 62)*

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 deputy chairman and managing director of publicly-listed The Wharf (Holdings) Limited ("Wharf"), of which the Company is a subsidiary, as well as chairman of 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") and a non-executive director of Greentown China Holdings Limited ("Greentown"), both being publicly-listed companies 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, 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.

Mr Ng 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 The 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 2015, calculated on an annualised basis, would be approximately HK$1.99 million (2014: HK$1.89 million) per annum.

William Jut Ho KWAN, *Director and Chief Financial Officer (Age: 51)*

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, new media development, film production and distribution, broadcasting and engineering operations, commercial dealings with acquired channels, human resources and administration. 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 2015, calculated on an annualised basis, would be approximately HK$2.17 million (2014: HK$2.08 million) per annum.

Herman Shao Ming HU, *BBS, JP, Director (Age: 60)*

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, a member of Hong Kong Sports Commission, 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.

OTHER CORPORATE INFORMATION (Continued)

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

(i) Directors (Continued)

Roger Koon Hoo LUK, *BBS, JP, Director (Age: 63)*

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: 57)*

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: 68)*

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 both Wheelock and Wharf. Mr Tsui joined Wheelock/Wharf group in 1996 and became Wheelock's director in 1998. He is presently a director of HCDL and WPSL. Furthermore, he is the vice chairman of WPL as well as a director of certain subsidiaries of the Company. Mr Tsui is also a director of Joyce and a non-executive director of Greentown.

OTHER CORPORATE INFORMATION (Continued)

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

(i) Directors (Continued)

Patrick Yung Wei WU, *Director (Age: 62)*
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 of the Company 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, *Chief Operating Officer, Hong Kong Cable Television Limited (Age: 50)*
Mr Ma joined the Group in June 2014 as Chief Operating Officer of Hong Kong Cable Television Limited ("HKC") and was appointed executive director in March 2015, overseeing subscription marketing and sales, customer service and network operations. 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: 62)*
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.

OTHER 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: 58)*
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 (Age: 60)*
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 (Age: 43)*
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 (Age: 49)*
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.

OTHER CORPORATE INFORMATION (Continued)

(B) Directors' Interests in Securities

At December 31, 2014, 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		
Stephen T H Ng	300,000 (0.0148%)	Personal interest
Paul Y C Tsui *(Note 1)*	1,500,000 (0.0738%)	Personal interest in options for shares
Wharf — Ordinary Shares		
Stephen T H Ng *(Note 2)*	4,304,445 (0.1421%)	Personal interest in 804,445 shares and options for 3,500,000 shares
Paul Y C Tsui *(Note 3)*	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 *(Note 4)*	HK$4,000,000	Personal interest
Wheelock Finance Limited — HKD Guaranteed Notes due 2017		
Roger K H Luk *(Note 4)*	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 scheme 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 scheme in July 2011 and June 2013 respectively which have not yet been exercised by Mr Tsui.

(4) These represent interests held jointly with another person.

OTHER CORPORATE INFORMATION (Continued)

(B) Directors' Interests in Securities (Continued)

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, 2014 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, 2014, 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	No. of ordinary shares (percentage based on number of shares in issue)
(i)	The Wharf (Holdings) Limited	1,485,259,171 (73.84%)
(ii)	Wheelock and Company Limited	1,485,259,171 (73.84%)
(iii)	HSBC Trustee (C. I.) Limited ("HSBC CI")	1,485,259,171 (73.84%)

Notes:

(1) The total number of shares of the Company in issue as at December 31, 2014 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 55.08% shareholding interest in Wharf which were held through, inter alia, its two wholly-owned subsidiaries, namely, Wheelock Investments Limited and WF Investment Partners Limited.

(5) Wharf's deemed shareholding interests stated above were held through its wholly-owned subsidiary, namely, Wharf Communications Limited.

All the interests stated above represented long positions and as at December 31, 2014, there were no short position interests recorded in the Register.

OTHER CORPORATE INFORMATION (Continued)

(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 ("MPF") with terms as stipulated by the MPF Authority. The Group will also provide voluntary top-up benefits to employees receiving a monthly basic salary exceeding the statutory limits prescribed by the MPF Ordinance.

The Group's retirement scheme costs before capitalisation and charged to the consolidated statement of profit or loss during the financial year ended December 31, 2014 amounted to HK$20,381,447 (2013: HK$20,251,963) which were incurred after utilisation of forfeitures to reduce the Group's contributions of HK$78,187 (2013: HK$431,303).

Note:

The total employers' cost in respect of the retirement scheme of the Group, including the cost related to the MPF which is not operated by the Group, charged to consolidated statement of profit or loss during the financial year ended December 31, 2014 amounted to HK$36,610,233 (2013: HK$35,963,299).

(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.

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 telecommunication 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.

OTHER CORPORATE INFORMATION (Continued)

(F) Major Customers and Suppliers

For the financial year ended December 31, 2014:

(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 turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover; 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.

(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, 2014 which are repayable on demand or within a period not exceeding one year or after one year are set out in Note 24 to the Financial Statements on page 70.

(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, 2014.

OTHER 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 announcements of the Company dated December 14, 2012, December 18, 2012, January 29, 2014 and 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, 2014 HK$ million
(1) Master Tenancy Agreement ("MTA")	
Amount paid/payable by the Group	43.7
(2) Master Licence Agreement for Wharf group ("MLA") to occupy premises	
Amount received/receivable by the Group	6.8
(3) Master Services Agreement ("MSA")	
1. Amount received/receivable by the Group	18.7
2. Amount paid/payable by the Group	24.2
(4) Management Services Agreement for management ("MSAM") services provided by Wharf group	
Amount paid/payable by the Group	9.0

The Transactions are subject to various annual cap amounts previously disclosed in the abovementioned announcements 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.

On January 29, 2014, a supplemental agreement to the MTA (numbered (1) above) was entered into between the Company and Wharf to extend the duration of the MTA for two more years commencing January 1, 2015 and fix the aggregate annual cap amount for the extended term.

Furthermore, on December 19, 2014, various supplemental agreements to all of the abovementioned four agreements, namely, MTA, MLA, MSA and MSAM were entered into by the Company and/or its subsidiary(ies) with Wharf and/or its subsidiary(ies) to extend the duration of the MTA for one more year commencing January 1, 2017 and the other three agreements for two more years commencing January 1, 2016 and fix the aggregate annual cap amounts for all of the extended terms.

OTHER 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) either on normal commercial terms or, if there are not sufficient comparable transactions, on terms that are no less favourable than those available to or from (as appropriate) independent third parties; and

(c) in accordance with the relevant 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.

In accordance with paragraph 14A.56 of the Listing Rules, the Board of Directors engaged the Company's auditors to perform procedures 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 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, 2014.

Note:

Certain particulars of the related party transactions entered into by the Group during the financial year ended December 31, 2014 under review have been disclosed in Note 36 to the Financial Statements on page 81. Those related party transactions also constitute connected transactions (as defined in the Listing Rules) for the Company and they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

KPMG

Independent auditor's report to the shareholders 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 35 to 83, which comprise the consolidated and company statements of financial position as at December 31, 2014, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated and company 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 80 of Schedule 11 to new Hong Kong Companies Ordinance (cap. 622), 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 state of affairs of the Company and of the Group as at December 31, 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

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

February 26, 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2014

	Note	2014 HK$'000	2013 HK$'000
Turnover	3,4	**1,665,658**	1,931,754
Programming costs		**(925,324)**	(1,087,919)
Network expenses		**(220,557)**	(219,637)
Selling, general and administrative and other operating expenses		**(333,540)**	(371,657)
Cost of sales		**(98,506)**	(103,168)
Profit from operations before depreciation		**87,731**	149,373
Depreciation	5	**(226,514)**	(237,211)
Loss from operations	4	**(138,783)**	(87,838)
Interest income	5	**69**	476
Finance costs, net	5	**(519)**	(2,695)
Non-operating (expenses)/income	5	**(66)**	61
Loss before taxation	5	**(139,299)**	(89,996)
Income tax	6(a)	**(191)**	(2,914)
Loss for the year		**(139,490)**	(92,910)
Attributable to:			
Equity shareholders of the Company		**(139,490)**	(92,910)
Loss per share	11		
Basic		**(6.9) cents**	(4.6) cents
Diluted		**(6.9) cents**	(4.6) cents

The notes on pages 42 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2014

	Note	2014 HK$'000	2013 HK$'000
Loss for the year		**(139,490)**	(92,910)
Other comprehensive income for the year (after reclassification adjustment)	*10*		
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**–**	569
Total comprehensive income for the year		**(139,490)**	(92,341)
Attributable to:			
Equity shareholders of the Company		**(139,490)**	(92,341)

The notes on pages 42 to 83 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	12	**893,066**	934,310
Programming library	13	**167,981**	137,465
Other intangible assets	14	**3,767**	3,767
Interest in associate	15	**–**	–
Deferred tax assets	30(b)	**302,949**	311,373
Other non-current assets	16	**58,479**	55,688
		1,426,242	1,442,603
Current assets			
Inventories	19	**18,152**	13,884
Accounts receivable from trade debtors	20	**77,494**	80,120
Deposits, prepayments and other receivables	20	**83,243**	53,794
Amounts due from fellow subsidiaries	21	**1,158**	1,404
Bank deposits and cash	22	**62,382**	182,028
		242,429	331,230
Current liabilities			
Amounts due to trade creditors	23	**69,834**	89,535
Accrued expenses and other payables	23	**214,599**	217,394
Receipts in advance and customers' deposits	23	**158,245**	199,382
Interest bearing borrowings	24	**100,000**	–
Current taxation	30(a)	**179**	232
Amounts due to fellow subsidiaries	26	**38,122**	30,886
Amount due to immediate holding company	27	**936**	1,642
		581,915	539,071
Net current liabilities		**(339,486)**	(207,841)
Total assets less current liabilities		**1,086,756**	1,234,762
Non-current liabilities			
Deferred tax liabilities	30(b)	**25,530**	34,629
Other non-current liabilities	28	**8,694**	8,111
		34,224	42,740
NET ASSETS		**1,052,532**	1,192,022
CAPITAL AND RESERVES	29		
Share capital: nominal value		**–**	2,011,512
Other statutory capital reserves		**–**	4,846,087
Share capital and other statutory capital reserves		**6,857,599**	6,857,599
Other reserves		**(5,805,067)**	(5,665,577)
TOTAL EQUITY		**1,052,532**	1,192,022

The notes on pages 42 to 83 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on February 26, 2015.

Stephen T H Ng
Chairman and Chief Executive Officer

William J H Kwan
Director and Chief Financial Officer

COMPANY STATEMENT OF FINANCIAL POSITION

At December 31, 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Investments in subsidiaries	*17*	**8**	12
Amounts due from subsidiaries	*18*	**7,720,516**	7,519,267
		7,720,524	7,519,279
Current assets			
Prepayments and other receivables	*20*	**1**	234
Bank deposits and cash	*22*	**6,602**	133,350
		6,603	133,584
Current liabilities			
Accrued expenses and other payables	*23*	**1,636**	1,454
Amounts due to subsidiaries	*25*	**841,631**	767,404
Amounts due to fellow subsidiaries	*26*	**5,455**	5,696
		848,722	774,554
Net current liabilities		**(842,119)**	(640,970)
NET ASSETS		**6,878,405**	6,878,309
Capital and reserves	*29*		
Share capital : nominal value		**–**	2,011,512
Other statutory capital reserves		**–**	4,846,087
Share capital and other statutory capital reserves		**6,857,599**	6,857,599
Other reserves		**20,806**	20,710
TOTAL EQUITY		**6,878,405**	6,878,309

The notes on pages 42 to 83 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on February 26, 2015.

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, 2014

		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
Group									
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
Loss for the year		–	–	–	–	–	(92,910)	(92,910)	(92,910)
Other comprehensive income		–	–	–	569	–	–	569	569
Total comprehensive income		–	–	–	569	–	(92,910)	(92,341)	(92,341)
Transfer to special capital reserve	*29(c)(ii)*	–	–	14	–	–	(14)	–	–
Balance at December 31, 2013		2,011,512	4,838,365	13,981	4,104	7,722	(5,683,662)	(819,490)	1,192,022
Balance at January 1, 2014		**2,011,512**	**4,838,365**	**13,981**	**4,104**	**7,722**	**(5,683,662)**	**(819,490)**	**1,192,022**
Loss for the 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	*29(b)*	**4,846,087**	**(4,838,365)**	**–**	**–**	**(7,722)**	**–**	**(4,846,087)**	**–**
Transfer to special capital reserve	*29(c)(ii)*	**–**	**–**	**3**	**–**	**–**	**(3)**	**–**	**–**
Balance at December 31, 2014		**6,857,599**	**–**	**13,984**	**4,104**	**–**	**(5,823,155)**	**(5,805,067)**	**1,052,532**

The notes on pages 42 to 83 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2014

	Capital and reserves					
	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
Company						
Balance at January 1, 2013	2,011,512	4,838,365	7,722	19,690	4,865,777	6,877,289
Profit and total comprehensive income for the year	–	–	–	1,020	1,020	1,020
Balance at December 31, 2013	2,011,512	4,838,365	7,722	20,710	4,866,797	6,878,309
Balance at January 1, 2014	**2,011,512**	**4,838,365**	**7,722**	**20,710**	**4,866,797**	**6,878,309**
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	**6,857,599**	**–**	**–**	**20,806**	**20,806**	**6,878,405**

The notes on pages 42 to 83 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2014

	Note	2014 HK$'000	2013 HK$'000
Operating activities			
Loss before taxation		**(139,299)**	(89,996)
Adjustments for:			
Finance costs, net		**519**	2,695
Interest income		**(69)**	(476)
Depreciation		**226,514**	237,211
Amortisation of programming library		**118,934**	91,304
Impairment losses on programming library		**2,101**	2,733
Impairment losses on property, plant and equipment		**998**	1,390
Net loss/(gain) on disposal of property, plant and equipment		**67**	(61)
Operating profit before changes in working capital		**209,765**	244,800
Increase in inventories		**(3,909)**	(3,669)
Decrease in accounts receivable from trade debtors		**2,626**	8,816
(Increase)/decrease in deposits, prepayments and other receivables		**(30,862)**	4,814
(Increase)/decrease in amounts due from fellow subsidiaries		**(1,885)**	654
Decrease in amounts due to trade creditors		**(15,495)**	(15,825)
(Decrease)/increase in accrued expenses and other payables		**(11,446)**	23,153
Decrease in receipts in advance and customers' deposits		**(40,554)**	(9,134)
Increase in amounts due to fellow subsidiaries		**7,235**	3,842
Net change in amount due to immediate holding company		**(706)**	(128)
Cash generated from operations		**114,769**	257,323
Interest received		**305**	241
Overseas tax paid		**(919)**	(1,595)
Net cash generated from operating activities		**114,155**	255,969
Investing activities			
Purchase of property, plant and equipment		**(187,768)**	(147,232)
Additions to programming library		**(147,543)**	(116,307)
Proceeds from disposal of property, plant and equipment		**1,524**	1,211
Release/(placement) of bank deposits with maturity greater than three months		**30,000**	(30,000)
Net cash used in investing activities		**(303,787)**	(292,328)
Financing activities			
Drawdown/(repayment) of interest bearing borrowings		**100,000**	(100,000)
Net cash generated from/(used in) financing activities		**100,000**	(100,000)
Net decrease in cash and cash equivalents		**(89,632)**	(136,359)
Effect of foreign exchange rates changes		**(14)**	100
Cash and cash equivalents at January 1		**152,028**	288,287
Cash and cash equivalents at December 31	*22*	**62,382**	152,028
Cash and cash equivalents			
Bank deposits and cash in the consolidated statement of financial position	*22*	**62,382**	182,028
Less: Bank deposits with maturity greater than three months		**–**	(30,000)
Cash and cash equivalents in the consolidated cash flow statement		**62,382**	152,028

The notes on pages 42 to 83 form part of these 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) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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.

HKICPA has issued certain new and revised HKFRS 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, 2014, 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(s)) and derivative financial instruments (see Note 1(z)) are stated at their fair value.

Although the Group had net current liabilities HK$339 million (2013: HK$208 million) as of December 31, 2014, the Group had cash of HK$62 million (2013: HK$182 million). In addition, the Group had signed a banking facility of HK$200 million, which is available in January 2015, and a revolving loan facility of HK$200 million given by a fellow subsidiary, of which HK$100 million had been utilised, at the end of the reporting period.

In the opinion of the directors, in light of the above, the Group will have sufficient working capital to finance 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.

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 37.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 adjustments are made to goodwill and 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(s)) 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(t)).

(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(f) and (t)). 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.

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(s)).

In the Company's statement of financial position, investment in an associate is stated at cost less impairment losses (see Note 1(t)).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 1(t)).

On disposal of a cash generating unit, during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(t)). 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(o)).

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)

(g) 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.*

(h) 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 included in 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(g). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 1(t). 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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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(t)). 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(t)). 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.

(v) Films in progress

Films in progress are stated at cost less impairment losses (see Note 1(t)). 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.

(j) Other intangible assets (other than goodwill)

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(t)), on an individual basis.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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.

(l) 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(t)), 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.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in 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.

(n) 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(n)(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 TV 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Revenue recognition (Continued)

(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.

(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.

(o) 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 are interrupted or complete.

(p) 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 substantially 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)

(p) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, 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.

(q) 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)

(q) 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, including goodwill arising on consolidation of foreign operations acquired on or after January 1, 2005, 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. Goodwill arising on consolidation of a foreign operation acquired before January 1, 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

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.

(r) 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).

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)

(s) 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(t)). 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(n)(xii) and 1(n)(xiii), respectively. Foreign exchange gains are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 1(t)), 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.

(t) 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)

(t) 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(t)(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(t)(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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Impairment of assets (Continued)

(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, except in the case of goodwill, 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;
— goodwill; 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 goodwill, 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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other 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).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Impairment of assets (Continued)

(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(t)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, 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.

(u) 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(x)(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.

(v) 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.

(w) 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.

(x) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantees issued (Continued)

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(x)(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(x)(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(x)(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.

(y) 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.

(z) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

— Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investments entities*
— Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
— Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
— Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
— HK(IFRIC) 21, *Levies*

The above developments have had no material impact on the Group's financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the group has not novated any of its derivatives.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the group's existing accounting policies.

3. TURNOVER

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

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.

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 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.

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, 2014 and 2013 is set out below:

	Television		Internet and Multimedia		Unallocated		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Revenue from external customers	**1,245,992**	1,525,595	**364,347**	347,856	**55,319**	58,303	**1,665,658**	1,931,754
Inter-segment revenue	**20,396**	20,720	**248**	248	**14,450**	9,309	**35,094**	30,277
Reportable segment revenue	**1,266,388**	1,546,315	**364,595**	348,104	**69,769**	67,612	**1,700,752**	1,962,031
Reportable segment results ("EBITDA")	**34,210**	124,975	**156,037**	125,145	**(97,029)**	(98,641)	**93,218**	151,479
Reportable segment results ("EBIT")	**(101,362)**	(14,303)	**67,452**	33,471	**(99,386)**	(104,900)	**(133,296)**	(85,732)
Inter-segment elimination							**(5,487)**	(2,106)
Loss from operations							**(138,783)**	(87,838)
Interest income							**69**	476
Finance costs, net							**(519)**	(2,695)
Non-operating (expenses)/income							**(66)**	61
Income tax							**(191)**	(2,914)
Loss for the year							**(139,490)**	(92,910)

4. SEGMENT INFORMATION (Continued)

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

	2014 HK$'000	2013 HK$'000
Total segment EBITDA	**93,218**	151,479
Depreciation	**(226,514)**	(237,211)
Total segment EBIT	**(133,296)**	(85,732)
Inter-segment elimination	**(5,487)**	(2,106)
Interest income	**69**	476
Finance costs, net	**(519)**	(2,695)
Non-operating (expenses)/income	**(66)**	61
Loss before taxation	**(139,299)**	(89,996)

	Segment assets	
	2014 HK$'000	2013 HK$'000
Television	**891,958**	836,903
Internet and Multimedia	**351,680**	379,579
Unallocated assets	**122,084**	245,978
	1,365,722	1,462,460
Interest in associate	**–**	–
Deferred tax assets	**302,949**	311,373
	1,668,671	1,773,833

	Segment liabilities	
	2014 HK$'000	2013 HK$'000
Television	**403,494**	362,700
Internet and Multimedia	**93,614**	93,297
Unallocated liabilities	**93,322**	90,953
	590,430	546,950
Current taxation	**179**	232
Deferred tax liabilities	**25,530**	34,629
	616,139	581,811

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):

	2014 HK$'000	2013 HK$'000
Interest income		
Interest income from deposits with banks and other financial institutions	**(69)**	(476)
Finance costs, net		
Interest expenses on bank loan	**519**	2,695
Other items		
Depreciation		
— assets held for use under operating leases	**33,874**	33,993
— other assets	**192,640**	203,218
Amortisation of programming library*	**118,934**	91,304
Impairment losses		
— trade and other receivables	**3,404**	6,219
— property, plant and equipment	**998**	1,390
— programming library	**2,101**	2,733
Reversal of impairment losses on trade and other receivables	**(2,796)**	(764)
Cost of inventories	**10,697**	17,311
Rentals payable under operating leases in respect of land and buildings	**61,287**	60,770
Contributions to defined contribution retirement plans	**34,325**	34,060
Auditor's remuneration — audit service		
— charge for the year	**3,044**	2,942
— under-provision in respect of prior years	**81**	99
Dividend income from investment in equity securities	**(281)**	–
Net foreign exchange gain**	**(1,332)**	(519)
Rentals receivable under operating leases in respect of		
— subleased land and buildings	**(9,031)**	(8,439)
— owned plant and machinery	**(8,569)**	(11,191)
Net loss/(gain) on disposal of property, plant and equipment	**67**	(61)

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

** *Net foreign exchange gain of approximately HK$34,000 and HK$1,298,000 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:

	2014 HK$'000	2013 HK$'000
Depreciation and amortisation	**345,448**	328,515
Staff costs	**663,067**	684,094
Other operating expenses	**795,926**	1,006,983
Total operating costs	**1,804,441**	2,019,592

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

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

	2014 HK$'000	2013 HK$'000
Current tax — Overseas		
Tax for the year	**866**	1,116
	866	1,116
Deferred tax		
Utilisation of prior years' tax losses recognised	**23,406**	29,667
Benefit of previously unrecognised tax losses now recognised	**(16,205)**	(18,818)
Reversal of temporary differences	**(7,876)**	(9,051)
	(675)	1,798
Income tax	**191**	2,914

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate at 16.5% (2013: 16.5%) for the year ended December 31, 2014. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2014 %	2013 %
Statutory income tax rate	**(16.5)**	(16.5)
Tax effect of non-deductible expenses	**0.1**	12.6
Tax effect of non-taxable revenue	**–**	(0.3)
Tax effect of unused tax losses not recognised	**28.1**	28.1
Tax effect of previously unrecognised tax losses now recognised	**(11.7)**	(20.9)
Differential tax rate on subsidiaries' income	**0.1**	0.2
Effective income tax rate	**0.1**	3.2

7. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

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
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**
2013					
Independent Non-executive Directors:					
T K Ho	80	–	–	–	80
Roger K H Luk	80	–	–	–	80
Patrick Y W Wu	80	–	–	–	80
Herman S M Hu	60	–	–	–	60
Non-executive Director:					
Paul Y C Tsui	60	–	–	–	60
Executive Directors:					
Stephen T H Ng	60	1,800	5	3,000	4,865
William J H Kwan	60	1,993	199	1,030	3,282
Total for 2013	480	3,793	204	4,030	8,507

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, 2014 and December 31, 2013.

Except for Directors' fees of HK$506,000 (2013: HK$480,000), 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 36(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 (2013: two) are Directors whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other three (2013: three) individuals are as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries, housing and other allowances, and benefits in kind	**5,880**	5,807
Retirement scheme contributions	**224**	355
Discretionary bonuses and/or performance related bonuses	**1,309**	1,770
	7,413	7,932

The emoluments of the three (2013: three) individuals with the highest emoluments are within the following bands:

HK$	**2014 Number of individuals**	2013 Number of individuals
2,000,001–2,500,000	**1**	1
2,500,001–3,000,000	**1**	1
3,000,001–3,500,000	**1**	1
	3	3

(b) Emoluments of Senior Management

Of the seven (2013: seven) senior managers' emoluments, two (2013: two) are Directors whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other five (2013: five) senior managers are as follows:

HK$	**2014 Number of senior managers**	2013 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**	1
3,000,001–3,500,000	**1**	1
	5	5

9. GAIN ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated gain attributable to equity shareholders of the Company includes HK$96,000 (2013: HK$1,020,000) which has been dealt with in the financial statements of the Company.

	2014 HK$'000	2013 HK$'000
Amount of consolidated gain attributable to equity shareholders dealt with in the Company's financial statements	96	1,020
Company's gain for the year	96	1,020

10. OTHER COMPREHENSIVE INCOME

Reclassification adjustment relating to components of other comprehensive income

	2014 HK$'000	2013 HK$'000
Exchange reserve:		
Exchange differences on translation of financial statements of overseas subsidiaries	–	569
Net movement in the exchange reserve during the year recognised in other comprehensive income	–	569

11. 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$139,490,000 (2013: HK$92,910,000) and the weighted average number of ordinary shares outstanding during the year of 2,011,512,400 (2013: 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$139,490,000 (2013: HK$92,910,000) and the weighted average number of ordinary shares of 2,011,512,400 (2013: 2,011,512,400) after adjusting for the effects of all dilutive potential ordinary shares.

12. PROPERTY, PLANT AND EQUIPMENT

	Group					
			Leasehold land and buildings in Hong Kong and PRC			
	Network, decoders, cable modems and television production systems	Furniture, fixtures, other equipment and motor vehicles	Long leases	Medium leases	Leasehold improvements	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost						
At January 1, 2013	5,556,003	686,070	8,119	46,635	332,290	6,629,117
Additions	134,549	12,541	–	–	2,389	149,479
Disposals	(84,745)	(52,398)	–	–	(233)	(137,376)
Reclassification to inventories	(754)	–	–	–	–	(754)
Exchange reserve	–	518	–	830	235	1,583
At December 31, 2013	5,605,053	646,731	8,119	47,465	334,681	6,642,049
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**
Accumulated depreciation						
At January 1, 2013	4,665,238	637,352	1,389	9,506	291,409	5,604,894
Charge for the year	204,413	20,680	203	1,583	10,332	237,211
Impairment loss	1,390	–	–	–	–	1,390
Written back on disposals	(83,769)	(52,357)	–	–	(99)	(136,225)
Reclassification to inventories	(301)	–	–	–	–	(301)
Exchange reserve	–	458	–	198	114	770
At December 31, 2013	4,786,971	606,133	1,592	11,287	301,756	5,707,739
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**
Net book value						
At December 31, 2014	**787,789**	**34,609**	**6,324**	**34,593**	**29,751**	**893,066**
At December 31, 2013	818,082	40,598	6,527	36,178	32,925	934,310

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Impairment loss results from loss recognised on abandonment of lost or damaged property, plant and equipment. In 2014, an impairment loss of HK$998,000 (2013: HK$1,390,000) 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, 2014, the gross carrying amounts of property, plant and equipment of the Group held for use in operating leases were HK$258,626,000 (2013: HK$272,517,000) and the related accumulated depreciation was HK$179,155,000 (2013: HK$160,081,000).

13. PROGRAMMING LIBRARY

	Group		
	Internally developed HK$'000	Acquired HK$'000	Total HK$'000
Cost			
At January 1, 2013	69,977	478,036	548,013
Additions	–	122,557	122,557
Written off	–	(74,905)	(74,905)
At December 31, 2013	69,977	525,688	595,665
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**
Accumulated amortisation			
At January 1, 2013	69,977	369,091	439,068
Charge for the year	–	91,304	91,304
Impairment loss	–	2,733	2,733
Written off	–	(74,905)	(74,905)
At December 31, 2013	69,977	388,223	458,200
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**
Net book value			
At December 31, 2014	**–**	**167,981**	**167,981**
At December 31, 2013	–	137,465	137,465

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$2,101,000 (2013: HK$2,733,000) was made.

14. OTHER INTANGIBLE ASSETS

	Group
	Club Debentures HK$'000
Cost less impairment losses	
At January 1, 2013 and December 31, 2013	3,767
At January 1, 2014 and December 31, 2014	**3,767**

15. INTEREST IN ASSOCIATE

	Group	
	2014 **HK$'000**	2013 HK$'000
Share of net assets	**–**	–

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, 2014, 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$Nil (2013: HK$Nil) and no recognition of future losses is expected as the Group has no legal or constructive obligation in respect of such losses.

16. OTHER NON-CURRENT ASSETS

	Group	
	2014 **HK$'000**	2013 HK$'000
Deposits, prepayments and other receivables	**43,674**	43,012
Amounts due from fellow subsidiaries	**14,805**	12,676
	58,479	55,688

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**8**	12

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	Indirectly
Hong Kong Cable Enterprises Limited	Hong Kong	Advertising airtime and programme licensing	2 ordinary shares	–	100
Hong Kong Cable News Express Limited	Hong Kong	Advertising airtime	2 ordinary shares	–	100
Hong Kong Cable Television Limited	Hong Kong	Television and Internet and Multimedia	750,000,000 ordinary shares	–	100
i-CABLE Entertainment Limited	Hong Kong	Programme production and channel operation	10,000,000 ordinary shares	–	100
i-CABLE Network Limited	Hong Kong	Network operation	100 ordinary shares 2 non-voting deferred shares	– –	100 –
i-CABLE News Limited	Hong Kong	Programme production and channel operation	10,000,000 ordinary shares	–	100
i-CABLE Sports Limited	Hong Kong	Programme production and channel operation	10,000,000 ordinary shares	–	100
i-CABLE Network Operations Limited	Hong Kong	Network operation	500,000 ordinary shares	–	100
i-CABLE Telecom Limited	Hong Kong	Telephony	1 ordinary share	–	100
Sundream Motion Pictures Limited	Hong Kong	Film production	300,000,000 ordinary shares	–	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.*

18. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment, and are arisen in the ordinary course of business.

19. INVENTORIES

	Group	
	2014	2013
	HK$'000	HK$'000
Spare parts and consumables	**18,152**	13,884

20. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accounts receivable from trade debtors	**77,494**	80,120	**–**	–
Deposits, prepayments and other receivables	**83,243**	53,794	**1**	234
	160,737	133,914	**1**	234

(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:

	Group	
	2014	2013
	HK$'000	HK$'000
0 to 30 days	**20,391**	19,722
31 to 60 days	**21,009**	21,289
61 to 90 days	**15,920**	16,036
Over 90 days	**20,174**	23,073
	77,494	80,120

The Group's credit policy is set out in Note 31(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(t)(i)).

20. TRADE AND OTHER RECEIVABLES (Continued)

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

	Group	
	2014 HK$'000	2013 HK$'000
Balance at beginning of year	**9,388**	8,193
Impairment loss for the year	**3,404**	6,219
Reversal of impairment losses in prior year	**(2,796)**	(764)
Written off	**(3,996)**	(4,260)
Balance at end of year	**6,000**	9,388

(c) (i) 17% (2013: 9%) 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:

	Group	
	2014 HK$'000	2013 HK$'000
Not yet due	**6,961**	11,483
Less than 1 month past due	**21,767**	23,597
1 to 3 months past due	**26,546**	29,870
3 to 6 months past due	**8,546**	8,696
Over 6 months past due	**1,467**	1,893
	58,326	64,056
	65,287	75,539

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.

21. 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 36).

22. BANK DEPOSITS AND CASH

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Deposits with banks and other financial institutions	**–**	100,000	**–**	100,000
Cash at bank and in hand	**62,382**	82,028	**6,602**	33,350
	62,382	182,028	**6,602**	133,350

23. TRADE AND OTHER PAYABLES

Trade and other payables comprise:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Amounts due to trade creditors	**69,834**	89,535	**–**	–
Accrued expenses and other payables	**214,599**	217,394	**1,636**	1,454
Receipts in advance and customers' deposits	**158,245**	199,382	**–**	–
	442,678	506,311	**1,636**	1,454

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

	Group	
	2014 HK$'000	2013 HK$'000
0 to 30 days	**5,497**	9,584
31 to 60 days	**20,315**	31,069
61 to 90 days	**13,929**	14,233
Over 90 days	**30,093**	34,649
	69,834	89,535

24. INTEREST BEARING BORROWINGS

	Group	
	2014 HK$'000	2013 HK$'000
Unsecured loan from a fellow subsidiary and repayable within 1 year	**100,000**	–

The loan from a fellow subsidiary is unsecured and repayable on or before December 31, 2015.

25. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment, and are arisen in the ordinary course of business (see Note 36).

26. 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 36).

27. 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 36).

28. OTHER NON-CURRENT LIABILITIES

	Group	
	2014	2013
	HK$'000	HK$'000
Accrued expenses and other payables	**8,068**	8,068
Receipts in advance and customers' deposits	**626**	43
	8,694	8,111

29. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The board of directors of the Company does not recommend the payment of any dividends for the year ended December 31, 2014 (2013: HK$Nil).

(b) Share capital

Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on March 3, 2014, the concepts of "authorised share capital" and "par value" no longer exist. As part of the transition to the no-par value regime, the amounts standing to the credit of the share premium account and the capital redemption reserve on March 3, 2014 have become part of the company's share capital, under the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622). These changes do not have an impact on the number of shares in issue or the relative entitlement of any of the members.

29. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital (Continued)

Movements of the company's ordinary shares are set out below:

	At December 31, 2014		At December 31, 2013	
	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
Ordinary shares, issued and fully paid:				
At January 1	2,011,512	2,011,512	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	2,011,512

(c) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

Prior to March 3, 2014, the application of the share premium account and the capital redemption reserve was governed by sections 48B and 49H respectively of the predecessor Hong Kong Companies Ordinance (Cap. 32). In accordance with the transitional provisions set out in section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), on March 3, 2014 any amount standing to the credit of the share premium account and the capital redemption reserve has become part of the company's share capital (see note 29(b)). The use of share capital as from March 3, 2014 is governed by the new Hong Kong Companies Ordinance (Cap. 622).

(ii) 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. Otherwise, the special capital reserve shall not be treated as realised profits.

29. CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Nature and purpose of reserves (Continued)

(ii) Special capital reserve (Continued)

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.

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, 2014, the Limit of the special capital reserve, as reduced by HK$1,194,837 (2013: HK$44,413,566) related to recoveries and reversals of provisions of the relevant assets, was HK$839,818,733 (2013: HK$838,623,896), and the amount standing to the credit of the special capital reserve was HK$13,983,475 (2013: HK$13,980,875).

(iii) 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(q).

(iv) 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(s) and (t).

(d) Distributability of reserves

At December 31, 2014, reserves of the Company available for distribution to equity shareholders of the Company amounted to HK$20,806,000 (2013: revenue reserve HK$20,710,000).

(e) 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, 2014 and December 31, 2013.

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

30. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Group 2014 HK$'000	Group 2013 HK$'000
Overseas taxation	**179**	232

(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:

Group 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)/charged to profit or loss *(Note 6(a))*	(9,051)	10,849	1,798
At December 31, 2013	67,025	(343,769)	(276,744)
At January 1, 2014	**67,025**	**(343,769)**	**(276,744)**
(Credited)/charged to profit or loss *(Note 6(a))*	**(7,876)**	**7,201**	**(675)**
At December 31, 2014	**59,149**	**(336,568)**	**(277,419)**

	Group 2014 HK$'000	Group 2013 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(302,949)**	(311,373)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**25,530**	34,629
	(277,419)	(276,744)

(c) Deferred tax assets not recognised:

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

	Group 2014 HK$'000	Group 2013 HK$'000
Future benefit of tax losses	**394,157**	369,936
Impairment loss for bad and doubtful accounts	**120**	63
	394,277	369,999

31. 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 and the Company'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 and the Company can be required to pay:

	2014 Contractual undiscounted cash outflow				2013 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
Group								
Amounts due to trade creditors	69,834	–	69,834	69,834	89,535	–	89,535	89,535
Accrued expenses and other payables	214,599	8,068	222,667	222,667	217,394	8,068	225,462	225,462
Receipts in advance and customers' deposits	158,245	626	158,871	158,871	199,382	43	199,425	199,425
Interest bearing borrowings	100,000	–	100,000	100,000	–	–	–	–
Amounts due to fellow subsidiaries	38,122	–	38,122	38,122	30,886	–	30,886	30,886
Amount due to immediate holding company	936	–	936	936	1,642	–	1,642	1,642
	581,736	8,694	590,430	590,430	538,839	8,111	546,950	546,950
Company								
Accrued expenses and other payables	1,636	–	1,636	1,636	1,454	–	1,454	1,454
	1,636	–	1,636	1,636	1,454	–	1,454	1,454

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Interest rate risk

At December 31, 2013, the Group had short-term deposits with bank and other financial institutions amounting to HK$100,000,000 with original maturities of 7 to 124 days at market interest rates.

At December 31, 2014, the Group's interest rate risk arises primarily from the revolving loan of HK$100,000,000 from a fellow subsidiary. The loan at variable rates exposes the Group to cash flow interest rate risk.

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:

	Group				Company			
Interest rate risk	Total		Effective interest rate		Total		Effective interest rate	
	2014 **HK$'000**	2013 HK$'000	**2014** **%**	2013 %	**2014** **HK$'000**	2013 HK$'000	**2014** **%**	2013 %
Floating rate:								
Cash at bank and in hand	**62,382**	82,028	**0.01**	0.01	**6,602**	33,350	**–**	–
Interest bearing borrowings	**(100,000)**	–	**1.31**	–	**–**	–	**–**	–
	(37,618)	82,028			**6,602**	33,350		
Fixed rate:								
Bank deposits and cash	**–**	100,000	**–**	1.48	**–**	100,000	**–**	1.48

At December 31, 2014, 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$376,180 (2013: HK$1,820,000).

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 2013.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk

(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 dollar to the United States dollar, management does not expect that there will be any significant currency risk associated with programming cost commitments denominated in United States dollars.

(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 forward exchange contract, forecast transactions and recognised assets or liabilities denominated in currencies other than the functional currency of the entity to which they relate.

	Group					
	2014			2013		
	Renminbi '000	**Euros '000**	**United States Dollars '000**	Renminbi '000	Euros '000	United States Dollars '000
Trade and other receivables	**–**	**1,024**	**8,777**	–	–	5,648
Bank deposits and cash	**1,937**	**30**	**207**	1,253	27	130
Trade and other payables	**(1,716)**	**(30)**	**(6,042)**	(2,951)	(1,591)	(7,578)
Exposure arising from recognised assets and liabilities	**221**	**1,024**	**2,942**	(1,698)	(1,564)	(1,800)
Highly probable forecast purchases	**–**	**(1,635)**	**(91,087)**	–	(7,887)	(43,645)
Overall net exposure	**221**	**(611)**	**(88,145)**	(1,698)	(9,451)	(45,445)

(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.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk (Continued)

(iv) Sensitivity analysis (Continued)

	Group			
	2014		2013	
	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%**	**12**	5%	89
Euros	**5%**	**246**	5%	4,163

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 2013.

32. FAIR VALUES

All financial instruments are carried at amounts not materially different from their fair values as at December 31, 2014 and 2013.

At December 31, 2014, 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.

33. JOINT OPERATIONS

At December 31, 2014, the aggregate amounts of assets and liabilities recognised in the financial statements relating to the Group's interests in joint operations are as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Assets:		
Programming library	**4,059**	4,586
Prepayments and other receivables	**1,308**	1,524
	5,367	6,110
Liabilities:		
Receipts in advance and customers' deposits	**–**	83

34. COMMITMENTS

Commitments outstanding as at December 31, 2014 not provided for in the financial statements were as follows:

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Capital commitments				
(i) Property, plant and equipment				
— Authorised and contracted for	**4,982**	9,557	**–**	–
— Authorised but not contracted for	**208,139**	196,267	**–**	–
	213,121	205,824	**–**	–
(ii) Acquisition of equity interests in prospective subsidiary and associate				
— Authorised and contracted for	**–**	3,153	**–**	–
— Authorised but not contracted for	**–**	–	**–**	–
	–	3,153	**–**	–
	213,121	208,977	**–**	–
Programming and other commitments				
— Authorised and contracted for	**766,120**	482,920	**–**	–
— Authorised but not contracted for	**72,624**	71,534	**–**	–
	838,744	554,454	**–**	–
Operating lease commitments				
— Within one year	**59,439**	35,174	**–**	–
— After one year but within five years	**114,843**	23,276	**–**	–
— After five years	**18,570**	21,747	**–**	–
	192,852	80,197	**–**	–
	1,244,717	843,628	**–**	–

(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.

34. COMMITMENTS (Continued)

(a) Operating lease commitments (Continued)

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.

(b) Future operating lease income

(i) The total future minimum sublease payments receivable under non-cancellable subleases at December 31, 2014 amounted to HK$29,922,000 (2013: HK$5,732,000). The total future minimum lease payments receivable in respect of decoders and other equipment under non-cancellable operating leases are as follows :

	Group	
	2014 HK$'000	2013 HK$'000
Within one year	**737**	729

35. CONTINGENT LIABILITIES

As at December 31, 2014, 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$206,000,000 (2013: HK$6,000,000) in respect of overdraft and guarantee facilities to the subsidiaries. Of this amount, at December 31, 2014, HK$100,000,000 (2013: HK$Nil) 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, 2014, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the facilities drawn down by the wholly owned subsidiaries of HK$100,000,000 (2013: HK$Nil).

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

36. 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, 2014:

	2014 HK$'000	2013 HK$'000
Rentals payable and related management fees on land and buildings *(Note (i))*	**49,180**	49,375
Rentals receivable on land and buildings *(Note (ii))*	**(6,746)**	(6,289)
Network repairs and maintenance services charges *(Note (iii))*	**(10,483)**	(21,620)
Management fees *(Note (iv))*	**8,987**	9,159
Computer services *(Note (v))*	**884**	1,020
Leased line and Public Non-Exclusive Telecommunications Service ("PNETS") charges and international bandwidth access charges *(Note (vi))*	**6,430**	8,709
Telephony services fees *(Note (vii))*	**9,696**	10,024

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, 2014, related rental deposits amounted to HK$12,734,651 (2013: HK$10,708,851).

(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.

The immediate holding company has issued deeds of indemnity in respect of certain taxation and costs arising in respect of the period prior to November 1, 1999. The Group is not charged for these indemnities.

On December 31, 2014, Wharf Finance Limited, a fellow subsidiary has granted a revolving loan facility of HK$200,000,000 to a subsidiary of the Group on January 1, 2015 and which will mature on December 31, 2015 (2013: HK$100,000,000 revolving loan facility, with an original maturity date of December 31, 2014).

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:

	2014 HK$'000	2013 HK$'000
Short-term employee benefits	**18,463**	18,837
Post-employment benefits	**567**	681
	19,030	19,518

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

37. 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(p), 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(g), 1(i)(i), 1(i)(iv) and 1(i)(v), 1(k), 1(l), 1(t), and Note 32 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.

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2014

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended December 31, 2014 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments and new standards 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 except for the following developments are expected to result in amended disclosures in the financial statements including restatement of comparative amounts in the first period of adoption:

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after March 3, 2014 (i.e. the Company's financial year which began on January 1, 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

	Effective for accounting periods beginning on or after
Amendments to HKAS 19, *Defined benefit plans: Employee contributions*	1 July 2014
Annual Improvements to HKFRSs, 2010 –2012 Cycle	1 July 2014
Annual Improvements to HKFRSs, 2011–2013 Cycle	1 July 2014
Amendments to HKFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018

39. PARENT AND ULTIMATE CONTROLLING PARTY

The Directors consider the parent and the ultimate controlling party at December 31, 2014 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.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on February 26, 2015.

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in HK$ million)

	2010	2011	2012	2013	**2014**
Results					
Turnover	2,002	2,110	2,127	1,932	**1,666**
Operating expenses	(2,251)	(2,290)	(2,402)	(2,020)	**(1,804)**
Loss from operations	(249)	(180)	(275)	(88)	**(138)**
Interest income	–	1	1	1	**–**
Finance costs, net	–	(1)	(4)	(3)	**(1)**
Non-operating (expenses)/income	1	(3)	6	–	**–**
Impairment losses on investment	(1)	–	(1)	–	**–**
Share of loss of associate	(41)	–	–	–	**–**
Loss before taxation	(290)	(183)	(273)	(90)	**(139)**
Income tax	23	4	(5)	(3)	**–**
Loss for the year	(267)	(179)	(278)	(93)	**(139)**
Attributable to:					
Equity shareholders of the Company	(267)	(179)	(278)	(93)	**(139)**
Assets and Liabilities					
Property, plant and equipment	1,146	1,075	1,024	934	**893**
Programming library	114	107	109	138	**168**
Other intangible assets	4	4	4	4	**4**
Interest in associate	–	–	–	–	**–**
Deferred tax assets	343	336	323	311	**303**
Other non-current assets	111	59	59	56	**58**
Current assets	602	594	447	331	**243**
Total assets	2,320	2,175	1,966	1,774	**1,669**
Current liabilities	502	549	528	539	**582**
Deferred tax liabilities	63	54	44	34	**25**
Other non-current liabilities	8	9	9	8	**9**
Bank loans	–	–	100	–	**–**
Total liabilities	573	612	681	581	**616**
Share capital : nominal value	2,012	2,012	2,012	2,012	**–**
Other statutory capital reserves	4,846	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	(5,114)	(5,295)	(5,573)	(5,665)	**(5,805)**
Total equity attributable to equity shareholders of the Company	1,744	1,563	1,285	1,193	**1,053**
Non-controlling interests	3	–	–	–	**–**
Total liabilities and equity	2,320	2,175	1,966	1,774	**1,669**

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

i-CABLE COMMUNICATIONS LIMITED

STOCK CODE : 1097

CABLE TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong
www.i-cablecomm.com