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## **i-CABLE COMMUNICATIONS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

Stock Code: 1097

### **Interim Results Announcement For the six months ended June 30, 2013**

#### **RESULTS HIGHLIGHTS**

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

#### **GROUP RESULTS**

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

#### **INTERIM DIVIDEND**

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### A. Review of 2013 Interim Results

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

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

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

### B. Segmental Information

#### *Television*

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

#### *Internet & Multimedia*

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

### C. Liquidity and Financial Resources

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

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

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

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

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

## **D. Contingent Liabilities**

At June 30, 2013, there were contingent liabilities in respect of guarantees, indemnities and letters of awareness given by the Company on behalf of subsidiaries relating to overdraft and guarantee facilities of banks up to HK\$206 million (2012: HK\$206 million), of which HK\$100 million (2012: HK\$100 million) have been utilised by the subsidiaries.

## **E. Human Resources**

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

## **F. Competition and Operating Environment**

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

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

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

## **G. Outlook**

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

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

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

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the six months ended June 30, 2013 - unaudited**

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

**For the six months ended June 30, 2013 - unaudited**

|                                                                                           | <b>2013</b><br><b>HK\$'000</b> | 2012<br>HK\$'000       |
|-------------------------------------------------------------------------------------------|--------------------------------|------------------------|
| <b>Loss for the period</b>                                                                | <u><b>(112,059)</b></u>        | <u><b>(96,892)</b></u> |
| <b>Other comprehensive income for the period<br/>(after reclassification adjustment):</b> |                                |                        |
| Exchange difference on translation of foreign<br>subsidiaries' financial statements       | <u>282</u>                     | <u>109</u>             |
| <b>Total comprehensive income for the period</b>                                          | <u><b>(111,777)</b></u>        | <u><b>(96,783)</b></u> |
| <b>Attributable to:</b>                                                                   |                                |                        |
| Equity shareholders of the Company                                                        | (111,777)                      | (96,783)               |
| Non-controlling interests                                                                 | <u>--</u>                      | <u>--</u>              |
| <b>Total comprehensive income for the period</b>                                          | <u><b>(111,777)</b></u>        | <u><b>(96,783)</b></u> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At June 30, 2013 - unaudited**

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended June 30, 2013 - unaudited**

|                                              | Attributable to equity shareholders of the Company |                              |                                           |                                 |                                              |                                      |                                |                               |                   |                                              |                          |
|----------------------------------------------|----------------------------------------------------|------------------------------|-------------------------------------------|---------------------------------|----------------------------------------------|--------------------------------------|--------------------------------|-------------------------------|-------------------|----------------------------------------------|--------------------------|
|                                              | Share<br>capital<br>HK\$'000                       | Share<br>premium<br>HK\$'000 | Special<br>capital<br>reserve<br>HK\$'000 | Exchange<br>reserve<br>HK\$'000 | Capital<br>redemption<br>reserve<br>HK\$'000 | Fair<br>value<br>reserve<br>HK\$'000 | Revenue<br>reserve<br>HK\$'000 | Total<br>reserves<br>HK\$'000 | Total<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 | Total equity<br>HK\$'000 |
| Balance at January 1, 2012*                  | 2,011,512                                          | 4,838,365                    | 13,963                                    | 3,650                           | 7,722                                        | --                                   | (5,312,399)                    | (448,699)                     | 1,562,813         | --                                           | 1,562,813                |
| Loss for the period                          | --                                                 | --                           | --                                        | --                              | --                                           | --                                   | (96,892)                       | (96,892)                      | (96,892)          | --                                           | (96,892)                 |
| Other comprehensive<br>income for the period | --                                                 | --                           | --                                        | 109                             | --                                           | --                                   | --                             | 109                           | 109               | --                                           | 109                      |
| Total comprehensive<br>income for the period | --                                                 | --                           | --                                        | 109                             | --                                           | --                                   | (96,892)                       | (96,783)                      | (96,783)          | --                                           | (96,783)                 |
| Transfer to special capital<br>reserve       | --                                                 | --                           | --                                        | --                              | --                                           | --                                   | --                             | --                            | --                | --                                           | --                       |
| Balance at June 30, 2012*                    | <u>2,011,512</u>                                   | <u>4,838,365</u>             | <u>13,963</u>                             | <u>3,759</u>                    | <u>7,722</u>                                 | <u>--</u>                            | <u>(5,409,291)</u>             | <u>(545,482)</u>              | <u>1,466,030</u>  | <u>--</u>                                    | <u>1,466,030</u>         |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended June 30, 2013 - unaudited**

|                                                  | Attributable to equity shareholders of the Company |                  |                         |                  |                            |                    |                    |                  |                  |                           |                  |
|--------------------------------------------------|----------------------------------------------------|------------------|-------------------------|------------------|----------------------------|--------------------|--------------------|------------------|------------------|---------------------------|------------------|
|                                                  | Share capital                                      | Share premium    | Special capital reserve | Exchange reserve | Capital redemption reserve | Fair value reserve | Revenue reserve    | Total reserves   | Total            | Non-controlling interests | Total equity     |
|                                                  | HK\$'000                                           | HK\$'000         | HK\$'000                | HK\$'000         | HK\$'000                   | HK\$'000           | HK\$'000           | HK\$'000         | HK\$'000         | HK\$'000                  | HK\$'000         |
| Balance at January 1, 2013*                      | 2,011,512                                          | 4,838,365        | 13,967                  | 3,535            | 7,722                      | --                 | (5,590,738)        | (727,149)        | 1,284,363        | --                        | 1,284,363        |
| Loss for the period                              | --                                                 | --               | --                      | --               | --                         | --                 | (112,059)          | (112,059)        | (112,059)        | --                        | (112,059)        |
| Other comprehensive income for the period        | --                                                 | --               | --                      | 282              | --                         | --                 | --                 | 282              | 282              | --                        | 282              |
| <b>Total comprehensive income for the period</b> | --                                                 | --               | --                      | 282              | --                         | --                 | (112,059)          | (111,777)        | (111,777)        | --                        | (111,777)        |
| Transfer to special capital reserve              | --                                                 | --               | --                      | --               | --                         | --                 | --                 | --               | --               | --                        | --               |
| Balance at June 30, 2013*                        | <u>2,011,512</u>                                   | <u>4,838,365</u> | <u>13,967</u>           | <u>3,817</u>     | <u>7,722</u>               | <u>--</u>          | <u>(5,702,797)</u> | <u>(838,926)</u> | <u>1,172,586</u> | <u>--</u>                 | <u>1,172,586</u> |

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

## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **(1) Basis of preparation and comparative figures**

The unaudited interim financial report is prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

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

### **(2) Turnover**

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

### (3) Segment information

Substantially all the activities of the Group are based in Hong Kong and below is an analysis of the Group's revenue and result by principal activity for the six months ended June 30:

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

**(4) Loss before taxation**

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

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

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

**(5) Income tax**

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

|                               | <b>2013</b>     | <b>2012</b>     |
|-------------------------------|-----------------|-----------------|
|                               | <b>HK\$'000</b> | <b>HK\$'000</b> |
| Tax for the period – overseas | <b>(585)</b>    | (1,031)         |
| Net deferred tax              | <b>6,682</b>    | 2,928           |
| Income tax                    | <b>6,097</b>    | 1,897           |

**(6) Loss per share**

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$112 million (2012: HK\$97 million) and the weighted average number of ordinary shares outstanding during the period of 2,011,512,400 (2012: 2,011,512,400).

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

**(7) Deferred tax in the statement of financial position**

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

| Deferred tax arising from:                                                                        | Depreciation<br>allowances in<br>excess of related<br>depreciation<br>HK\$'000 | Tax losses<br>HK\$'000                   | Total<br>HK\$'000 |
|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------|-------------------|
| At January 1, 2013                                                                                | 76,076                                                                         | (354,618)                                | (278,542)         |
| Credited to consolidated<br>income statement (Note 5)                                             | (5,082)                                                                        | (1,600)                                  | (6,682)           |
| At June 30, 2013                                                                                  | <u>70,994</u>                                                                  | <u>(356,218)</u>                         | <u>(285,224)</u>  |
|                                                                                                   | <b>At June 30, 2013<br/>HK\$'000</b>                                           | <b>At December 31, 2012<br/>HK\$'000</b> |                   |
| Net deferred tax assets recognised in the<br>consolidated statement of financial<br>position      | <b>(324,548)</b>                                                               |                                          | (322,551)         |
| Net deferred tax liabilities recognised in<br>the consolidated statement of financial<br>position | <u>39,324</u>                                                                  |                                          | 44,009            |
|                                                                                                   | <u><b>(285,224)</b></u>                                                        |                                          | <u>(278,542)</u>  |

**(8) Accounts receivable from trade debtors**

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

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

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

**(9) Amounts due to trade creditors**

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

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

**(10) Review of results**

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

## **CORPORATE GOVERNANCE CODE**

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

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

By Order of the Board

**H. O. Hung**

*Company Secretary*

Hong Kong, August 8, 2013

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