



SUNeVision Holdings Ltd.
新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8008

2013-2014
Annual Report



The technology arm of Sun Hung Kai Properties Limited

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the directors (the “Directors”) of SUNeVision Holdings Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This report is now available in printed form in English and in Chinese, and on the website of the Company at www.sunevision.com and the GEM website at www.hkgem.com.

If (i) registered shareholders/noteholders, who have received or chosen to receive a printed copy of this report, wish to receive the same in the other language to that chosen by the registered shareholders/noteholders; or (ii) registered shareholders/noteholders, who have received or chosen to receive or are deemed to have consented to receive this report by electronic means, wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this report on the Company’s website, they may obtain the same free of charge by sending a request to (a) in the case of registered shareholders, the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited (“Computershare”) by post to 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or by email at sunevision@computershare.com.hk; or (b) in the case of noteholders, the Company’s registrar in respect of the convertible notes, Tricor Investor Services Limited (“Tricor”) by post to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email at sunevision-ecom@hk.tricorglobal.com.

For registered shareholders/noteholders who wish to change their choice of language or means of receipt of the Company’s future corporate communications free of charge, they could at any time notify (i) in the case of registered shareholders, Computershare by post or by email (at the address or email address mentioned above); or (ii) in the case of noteholders, Tricor by post or by email (at the address or email address mentioned above).

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Financial Highlights & Summary

FINANCIAL HIGHLIGHTS

	30 Jun 14	For the quarter ended		30 Sep 13	Full year
	HK\$'000	31 Mar 14 HK\$'000	31 Dec 13 HK\$'000	HK\$'000	
Revenue	218,217	212,057	211,130	204,785	846,189
Cost of sales	(74,134)	(72,361)	(76,097)	(75,810)	(298,402)
Gross profit	144,083	139,696	135,033	128,975	547,787
Other income	13,907	8,132	8,517	9,541	40,097
	157,990	147,828	143,550	138,516	587,884
Operating expenditures*	(11,674)	(11,182)	(9,698)	(9,178)	(41,732)
Profit from operations	146,316	136,646	133,852	129,338	546,152

* Selling, general and administrative expenses

FINANCIAL SUMMARY

Results	Year ended 30 June				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue	846,189	764,617	705,860	630,803	544,042
Profit for the year	585,489	530,396	449,890	405,160	344,093
Assets and Liabilities	As at 30 June				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Total assets	4,092,450	3,880,154	3,670,118	3,500,959	3,151,681
Total liabilities	(671,401)	(627,931)	(604,969)	(607,940)	(494,930)
Total equity	3,421,049	3,252,223	3,065,149	2,893,019	2,656,751

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Kwok Ping-luen, Raymond (*Chairman*)
Yan King-shun, Peter (*Chief Executive Officer*)
Tung Chi-ho, Eric
Wong Chin-wah
So Wai-kei, Godwin

Non-Executive Directors

Cheung Wing-yui
Siu Hon-wah, Thomas
Tsim Wing-kit, Alfred
Fung Yuk-lun, Allen

Independent Non-Executive Directors

Li On-kyok, Victor
King Yeo-chi, Ambrose
Wong Kai-man
Kwok Kwok-chuen
Lee Wai-kyong, Sunny

COMPANY SECRETARY

So Wai-kei, Godwin

COMPLIANCE OFFICER

So Wai-kei, Godwin

AUDIT COMMITTEE

Wong Kai-man (*Committee Chairman*)
Li On-kyok, Victor
King Yeo-chi, Ambrose
Cheung Wing-yui

REMUNERATION COMMITTEE

King Yeo-chi, Ambrose (*Committee Chairman*)
Li On-kyok, Victor
Wong Kai-man
Cheung Wing-yui

NOMINATION COMMITTEE

Li On-kyok, Victor (*Committee Chairman*)
King Yeo-chi, Ambrose
Wong Kai-man
Cheung Wing-yui

CORPORATE GOVERNANCE COMMITTEE

Yan King-shun, Peter (*Committee Chairman*)
So Wai-kei, Godwin

AUTHORISED REPRESENTATIVES UNDER THE GEM LISTING RULES

Yan King-shun, Peter
So Wai-kei, Godwin

REGISTERED OFFICE

P.O. Box 309, Uglund House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

MEGATOP, MEGA-iAdvantage
399 Chai Wan Road, Chai Wan, Hong Kong

LEGAL ADVISERS

As to Hong Kong Law
Woo, Kwan, Lee & Lo

As to Cayman Islands Law
Maples and Calder

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops No. 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTRAR IN RESPECT OF THE CONVERTIBLE NOTES

Tricolor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Ltd
Sumitomo Mitsui Banking Corporation
Industrial and Commercial Bank of China (Asia) Ltd
Bank of Communications Co., Ltd. Hong Kong Branch
Standard Chartered Bank
China Construction Bank
Agricultural Bank of China Limited

STOCK CODE

8008

WEBSITE

www.sunevision.com

Chairman's Statement

SUNeVision achieved another year of profitability for the year ended 30 June 2014, with a profit attributable to owners of the Company of HK\$585.5 million.

Excluding the effects of fair value changes on investment properties, underlying profit attributable to owners of the Company increased by HK\$56.1 million year-on-year to HK\$463.5 million.

FINANCIAL HIGHLIGHTS

Revenue was HK\$846.2 million for the year, representing an 11% year-on-year improvement. The Group has continued to benefit from growth in business demand; our data centre businesses constituted the most of the Group's core operations, and have contributed further to the performance of the Group. Gross margin for the year increased to 64.7%, translating into gross profit of HK\$547.8 million. This is a result of continued effective cost management and operational efficiency.

Other income, being income in addition to revenue from operations, was HK\$40.1 million for the year. This is HK\$12.3 million lower than the previous financial year primarily as a result of a reduction in non-recurring gain on disposal of assets compared to the previous financial year.

Profit from operations was HK\$546.2 million, an improvement of HK\$69.9 million when compared to the previous financial year.

Consistent with the Group's normal practice, the investment properties were independently revalued as of 30 June 2014 on market value basis, resulting in a revaluation surplus of HK\$122 million. This is slightly lower than the HK\$123 million revaluation surplus of the previous financial year and is in line with prevailing market conditions.

Incorporating the above and after allowing for taxation, profit attributable to owners of the Company was HK\$585.5 million; this compares to HK\$530.4 million for the previous financial year. The effects of the investment properties revaluation

surpluses should be noted when comparing the results of the current and the previous financial years.

Shareholders' funds as of 30 June 2014 amounted to HK\$3,407.1 million, or HK\$0.8 per share on a fully-diluted basis, reflecting effects of the bonus shares and convertible notes issued in November 2010. The Group's financial position remains strong after accounting for the land cost of our new data centre at Tseung Kwan O. The Group's cash and interest-bearing securities on hand was approximately HK\$1,235.3 million at the year end.

The Directors recommend the payment of a final dividend of HK11.46 cents per share for the year ended 30 June 2014. This represents the full distribution of the underlying profit attributable to owners of the Company and compares to HK10.07 cents per share, on a fully-diluted basis, for the previous financial year.

BUSINESS REVIEW

iAdvantage continues to focus on gaining new businesses and enhancing its relationship with multinational and local customers. In pursuit of further business growth, our Group has embarked on the development of a new flagship high-tier data centre at Tseung Kwan O to expand our business capacity and strategic geographic coverage. In October 2013, the Group won the tender for the Tseung Kwan O site, which is the first, and so far the only, land lot put up by the Hong Kong Government dedicated for high-tier data centre use without any restriction on further subleasing. The Group will build a new flagship high-tier data centre on this site with expected completion in 2017. The progress of the development project has been smooth since its commencement early this year. In addition, we have continued to enjoy high occupancy at our Sha Tin site and will look to further expand our footprint there. These developments represent continuous commitment of our Group to grow our business and to pursue service excellence in meeting the changing customer requirements and to maintain our leading carrier-neutral data centre service position in Hong Kong.

Chairman's Statement

With facilities of an international standard and outstanding service levels, iAdvantage is well-positioned to provide quality data centre services to meet new demand from the cloud services, telecommunications, financial services, information technology and public administration sectors.

Leveraging on the parent company's significant relationships, the Group's last-mile connectivity business has also continued to provide quality services to its corporate and residential customers.

FUTURE PROSPECTS

SUNeVision's portfolio of data infrastructure and technology service businesses is well-positioned to meet the market demand for more data centres and related services to achieve sustained profitability and growth. iAdvantage will continue its pursuit of growth by working vigorously to capture new business by facilitating our customers in meeting their business needs.

Hong Kong, as one of the most preferred locations in the region for setting up data centres, has continued to attract new investments in the field by local and international operators. The increased supply of data centres has resulted in more competition and demand for higher quality services. The need for more secure and proven high-tier data centres will likely become the norm and iAdvantage's high-tier data centres and quality services would continue to differentiate ourselves favourably from the competition.

Further to investing in and upgrading its data centre infrastructure and facilities, iAdvantage will continue to evaluate investment opportunities in data centres, and actively look for new premises to further increase its data centre space.

The Group's last-mile connectivity businesses will continue to deliver quality services and improve on product offerings.

SUNeVision remains committed to maintaining high standards of corporate governance. A full array of board committees has effectively supported the Board in carrying out its responsibilities.

APPRECIATION

We welcome our new independent non-executive director, Mr. Lee Wai-kwong, Sunny and our new non-executive director Mr. Fung Yuk-lun, Allen, who joined us in November 2013 and January 2014 respectively.

I would like to close by thanking the Board, management and every member of our dedicated staff for their dedication and hard work, and our shareholders for their continued confidence and support.

Kwok Ping-luen, Raymond

Chairman

Hong Kong, 11 September 2014



Management Discussion and Analysis

OVERVIEW

SUNeVision completed the financial year ended 30 June 2014 with HK\$585.5 million profit attributable to owners of the Company.

Revenue was HK\$846.2 million for the year, showing an improvement of HK\$81.6 million compared to the previous financial year. Gross margin increased to 64.7%, translating into gross profit of HK\$547.8 million. Other income was HK\$40.1 million for the year. This is HK\$12.3 million lower than the previous financial year primarily as a result of a reduction in non-recurring gain on disposal of assets compared to the previous financial year. Operating expenditures increased moderately to HK\$41.7 million for the year. Profit from operations was HK\$546.2 million, an improvement of HK\$69.9 million when compared to the previous financial year.

Excluding the effects of fair value changes on investment properties, underlying profit attributable to the owners of the Company was HK\$463.5 million, an increase of HK\$56.1 million or 14% compared to the previous financial year.

BUSINESS REVIEW

iAdvantage

Financial year 2013–2014 marked an exciting year for iAdvantage. The Company has maintained its market position as a leading carrier-neutral data centre service provider in Hong Kong and a number of infrastructure expansion and upgrade investments were made during the year. Overall data centre occupancy continued to stand at a satisfactory level of 86% as at the end of the financial year.

In October 2013, the Company successfully obtained an approval from the Lands Department to convert the remaining floors of the Sha Tin centre from industrial to data centre use. The conversion project will further extend iAdvantage's high-tier data centre space.

In the same month in 2013, the Group also won the tender for the Tseung Kwan O site, which is the first, and so far the only, land lot put up by the Hong Kong Government dedicated for high-tier data

centre use without any restriction on further subleasing. The Group will build a new flagship high-tier data centre on this site with expected completion in 2017.

iAdvantage continues to invest in enhancing our operation excellence and infrastructure. It has completed a major upgrade and re-architecture of the inter-data centre network in May 2014. The data network offers our customers high availability, resilience and high speed connections between iAdvantage data centres and the internet worldwide. In addition to its accreditation of ISO14000 (Environmental Management System) and ISO27001 (Information Security Management), the Company has further achieved ISO20000 (IT Service Management) accreditation in 2014. These accreditations demonstrate iAdvantage's continuous commitment to quality customer services.

iAdvantage has a strong portfolio of data centres strategically located in major business centres and network traffic hubs in Hong Kong. iAdvantage's world class infrastructure, supported by an expert team of professionals, and the carrier neutrality position, remains the preferred choice of major multinational enterprises and leading information and communications technologies service providers.

Super e-Technology and Super e-Network

Super e-Technology successfully secured additional contracts for the installation of ELV (Extra Low Voltage) and IT (Information Technology) systems, bringing the combined contract sum to approximately HK\$60 million for the year ended 30 June 2014.

Super e-Technology is actively pursuing opportunities in related industry sectors and maintains a positive outlook with regards to growth in the ELV and IT sectors for the coming year.

Super e-Network has been actively pursuing opportunities to expand its existing WiFi networks in shopping malls and to introduce additional services via its network.

Management Discussion and Analysis

OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group practises prudent financial management and has a strong balance sheet, with ample liquidity and financial resources. The Group's financial position remains strong after accounting for the land cost of our new data centre at Tseung Kwan O. The Group's cash and interest-bearing securities on hand was approximately HK\$1,235.3 million and had no gearing (calculated on the basis of net debt to shareholders' funds) as at the year end.

As of 30 June 2014, the Company had contingent liabilities in respect of guarantees for general banking facilities utilised by the Group's subsidiaries and other guarantees in the aggregate amount of HK\$63.8 million.

The Group's core operations are based in Hong Kong and its assets are primarily in Hong Kong or US dollars. It had no significant exposure to foreign exchange rate fluctuations. As of 30 June 2014, the Group had not pledged any of its assets, and there were no material acquisitions or disposals of subsidiaries or affiliated companies during the year under review.

EMPLOYEES

As of 30 June 2014, the Group had 174 full-time employees. The Group is keen to motivate and retain talent and continues to offer career progression opportunities and hold periodical review on compensation to recognise employees' contributions and to respond to changes in the employment market. Payroll costs remained stable during the financial year, and bonuses were paid to selected employees to recognise outstanding performance.

Other remuneration and benefits, including medical coverage and provident fund contributions, remained at appropriate levels. Various training and development opportunities continued to be offered to enhance employees' capabilities. The Group also offers a share-option scheme, particulars of which are set out in the relevant sections of this Annual Report, to recognise employees who make significant contributions.

OUTLOOK

Building on its performance record and with a strong balance sheet, SUNeVision will continue to improve on its profitability and business growth. iAdvantage will seek to actively evaluate new business and growth opportunities, including further expansion of its footprint with new data centre space and facilities. Super e-Technology and Super e-Network will further extend their quality services to new sites and enhance their service offerings.

Directors' Profile

EXECUTIVE DIRECTORS

Kwok Ping-luen, Raymond (Age: 61)

Chairman

Mr. Kwok has been the Chairman and an Executive Director of the Company since 29 January 2000. He holds a Master of Arts degree in Law from Cambridge University, a Master degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong.

Mr. Kwok has been Chairman of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), since December 2011. He is also a Managing Director of SHKP. Prior to the appointment as Chairman of SHKP, Mr. Kwok had acted as Vice Chairman of SHKP. He is the Chairman of SmarTone Telecommunications Holdings Limited, a Non-Executive Director of Transport International Holdings Limited and Wing Tai Properties Limited.

In civic activities, Mr. Kwok is a Director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce and Vice Chairman of the Council of The Chinese University of Hong Kong.

Save as disclosed above, Mr. Kwok (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any other existing Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

Mr. Kwok has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$40,000 per annum which is fixed by the Board. His annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Yan King-shun, Peter (Age: 53)

Chief Executive Officer and Authorised Representative

Mr. Yan has been an Executive Director, the Chief Executive Officer and the authorised representative of the Company for accepting service of process and notices on behalf of the Company (under Part 16 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong) since 15 October 2013. Mr. Yan is also the Authorised Representative of the Company under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). He is the Chairman of the Corporate Governance Committee of the Board. Mr. Yan is also a director of certain subsidiaries of the Company. He holds a Bachelor's degree in Business Administration from The Chinese University of Hong Kong and received Executive Education for Global Leadership from the Harvard Business School.

Mr. Yan has over 28 years of experience in the information technology industry and is a fellow of the Hong Kong Computer Society. He was an Executive Director and Group Chief Executive Officer of Computer And Technologies Holdings Limited ("C&T"). Prior to joining C&T in April 2000, he had held senior management positions in large consulting and information technology services companies including Accenture and Tradelink Electronic Commerce Limited. Mr. Yan also has extensive experience serving on a range of public services committees, including Non-Executive Director of Hong Kong Cyberport Management Company Limited, member of the Transport Advisory Committee, member of the Solicitors Disciplinary Tribunal Panel and Vice President of the Hong Kong Computer Society.

Save as disclosed above, Mr. Yan (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the GEM Listing Rules) of the Company.

Directors' Profile

Mr. Yan has entered into a service agreement with the Company commencing on 15 October 2013 which has no fixed term of director's service and shall continue thereafter unless and until terminated by either party giving to the other notice in writing, but is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. Mr. Yan is entitled to a director's fee of HK\$35,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) and other projected emoluments of approximately HK\$6.47 million per annum, inclusive of a sum paid to him for his loss of selected benefits from his former employment. His director's fee is fixed by the Board while his annual salary will be determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, will be determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Tung Chi-ho, Eric (Age: 55)

Mr. Tung has been an Executive Director of the Company since 29 January 2000. He holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from The University of Hong Kong. He is a member of The Hong Kong Institute of Architects and a registered Architect.

Mr. Tung is the Chairman of iAdvantage Limited, a subsidiary of the Company and a director of certain subsidiaries of the Company. He has been with the Sun Hung Kai Properties Group for 27 years and has been an Executive Director of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), since 1 December 2013. Mr. Tung is a member of the Executive Committee of SHKP and an Executive Director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of SHKP. He served as Project Director for various large-scale residential, commercial and mixed developments and oversaw the completion of data centres for major tenants such as JP Morgan and ING Barings.

Save as disclosed above, Mr. Tung (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

Mr. Tung has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. Mr. Tung is entitled to a director's fee of HK\$30,000 per annum which is fixed by the Board. His annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Wong Chin-wah (Age: 65)

Mr. Wong has been an Executive Director of the Company since 29 January 2000. He received a Bachelor of Science (Estate Management) degree in 1976 from the National University of Singapore and is a Registered Professional Surveyor and a Registered Professional Housing Manager in Hong Kong. Mr. Wong is also a member of the Singapore Institute of Surveyors and Valuers.

Mr. Wong is the Chief Executive Officer of Sunevision Super e-Technology Services Limited ("Super e-Technology", a subsidiary of the Company). His experience in infrastructure network technology commenced in early 1993 when he was appointed as Chief Executive Officer of Super e-Technology. In July 1999, then as the Managing Director of Sunevision Red-Dots Limited, he led a team of IT professionals to develop the Sun Hung Kai Properties Group's first e-commerce site in Hong Kong which was launched in October 1999. Mr. Wong is also a director of certain subsidiaries of the Company.

Mr. Wong is a member of the Executive Committee of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He is an Executive Director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of SHKP, and had held senior management positions in the DBS Bank and MTR Corporation Limited.

Directors' Profile

Save as disclosed above, Mr. Wong (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

Mr. Wong has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. Mr. Wong is entitled to a director's fee of HK\$30,000 per annum which is fixed by the Board. His annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

So Wai-kei, Godwin (Age: 49)

Compliance Officer, Company Secretary and Authorised Representative

Mr. So has been an Executive Director of the Company since 1 November 2009. He is the compliance officer and the Company Secretary of the Company. He is also the Authorised Representative of the Company under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). Mr. So is also a member of the Corporate Governance Committee of the Board. Mr. So is also a director of certain subsidiaries of the Company. He holds a Bachelor of Arts degree from the City University of Hong Kong and a Master of Business Administration degree from The Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered and Certified Accountants, the Institute of Chartered Secretaries and Administrators as well as the Hong Kong Institute of Chartered Secretaries. He is also a member of the Chartered Institute of Bankers and the Hong Kong Institute of Bankers.

Mr. So is a Group Financial Control Manager of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He is a Director of Route 3 (CPS) Company Limited, Transport Infrastructure Management Limited and Hung Kai Finance Company, Limited which are the subsidiaries of SHKP. Mr. So has been Alternate Director to Mr. Kwok Ping-luen, Raymond in Transport International Holdings Limited ("TIHL") since March 2014. He had formerly served as Alternate Director to Mr. Kwok Ping-sheung, Walter (a former Non-Executive Director of the Company) in TIHL. Before joining SHKP in 2002, Mr. So worked for two banks in Hong Kong holding various managerial positions in internal auditing, operation management and business planning.

Save as disclosed above, Mr. So (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the GEM Listing Rules) of the Company.

Mr. So has entered into a service agreement with the Company for a period of three years commencing on 1 November 2009 and shall continue thereafter until terminated by either party giving to the other notice in writing, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. Mr. So is entitled to a director's fee of HK\$30,000 per annum which is fixed by the Board. His annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Directors' Profile

NON-EXECUTIVE DIRECTORS

Cheung Wing-yui (Age: 64)

Mr. Cheung has been a Non-Executive Director of the Company since 29 January 2000. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. Mr. Cheung received a Bachelor of Commerce Degree in accountancy from the University of New South Wales, Australia and is a member of the CPA Australia. He has been a practising solicitor in Hong Kong since 1979 and is a Consultant of the law firm Woo, Kwan, Lee & Lo. He was also admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore.

Mr. Cheung is a Non-Executive Director of SmarTone Telecommunications Holdings Limited, SRE Group Limited, Tai Sang Land Development Limited and Tianjin Development Holdings Limited and an Independent Non-Executive Director of Agile Property Holdings Limited and Hop Hing Group Holdings Limited. He is a Non-Executive Director of Hung Kai Finance Company, Limited and Sun Hung Kai Properties Insurance Limited, both of which are wholly-owned subsidiaries of Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Mr. Cheung is a vice patron of The Community Chest. He had held the positions of Deputy Chairman of the Council of The Open University of Hong Kong, the Deputy Chairman of The Hong Kong Institute of Directors, Director of Po Leung Kuk, Vice Chairman of the Mainland Legal Affairs Committee of the Law Society of Hong Kong and a member of the Board of Review (Inland Revenue Ordinance).

Mr. Cheung was awarded the Bronze Bauhinia Star (BBS) in 2013.

Save as disclosed above, Mr. Cheung (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Cheung. Mr. Cheung received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$160,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year). His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Siu Hon-wah, Thomas (Age: 61)

Mr. Siu has been a Non-Executive Director of the Company since 7 May 2010. He holds a MPhil degree from University of Cambridge and a PhD degree in Information Systems. He is a Certified Public Accountant and is a member of the British Computer Society.

Mr. Siu is a Non-Executive Director of SmarTone Telecommunications Holdings Limited. He is also the Managing Director of Wilson Group which is a major transport infrastructure services provider in Hong Kong and is wholly-owned by Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). Prior to joining Wilson Group, Mr. Siu had more than 25 years of experience in telecommunications and IT sectors. His experience covers finance, business operations and development.

Save as disclosed above, Mr. Siu (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

Directors' Profile

There is no service contract entered into between the Company and Mr. Siu. Mr. Siu received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$30,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year). His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Tsim Wing-kit, Alfred (Age: 50)

Mr. Tsim has been a Non-Executive Director of the Company since 15 October 2013. He joined the Group in February 2000 and became an Executive Director and the Chief Financial Officer of the Company in July 2006. He was appointed as the Acting Chief Executive Officer of the Company in June 2008 and subsequently as the Chief Executive Officer of the Company, a position he held until his re-designation on 15 October 2013. He holds a Bachelor of Arts degree from the City University of Hong Kong, a Master of Business Administration degree from The University of Sydney, a Master of Laws degree from the University of Wolverhampton, United Kingdom and a Diploma in Management Accounting from The Chinese University of Hong Kong. Mr. Tsim is an accountant by profession, he qualified with Price Waterhouse and is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, United Kingdom, CPA Australia, CMA Canada and The Institute of Chartered Accountants in England and Wales.

Mr. Tsim is a Manager of Sun Hung Kai Properties Limited (the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) and a Non-Executive Director of SmarTone Telecommunications Holdings Limited.

Save as disclosed above, Mr. Tsim (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Tsim. Mr. Tsim received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$30,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year). His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Fung Yuk-lun, Allen (Age: 46)

Mr. Fung has been a Non-Executive Director of the Company since 1 January 2014. He obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. Mr. Fung was a recipient of a Guggenheim Fellowship in 1996.

Mr. Fung is an Executive Director and a member of the Executive Committee of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as well as the Chief Executive Officer of the SHKP group's non-property related portfolio investments. He is also a Non-Executive Director of each of SmarTone Telecommunications Holdings Limited and Transport International Holdings Limited. Mr. Fung has been a Non-Executive Director and a member of the Executive Committee of Roadshow Holdings Limited since July 2014.

Mr. Fung was a Teaching Fellow at Harvard University in 1993-1994 and a visiting Assistant Professor of History at Brown University in 1996-1997. He joined McKinsey and Company ("McKinsey"), a global management consulting company, in 1997, and primarily served clients in China and Hong Kong, and also served institutions in Europe and Southeast Asia. Mr. Fung was the co-leader

Directors' Profile

of the infrastructure practice for McKinsey. He was the Managing Partner of McKinsey Hong Kong from 2004 to 2010. In 2011, he became a Director of McKinsey globally, being the first Hong Kong Chinese to become a director in McKinsey's history. He was also the Head of Recruiting for the Asia region in McKinsey.

Mr. Fung is the Chairman of the Hong Kong Society for the Protection of Children, a Council Member of both The Hong Kong Federation of Youth Groups and The Hong Kong Management Association and a member of the Executive Committee of The Hong Kong Council of Social Service. He is also an Advisory Member of the Faculty of Business and Economics at The University of Hong Kong.

Save as disclosed above, Mr. Fung (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Fung. Mr. Fung received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$30,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year). His director's fee is fixed by the Board while his annual salary, if any, will be determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, will be determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li On-kwok, Victor (Age: 59)

Professor Li has been an Independent Non-Executive Director of the Company since 29 January 2000. He is also the Chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee of the Board. Professor Li received his bachelor's, master's, engineer's and doctoral degrees in Electrical Engineering and Computer Science from the Massachusetts Institute of Technology in 1977, 1979, 1980 and 1981 respectively.

Professor Li has been appointed as an Independent Non-Executive Director of Anxin-China Holdings Limited on 5 June 2013. He was an Independent Non-Executive Director of China.com Inc.

Professor Li is the Head of Department of the Electrical and Electronic Engineering Department ("EEED") at The University of Hong Kong ("HKU") and the Chair Professor of Information Engineering of the EEED at HKU. Prior to joining HKU, he was Professor of Electrical Engineering at the University of Southern California ("USC") and Director of the USC Communication Sciences Institute. Professor Li has chaired various committees of international professional organisations such as the Technical Committee on Computer Communications of the Institute of Electrical and Electronic Engineers. He was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2002.

Save as disclosed above, Professor Li (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Professor Li. Professor Li received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$160,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year). His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is

Directors' Profile

reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

King Yeo-chi, Ambrose (Age: 79)

Professor King has been an Independent Non-Executive Director of the Company since 1 January 2007. He is also the Chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Board. Professor King received his BA from National Taiwan University (1957), MA from National Cheng Chi University (1959), and PhD from the University of Pittsburgh (1970).

Professor King is the Emeritus Professor of Sociology at The Chinese University of Hong Kong. He has been the head of New Asia College (1977–1985), Chair Professor of Sociology (1983–2004), Pro-Vice-Chancellor (1989–2002) and Vice-Chancellor (2002–2004) at The Chinese University of Hong Kong. In addition, Professor King has been the Visiting Fellow at the Centre of International Studies, MIT (1976) and Visiting Professor at University of Heidelberg (1985) and University of Wisconsin (1986). He was elected as Academician, Academia Sinica, Taipei (1994).

Professor King has held many advisory positions to the Hong Kong Government such as Independent Commission Against Corruption, The Law Reform Commission, Central Policy Unit and University Grants Committee – Research Grants Council. He is a member of the Board of Directors of Chiang Ching-kuo Foundation for International Scholarly Exchange. Professor King was appointed the Non-Official Justice of Peace in 1994. He was awarded the Silver Bauhinia Star of the Hong Kong Special Administrative Region and the Doctor of Literature, honoris causa of the Hong Kong University of Science and Technology in 1998 and the Doctor of Laws, honoris causa of The Chinese University of Hong Kong in 2005.

Save as disclosed above, Professor King (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Professor King. Professor King received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$160,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year). His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Wong Kai-man (Age: 64)

Mr. Wong has been an Independent Non-Executive Director of the Company since 16 January 2007. He is also the Chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee of the Board. Mr. Wong obtained his Bachelor of Science in Physics from The University of Hong Kong and Master of Business Administration from The Chinese University of Hong Kong. He is a fellow of the Association of Chartered Certified Accountants, United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants. He is an accountant with 32 years of experience in audit, initial public offer and computer audit.

Mr. Wong is a Non-Executive Director of Securities and Futures Commission and an Independent Non-Executive Director of Shangri-La Asia Limited, SCMP Group Limited and VTech Holdings Limited. He serves in a number of government committees and the boards of certain non-governmental organisations. Mr. Wong retired as an Independent Non-Executive Director of China Construction Bank Corporation on 12 December 2013. He is currently a director of two charity foundations, Victor and William Fung Foundation Limited and Fung (1906) Foundation Limited. He is an honorary associate professor of the School of Business of The University of Hong Kong. Mr. Wong was a member of the Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited from 1999 to 2003. He was an audit partner of PricewaterhouseCoopers, Hong Kong before his retirement on 30 June 2005.

Directors' Profile

Mr. Wong was appointed as a Justice of the Peace in 2002, awarded Bronze Bauhinia Star in 2007 by the Government of the Hong Kong Special Administrative Region and awarded an honorary fellow of Lingnan University, Hong Kong and honorary fellow of City University of Hong Kong in 2013.

Save as disclosed above, Mr. Wong (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Wong. Mr. Wong received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$160,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year). His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Kwok Kwok-chuen (Age: 60)

Mr. Kwok has been an Independent Non-Executive Director of the Company since 5 May 2012. He holds a Bachelor of Social Sciences degree from The University of Hong Kong, a Master of Philosophy degree in Economics from The Chinese University of Hong Kong and a Master of Social Sciences degree in Public Administration from The University of Hong Kong.

Mr. Kwok is an Independent Non-Executive Director of DBS Bank (Hong Kong) Limited. He has been an Honorary Senior Research Fellow in the School of Economics & Finance, The University of Hong Kong since November 2008, after resigning from the job of Government Economist for the Hong Kong SAR Government (the "Government"), a post that he served from 2004 to 2008. Before joining the Government, Mr. Kwok was the Regional Chief Economist of Standard Chartered Bank (Hong Kong) Limited for the East Asia region. He was also a Senior Economist of The Hongkong and Shanghai Banking Corporation Limited.

Mr. Kwok has served on numerous committees and boards in Hong Kong. He is now a member of the Currency Board Sub-Committee of the Exchange Fund Advisory Committee, a member of the Hong Kong Port Development Council, a member of the Competition Commission, a member of the Aviation Development Advisory Committee, and a Steering Committee and Investment Committee member of the HKSAR Government Scholarship Fund and the Self-Financing Post-secondary Education Fund.

Mr. Kwok also served as the Chairman of the Hong Kong Coalition of Service Industries, the Vice Chairman of the Economic Policy Committee of the Hong Kong General Chamber of Commerce, and the Honorary Economist of the British Chamber of Commerce in Hong Kong. Mr. Kwok was awarded the Bronze Bauhinia Star in 1999 and was appointed a Justice of the Peace in 2003 by the Government, in recognition of his long and dedicated public service.

Save as disclosed above, Mr. Kwok (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Kwok. Mr. Kwok received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$100,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year). His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is

Directors' Profile

reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Lee Wai-kwong, Sunny (Age: 55)

Mr. Lee has been an Independent Non-Executive Director of the Company since 1 November 2013. He holds a Bachelor's Degree and Master's Degree in Operations Research & Industrial Engineering, both from Cornell University in the USA. He is a Distinguished Fellow of Hong Kong Computer Society and Fellow of Hong Kong Institute of Engineers.

Mr. Lee is the Vice-President (Administration) of City University of Hong Kong. He has more than 30 years of experience in business and technology management gained in both Hong Kong and overseas. Mr. Lee was the Executive Director of information technology ("IT") of The Hong Kong Jockey Club ("HKJC"), where he served as member of Board of Management and had overall responsibility for HKJC's IT strategy and innovation.

Prior to joining HKJC, Mr. Lee served at The Hong Kong and China Gas Company Limited (Towngas) where he was an Executive Committee Member and held a number of key positions thereat, including Chief Information Officer of the group and Chief Executive Officer of two strategic diversification businesses, iCare.com Limited and Towngas Telecommunications Company Limited.

During the early 1990's, Mr. Lee was Vice President and Systems Director of the Bank of America in Hong Kong, where he played a key role in building up IT capabilities to support the bank's business expansion in Asia. He has also held key IT positions in the financial, management consulting and manufacturing industries in the USA.

Mr. Lee takes time to serve in many high level governing and advisory committees in the academic, professional and community arena. He is a Board Director of The Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI), the Board Chairman of Hong Kong Education City, a Council Member of Hong Kong Management Association, an Audit Committee Member of Hong Kong Housing Society and an academic advisor to many universities in Hong Kong. Mr. Lee is also a past President of Hong Kong Computer Society, a past Chairman of the Hong Kong Institute of IT Professional Certification and a past Council Member of Vocational Training Council.

Mr. Lee was a recipient of Hong Kong's Ten Outstanding Young Digi Persons Award in 1999, Asia CIO Award in 2002 and 2007, China Top CIO Award in 2007, 2009 Asian IT Influencer recognition, 2009 China Best Value CIO Award, and 2011 Hong Kong CIO Outstanding Achievement Award. He was appointed a Justice of the Peace in 2010 and was a torchbearer of the 2008 Beijing Olympics, representing Hong Kong's IT achievers.

Save as disclosed above, Mr. Lee (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Lee. Mr. Lee received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company. He is entitled to a director's fee of HK\$100,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year). His director's fee is fixed by the Board while his annual salary, if any, will be determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, will be determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

SENIOR MANAGEMENT

The Executive Directors of the Company are also members of senior management of the Group.

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be holding investments in various subsidiaries. Particulars of the Company's principal subsidiaries, including their respective activities, are set out in note 33 to the financial statements.

Revenue and contributions to operating results are principally derived from activities in Hong Kong. Segment information about the businesses of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2014 is set out in note 5 to the financial statements.

GROUP RESULTS

The results of the Group for the year ended 30 June 2014 are set out in the consolidated income statement on page 47.

DIVIDEND

The board of Directors (the "Board") recommended a final dividend of HK11.46 cents per share (2013: HK10.07 cents per share) to the shareholders registered in the Company's Register of Members as at the close of business on Friday, 7 November 2014, making a total dividend of HK11.46 cents per share for the full year ended 30 June 2014 (2013: HK10.07 cents per share). The proposed final dividend will be paid on or before Tuesday, 18 November 2014 following the approval at the forthcoming annual general meeting of the Company (the "2014 AGM").

In addition, subject to the resolution for declaring the aforesaid final dividend being duly passed at the 2014 AGM, pursuant to the Deed Poll constituting the convertible notes, the Company will, on or before Tuesday, 18 November 2014, pay to the noteholders registered in the Company's Register of Noteholders as at the close of business on Friday, 7 November 2014, HK11.46 cents for each share which such registered noteholders would have become holders of, had such registered noteholders' convertible notes then outstanding been converted on Friday, 7 November 2014.

CONVERTIBLE NOTES

During the year ended 30 June 2014, no convertible notes has been issued and convertible notes in the amount of HK\$50 were converted into 500 shares of the Company upon the exercise of the conversion rights attached to the convertible notes at the conversion price of HK\$0.10 per share.

Save as aforesaid, the Company had no outstanding convertible securities, options, warrants or similar rights as at 30 June 2014. Save as disclosed above, there has been no issue or exercise of any convertible securities, options, warrants or similar rights during the year.

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for each of the five years ended 30 June 2014 is set out on page 2.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out on page 51 and in note 24 to the financial statements respectively.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the financial statements.

PROPERTIES

Particulars of properties held by the Group at 30 June 2014 are set out on page 84.

INVESTMENT PROPERTIES

The investment properties were revalued at 30 June 2014 and the resulting fair value change of HK\$122,000,000 has been credited to the consolidated income statement.

Details of the movements during the year in the investment properties of the Group are set out in note 13 to the financial statements.

BANK BORROWINGS

The Group did not have any bank borrowings during the year.

INTEREST CAPITALISED

The Group has not capitalised any interest during the year.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Kwok Ping-luen, Raymond
Yan King-shun, Peter¹
Tung Chi-ho, Eric
Wong Chin-wah
So Wai-kei, Godwin

Non-Executive Directors:

Kwok Ping-sheung, Walter²
Cheung Wing-yui
Siu Hon-wah, Thomas
John Anthony Miller³
Tsim Wing-kit, Alfred⁴
Fung Yuk-lun, Allen⁵

Directors' Report

Independent Non-Executive Directors:

Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man
Kwok Kwok-chuen
Ma Kam-sing, Allen⁶
Lee Wai-kwong, Sunny⁷

Notes:

1. appointed on 15 October 2013
2. resigned on 27 January 2014
3. resigned on 1 January 2014
4. re-designated on 15 October 2013
5. appointed on 1 January 2014
6. resigned on 15 October 2013
7. appointed on 1 November 2013

In accordance with Article 116 of the Company's articles of association (the "Articles of Association"), Mr. Kwok Ping-luen, Raymond, Mr. Tung Chi-ho, Eric, Mr. So Wai-kei, Godwin, Mr. Tsim Wing-kit, Alfred, Professor Li On-kwok, Victor and Mr. Kwok Kwok-chuen will retire from office by rotation at the 2014 AGM, and being eligible, have offered themselves for re-election.

1. Directors' Service Contracts

Executive Directors

Each of the Executive Directors has entered into a service agreement with the Company. Each agreement is for a period of three years commencing on 1 March 2003 and shall continue thereafter unless and until terminated by either party giving to the other not less than six months' notice in writing (save those for Mr. Yan King-shun, Peter and Mr. So Wai-kei, Godwin, which commenced on 10 October 2013 and 1 November 2009 respectively, and which shall continue thereafter unless and until terminated by either party giving to the other notice in writing).

Non-Executive Directors

Each of the Non-Executive Directors (including the Independent Non-Executive Directors) has a fixed term of appointment for a period not exceeding three years, subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

None of the Directors being proposed for re-election at the 2014 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

2. Directors' Interests in Contracts

During the year, the Group had certain transactions with Sun Hung Kai Properties Limited ("SHKP") and its affiliates other than members of the Group. Details of these transactions are set out in the "Connected Transaction and Continuing Connected Transactions" section on page 26 to 31, and in note 26 "related party transactions and balances" to the financial statements. Certain Directors, namely Kwok Ping-luen, Raymond, Tung Chi-ho, Eric, Wong Chin-wah, Cheung Wing-yui and Fung Yuk-lun, Allen, are directors of certain member(s) of the Group and of the SHKP Group, and they are materially interested in these transactions.

In addition, Mr. Cheung Wing-yui is a consultant of Woo, Kwan, Lee & Lo, a solicitors firm which provided professional services to the Group and charged usual professional fees during the year.

Other than as disclosed above, there was no contract of significance to which the Company or any of its subsidiaries, or its holding companies or any of its fellow subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, which subsisted at the year end date or at any time during the year.

3. Independent Non-Executive Directors

Confirmation of Independence

The Company has received from each of Professor Li On-kwok, Victor, Professor King Yeo-chi, Ambrose, Mr. Wong Kai-man, Mr. Kwok Kwok-chuen and Mr. Lee Wai-kwong, Sunny an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers the Independent Non-Executive Directors to be independent.

Directors' Report

DIRECTORS' PROFILE

The Directors' profile is set out on pages 8 to 16.

DIRECTORS' INTERESTS

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

1. Long position in shares and underlying shares of the Company

Name of Director	Number of shares held			Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2014
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	–	–	3,485,000 ¹	3,485,000	–	3,485,000	0.15
King Yeo-chi, Ambrose	1,000	–	–	1,000	–	1,000	0

Note:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in the Company by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.

Directors' Report

2. Long position in shares and underlying shares of associated corporations of the Company

(a) SHKP

Name of Director	Number of shares held					Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2014
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests					
Kwok Ping-luen, Raymond	81,982	-	-	458,681,248 ¹	458,763,230	100,000 ² (personal interests in share options) 6,761 ³ (personal interests in warrants) 37,832,938 ³⁸⁴	496,702,929	18.23	
Tung Chi-ho, Eric	-	-	-	-	-	80,000 ²	80,000	0	
Wong Chin-wah	20,000	-	-	-	20,000	80,000 ² (personal interests in share options) 1,666 ³ (personal interests in warrants)	101,666	0	
So Wai-kei, Godwin	-	-	-	-	-	24,000 ²	24,000	0	
Siu Hon-wah, Thomas	-	-	-	7,000 ⁵	7,000	583 ³⁸⁶ (other interests in warrants)	7,583	0	
Kwok Kwok-chuen	-	-	-	15,639 ⁷	15,639	1,303 ³⁸⁸ (other interests in warrants)	16,942	0	

Notes:

- Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SHKP by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.
- These underlying shares of SHKP held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by SHKP under its share option scheme. Particulars of these share options and their movements during the year ended 30 June 2014 were as follows:

Name of Director	Date of grant	Exercise price per share	Exercise period	Number of share options				
				Balance as at 01.07.2013	Granted during the year	Exercised during the year	Cancelled/lapsed during the year	Outstanding as at 30.06.2014
				<i>HK\$</i>				
Kwok Ping-luen, Raymond	12.07.2010	111.40	12.07.2011 to 11.07.2015	100,000	-	-	-	100,000
Tung Chi-ho, Eric	12.07.2010	111.40	12.07.2011 to 11.07.2015	80,000	-	-	-	80,000
Wong Chin-wah	12.07.2010	111.40	12.07.2011 to 11.07.2015	80,000	-	-	-	80,000
So Wai-kei, Godwin	12.07.2010	111.40	12.07.2011 to 11.07.2015	24,000	-	-	-	24,000

Directors' Report

The share options of SHKP can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant.

3. These underlying shares of SHKP held under equity derivatives represented warrants issued by SHKP (being regarded for the time being as listed physically settled equity derivatives), each of which entitles the holder thereof to subscribe at any time during the period from 23 April 2014 to 22 April 2016 (both days inclusive) for one (1) fully paid new share in SHKP at an initial subscription price of HK\$98.60 per new share (subject to adjustment).
4. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these warrants in SHKP by virtue of him being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.
5. These shares were jointly held by Mr. Siu Hon-wah, Thomas and his spouse.
6. These warrants were jointly held by Mr. Siu Hon-wah, Thomas and his spouse.
7. These shares were jointly held by Mr. Kwok Kwok-chuen and his spouse.
8. These warrants were jointly held by Mr. Kwok Kwok-chuen and his spouse.

(b) *SmarTone Telecommunications Holdings Limited ("SmarTone")*

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2014
	Other interests	Total			
Kwok Ping-luen, Raymond	4,565,544 ¹	4,565,544	–	4,565,544	0.44

Note:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.

(c) *Mr. Kwok Ping-luen, Raymond had the following interests in shares of the following associated corporations of the Company:*

Name of associated corporation	Attributable shares held through corporation	Attributable % of shares in issue through corporation as at 30.06.2014	Actual shares held through corporation	Actual % of interests in issued shares as at 30.06.2014
Splendid Kai Limited	2,500	25.00	1,500 ¹	15.00
Hung Carom Company Limited	25	25.00	15 ¹	15.00
Tinyau Company Limited	1	50.00	1 ¹	50.00
Open Step Limited	8	80.00	4 ¹	40.00

Note:

1. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares by virtue of him being a beneficiary of a discretionary trust for the purpose of Part XV of the SFO.

Directors' Report

Save as disclosed above, as at 30 June 2014, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEMES

1. Share Option Schemes of the Company

By an ordinary resolution of the Company passed at its annual general meeting held on 3 December 2002, the Company adopted a share option scheme (the "Old Scheme"). The Old Scheme became effective on 5 December 2002 following the passing of an ordinary resolution approving the same by the then shareholders at the extraordinary general meeting of SHKP held on the same day.

At the extraordinary general meeting of the Company held on 1 November 2011, an ordinary resolution was passed by the shareholders of the Company (the "Shareholders") for approving the adoption of a new share option scheme (the "Proposed Scheme") in contemplation of the transfer of listing of the shares in the Company to the Main Board of The Stock Exchange of Hong Kong Limited then proposed and the termination of the Old Scheme when the Proposed Scheme became effective. As the Company did not proceed with the application for the transfer of listing of its shares in 2012 (please refer to the announcement of the Company dated 10 June 2012), not all the conditions to which the Proposed Scheme was subject were fulfilled and the Proposed Scheme therefore did not take effect. Consequently, the Proposed Scheme can no longer be implemented as originally contemplated and no share options have been and will be granted under the Proposed Scheme.

Due to the expiry of the Old Scheme on 3 December 2012, an ordinary resolution was passed by the Shareholders at the annual general meeting held on 1 November 2012 for adopting a new share option scheme (the "2012 Scheme") and terminating the Old Scheme. The adoption of the 2012 Scheme and the termination of the Old Scheme became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the then shareholders at the annual general meeting of SHKP held on the same day. No share options can be granted under the Old Scheme upon its termination.

During the year ended 30 June 2014, (i) there were no outstanding share options under the Old Scheme; and (ii) no share options have been granted under the 2012 Scheme.

2. Major terms of the share option scheme

The major terms of the 2012 Scheme are as follows:

1. The purpose of the 2012 Scheme is to attract, retain and motivate talented participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approve from time to time.
2. The participants of the 2012 Scheme include (i) any executive or non-executive directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the Group; (ii) any consultants, professional and other advisers to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any chief executives or substantial shareholders of the Company; (iv) any associates of a director, chief executive or substantial shareholder of the Company; and (v) any employees of the substantial shareholder of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within the above categories.

Directors' Report

3. The total number of shares of the Company which may be issued upon exercise of all options to be granted under the 2012 Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the 2012 Scheme by the Shareholders. The 10% limit may be refreshed with the approval of the Shareholders in general meeting. The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2012 Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares of the Company in issue from time to time (or such higher percentage as may be allowed under the GEM Listing Rules). As at 11 September 2014, being the date of this report, the number of shares of the Company available for issue under the 2012 Scheme is 232,222,953 shares, representing approximately 10% of the issued shares of the Company.
 4. The total number of shares of the Company issued and to be issued upon exercise of the share options granted under the 2012 Scheme and any other share option schemes of the Company to each participant (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.
 5. A share option granted under the 2012 Scheme may be exercised at any time during the option period after the share option has been granted by the Board. A share option period is a period to be determined by the Board at its absolute discretion and notified by the Board to each grantee as being the period during which a share option may be exercised, such period shall not be longer than ten years from the date of grant of the share option.
 6. Unless otherwise determined by the Board and specified in the offer letter at the time of the offer, there is neither any performance target that needs to be achieved by the grantee before a share option can be exercised nor any minimum period for which a share option must be held before the share option can be exercised.
 7. The acceptance of an offer of the grant of the share options must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee.
 8. The exercise price of a share option to subscribe for shares of the Company shall be at least the highest of:
 - the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;
 - the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made to a participant; and
 - the nominal value of the shares of the Company.
 9. The 2012 Scheme shall be valid and effective for a period of ten years commencing on the day on which the 2012 Scheme takes effect.
3. **Arrangement to purchase shares or debentures**
- Other than the share option schemes as mentioned above, at no time during the year ended 30 June 2014 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

GROUP'S EMOLUMENT POLICY

1. **General description of the emolument policy and long term incentive schemes of the Group**
 - (a) **Emolument Policy**

The philosophy of the emolument policy of the Company is summarised as follows:

 - The Company conducts benchmarking study periodically with the market to ensure the competitiveness of the overall package
 - The Company adopts a performance driven policy so that each individual is motivated to perform to the best he can

Directors' Report

- Individual competence, contribution and responsibility are taken into account when considering the remuneration level for each staff
- Different remuneration elements are adopted for different functions, such as commission schemes for sales and special allowances for staff working on shift, to meet the special characteristics of each function
- The Company also offers provident fund, medical insurance and leave benefits to provide basic coverage to staff for sickness, retirement, rest and relaxation reasons
- Share option grants are made from time to time to better link the corporate performance as reflected in the share price performance and the contributions made by the senior staff in the intermediate to longer time frame
- The economic factors and the affordability of the Company are taken into account in coming up with the overall remuneration budget for the Company

(b) Incentive Scheme

To enhance the performance culture, the Company also has adopted a discretionary bonus scheme. A couple of factors, such as the overall financial performance, the affordability of the Company and individual performance, have been taken into account before determining the payout for each individual. The payout of the bonus still remains at the sole discretion of the Company.

2. Basis of determining emolument to Directors

The remuneration philosophy of the Company also applies to the Directors. Apart from benchmarking against the market, the Company also looks into individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Provision in medical, provident fund and leave are made to ensure that the Executive Directors could have basic coverage in sickness and retirement as well as for rest and relaxation. Share options scheme is also in place to gain a better line of sight between the overall performance of the Company in terms of share price and the contributions made by the Directors.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2014
Sunco Resources Limited ("Sunco") ¹	1,719,427,500	1,719,427,500 ²	3,438,855,000	148.08
SHKP ³	1,719,427,500	1,719,427,500 ²	3,438,855,000	148.08
HSBC Trustee (C.I.) Limited ("HSBCCI") ⁴	1,721,567,500	1,719,427,500 ²	3,440,995,000	148.17

Notes:

1. Sunco is the beneficial owner of the 1,719,427,500 shares of the Company and the derivative interests referred to in Note 2 below.
2. These represented the interests in the underlying shares of the Company in respect of the Convertible Notes (which are unlisted, non-transferable, irredeemable and physically settled equity derivatives) in the amount of HK\$171,942,750 convertible into 1,719,427,500 shares of the Company at the conversion price of HK\$0.10 per share (subject to adjustment in accordance with the Deed Poll constituting the Convertible Notes) upon the exercise of the conversion rights attached to the Convertible Notes.

Directors' Report

3. As Sunco is a wholly-owned subsidiary of SHKP, SHKP is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by Sunco for the purpose of Part XV of the SFO.
4. As HSBCCI is entitled to control the exercise of one-third or more of the voting power at general meetings of SHKP, HSBCCI is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by SHKP for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2014, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERESTS OF OTHER PERSONS

During the year ended 30 June 2014, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive and the substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept under Section 336 of the SFO.

INTERESTS IN COMPETING BUSINESS

Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, is a well recognised leader in the field of information technology development and has been appointed to various positions including consultants and directors to institutions and business entities which are engaged in research, development and relevant business. These institutions and business entities may be in competition with the Group.

Save as disclosed above, none of the Directors or the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) have any interest in any business which competes or may compete with the business of the Group during the year ended 30 June 2014.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 30 June 2014 are disclosed in note 26 to the financial statements. Some of these transactions also constitute connected transaction or continuing connected transactions under the GEM Listing Rules, as identified below.

CONNECTED TRANSACTION

On 31 December 2013, Wealth Up Development Limited ("Wealth Up", a wholly-owned subsidiary of the Company) entered into a project management agreement (the "Project Management Agreement") with Sun Hung Kai Real Estate Agency Limited ("SHKREA", a wholly-owned subsidiary of SHKP, which in turn is the controlling shareholder of the Company) in relation to the appointment of SHKREA as the project manager to generally manage, supervise and control the project for the development of a high-tier data centre to be constructed on Tseung Kwan O Town Lot No. 122 at a project management fee of HK\$4,500,000. SHKREA is an associate of SHKP and a connected person of the Company under the GEM Listing Rules. The entering into of the Project Management Agreement therefore constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Further particulars of the Project Management Agreement were set out in the announcement of the Company dated 31 December 2013.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 June 2014, the Group conducted the following transactions which constituted continuing connected transactions under the GEM Listing Rules.

I. Continuing Connected Transactions 2011–2014

On 16 May 2011, the Company renewed and entered into new agreements (the "Agreements") governing the Transactions Requiring Approval and the Transactions Exempt from Approval (both as defined and as more particularly described in the announcement of the Company dated 16 May 2011 (the "2011 Announcement")) with SHKP, a substantial shareholder of the Company, or Sun Hung Kai Properties Insurance Limited ("SHKI", a wholly-owned subsidiary of SHKP) (as the case may be), each for a term of three years commencing from 1 July 2011. The Agreements expired on 30 June 2014.

Details of the Transactions Requiring Approval and the Transactions Exempt from Approval (together the "Continuing Connected Transactions 2011–2014") are as follows:

1. Transactions Requiring Approval

At the extraordinary general meeting of the Company held on 24 June 2011, an ordinary resolution approving the Transactions Requiring Approval (as defined and as more particularly described in the circular of the Company to its Shareholders dated 7 June 2011) was duly passed by the then independent Shareholders, in respect of the following continuing connected transactions subject to the caps for the respective periods as stated below:

(a) ***Design, installation, operation and provision of cable networking on a project basis by the Group for buildings owned and/or managed by the SHKP Group***

Members of the Group provided services to SHKP, its subsidiaries and associates (the "SHKP Group", which should exclude the Group) in connection with the design, installation, operation and provision of satellite master antenna television ("SMATV"/communal aerial broadcasting distribution ("CABD"), access control and other security systems and laying of network cabling system (such as voice and data network, building services access, and power supply), optical fiber network, broadband network and other information technology ("IT") infrastructure networks in buildings owned and/or managed by the SHKP Group on a project basis (the "Networking Arrangement"). The Group charged service fees for the provision of such services.

The annual cap for service fees in respect of the Networking Arrangement receivable by the Group during each of the three financial years ended 30 June 2014 is HK\$65,000,000.

During the year ended 30 June 2014, the aggregate amount of service fees in respect of the Networking Arrangement received/receivable by the Group from the SHKP Group was HK\$24,728,000.

(b) ***Maintenance and repair of network infrastructure and security systems on a project basis by the Group for buildings owned and/or managed by the SHKP Group***

Members of the Group were engaged by certain members of the SHKP Group to carry out maintenance and repair works for SMATV/CABD, access control and other security systems and cabling systems (such as voice and data network, building services access, and power supply), optical fiber network, broadband network, computer systems and other IT infrastructure networks in buildings owned and/or managed by the SHKP Group on a project basis (the "Maintenance Arrangement"). The Group charged fees for services provided under the Maintenance Arrangement.

The annual cap for the service fees in respect of the Maintenance Arrangement receivable by the Group during each of the three financial years ended 30 June 2014 is HK\$63,500,000.

During the year ended 30 June 2014, the aggregate amount of service fees in respect of the Maintenance Arrangement received/receivable by the Group from the SHKP Group was HK\$49,999,000.

(c) ***Sub-contracting of works in connection with the Networking Arrangement***

In connection with the Networking Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, not all of the works involved were performed by members of the Group directly and the Group sub-contracted part of the works involved in the individual projects to other sub-

contractors. Such arrangement of sub-contracting works of the main contractors is a normal and common market practice, and it happened that these sub-contractors included certain members of the SHKP Group. The Group had from time to time engaged members of the SHKP Group to perform part of the works in connection with the Networking Arrangement that the Group had to sub-contract to others (the "Networking Sub-contracting Arrangement"). The relevant members of the SHKP Group charged the relevant members of the Group fees for the provision of such services.

The annual cap for service fees in respect of the Networking Sub-contracting Arrangement payable by the Group to the SHKP Group during each of the three financial years ended 30 June 2014 is HK\$8,000,000.

During the year ended 30 June 2014, the aggregate amount of service fees in respect of the Networking Sub-contracting Arrangement paid/payable by the Group to the SHKP Group was HK\$2,071,000.

(d) Sub-contracting of works in connection with the Maintenance Arrangement

In connection with the Maintenance Arrangement for which the Group was engaged as the main contractor by the SHKP Group on a project basis, not all of the maintenance and repair works involved were performed by members of the Group directly and the Group sub-contracted part of the works involved in the individual projects to other sub-contractors. Such arrangement of sub-contracting works of the main contractors is a normal and common market practice, and it happened that these sub-contractors included certain members of the SHKP Group. The Group had from time to time engaged members of the SHKP Group to perform part of the works in connection with the Maintenance Arrangement that the Group had to sub-contract to others (the "Maintenance Sub-contracting Arrangement"). The relevant members of the SHKP Group charged the relevant members of the Group fees for the provision of such services.

The annual cap for service fees in respect of the Maintenance Sub-contracting Arrangement payable by the Group to the SHKP Group during each of the three financial years ended 30 June 2014 is HK\$3,800,000.

During the year ended 30 June 2014, the aggregate amount of service fees in respect of the Maintenance Sub-contracting Arrangement paid/payable by the Group to the SHKP Group was HK\$3,423,000.

2. Transactions Exempt from Approval

(a) e-Commerce transactions and internet-related services provided by the Group to the SHKP Group

Members of the Group provided e-Commerce transactions and internet-related services to members of the SHKP Group which services included the provision of internet platform, custom made range of services and information through the internet for e-Commerce transactions, systems and website development and maintenance services (the "e-Commerce Transactions"). The Group charged the relevant members of the SHKP Group service fees for the provision of such services.

The annual cap for the aggregate amount of service fees in respect of the e-Commerce Transactions receivable by the Group during each of the three financial years ended 30 June 2014 is HK\$2,070,000.

During the year ended 30 June 2014, the aggregate amount of service fees in respect of the e-Commerce Transactions received/receivable by the Group from the SHKP Group was HK\$172,000.

(b) Space and rack rental

Members of the SHKP Group rented space and racks located in the Group's data centres (the "Space and Rack Rental Arrangement"). The Group charged the relevant members of the SHKP Group rental at rates comparable with the rates at which the Group charged other independent third party customers taking into account the area of space and/or number of racks rented and the rental term.

The annual cap for the rental in respect of the Space and Rack Rental Arrangement receivable by the Group during each of the three financial years ended 30 June 2014 is HK\$4,690,000.

During the year ended 30 June 2014, the aggregate amount of rental in respect of the Space and Rack Rental Arrangement received/receivable by the Group from the SHKP Group was HK\$4,043,000.

(c) ***Provision of property management services by the SHKP Group to the Group***

Kai Shing Management Services Limited, a wholly-owned subsidiary of SHKP, is the building manager of both Kodak House II at North Point, Hong Kong and Millennium City at Kwun Tong, Kowloon. The building manager is appointed by the owners of the relevant buildings, and performs duties for the benefit of all owners of the relevant buildings in accordance with the terms of the relevant deeds of mutual covenant. As the Group owns certain units of these two buildings, the relevant members of the Group paid property management fees to the relevant building manager, which was on the same basis as the other owners of the relevant buildings in accordance with the relevant deeds of mutual covenant (the "Building Management Services").

Members of the SHKP Group also provided cleaning and sanitary services, security guard services, ad hoc facilities fixing services, small scale and miscellaneous repairs services in relation to data centres owned or leased by iAdvantage Limited ("iAdvantage", a wholly-owned subsidiary of the Company) and premises owned by other members of the Group. Such properties include ONE-iAdvantage in Millennium City at Kwun Tong, Kowloon, JUMBO-iAdvantage at Tsuen Wan, New Territories and MEGA-iAdvantage at Chai Wan, Hong Kong and other premises leased from members of the SHKP Group. iAdvantage and other members of the Group paid service fees to the members of the SHKP Group for the services provided at the same rates as those charged by the SHKP Group to other owners/tenants requesting for the same types of services (the "Extra Management Services" which together with the arrangements under the Building Management Services are collectively referred to as the "Property Management Arrangement").

The annual cap for service fees in respect of the Property Management Arrangement payable by the Group to the SHKP Group during each of the three financial years ended 30 June 2014 is HK\$10,200,000.

During the year ended 30 June 2014, the aggregate amount of service fees in respect of the Property Management Arrangement paid/payable by the Group to the SHKP Group was HK\$9,709,000.

(d) ***Estate agency services provided by members of the SHKP Group to the Group***

Members of the Group leased certain properties owned by the Group, including units of Kodak House II at North Point, Hong Kong and of Millennium City at Kwun Tong, Kowloon, to independent tenants. In connection therewith, the Group engaged SHKREA and/or Hong Yip Properties Agency Limited and/or Kai Shing (REA) Limited, all being wholly-owned subsidiaries of SHKP, in providing estate agency, lease administration, billing and rent collection services to relevant members of the Group (the "Estate Agency Arrangement"). Members of the Group paid commission to SHKREA and/or Hong Yip Properties Agency Limited and/or Kai Shing (REA) Limited for leases procured and concluded on behalf of the relevant members of the Group and the provision of the lease administration, billing and rent collection services in respect of the leases. Such commission was paid by the Group on a monthly basis and was determined based on a percentage of the monthly rental in relation to the relevant leases concerned.

The annual cap for commission payable by the Group to the SHKP Group in respect of the Estate Agency Arrangement during each of the three financial years ended 30 June 2014 is HK\$1,520,000.

During the year ended 30 June 2014, the aggregate amount of commission in respect of the Estate Agency Arrangement paid/payable by the Group to the SHKP Group was HK\$1,407,000.

(e) ***Provision of insurance services by SHKI to the Group***

Various members of the Group maintained insurance cover with or through SHKI for members of the Group and certain independent third party sub-contractors engaged by them (the "Insurance Arrangement"). Due to the stringent requirements in the engineering/construction industry and the increasing insurance premium, it might be difficult for some sub-contractors to arrange by themselves adequate insurance cover to meet the requirements in respect of the sub-contracting works and in those circumstances, the Group assisted them by procuring the extension of the necessary insurance cover to them. Such arrangement for insurance cover for sub-contractors is not uncommon in the engineering/construction industry.

The annual cap for insurance premiums in respect of the Insurance Arrangement payable by the Group to SHKI during each of the three financial years ended 30 June 2014 is HK\$3,570,000.

Directors' Report

During the year ended 30 June 2014, the aggregate amount of insurance premiums in respect of the Insurance Arrangement paid/payable by the Group to SHKI was HK\$1,631,000.

(f) **Provision of technical services by the SHKP Group to the Group**

Incidental to the provision of broadband services by the Group to certain housing estate customers, the Group also provided repair and maintenance thereof to such customers. In this regard, the Group used certain staff employed by members of the SHKP Group to provide such repair and maintenance services to these customers of the Group, including, but not limited to, dealing with enquiries and carrying out onsite stationing in connection with broadband interconnection. Further, the Group had from time to time engaged members of the SHKP Group to provide services support in connection with e-Commerce transactions and internet-related transactions (the "Technical Services Arrangement"). Service fees were paid by the Group to the SHKP Group for the provision of such services.

The annual cap for service fees in respect of the Technical Services Arrangement payable by the Group to the SHKP Group during each of the three financial years ended 30 June 2014 is HK\$1,750,000.

During the year ended 30 June 2014, the aggregate amount of service fees in respect of the Technical Services Arrangement paid/payable by the Group to the SHKP Group was HK\$385,000.

(g) **The HK Lease Arrangements**

Members of the Group have leased and licensed from members of the SHKP Group certain premises in Hong Kong for the purpose of providing data centres and related services to the customers of the Group (the "HK Lease Arrangements"). Set out below are the principal terms of the master leasing and licensing agreement dated 16 May 2011 entered into between the Company and SHKP in respect of the HK Lease Arrangements (the "Master Leasing Agreement"):

Date: 16 May 2011

Parties: The Company and SHKP

Subject Matter: Pursuant to the Master Leasing Agreement, SHKP has agreed to procure the relevant members of the SHKP Group to enter into the HK Lease Arrangements with members of the Group. Relevant members of the Group and of the SHKP Group will enter into separate lease agreements or license agreements to provide for the detailed terms with respect to the leasing or licensing of premises in Hong Kong pursuant to the HK Lease Arrangements.

Duration: For a term of three years commencing from 1 July 2011 to 30 June 2014 (both days inclusive).

Consideration and other terms: The terms of each transaction under the HK Lease Arrangements (including the amount of rental or license fee and management fees payable by the Group, and the payment terms thereof) shall be negotiated on an arm's length basis and on normal commercial terms and with reference to prevailing market rental or license fee (as the case may be).

The annual cap for the aggregate amount of rental, license fee and any other charges in respect of the HK Lease Arrangements payable by the Group to the SHKP Group during each of the three financial years ended 30 June 2014 is HK\$23,300,000.

During the year ended 30 June 2014, the aggregate amount of rental, license fee and other charges in respect of the HK Lease Arrangements paid/payable by the Group to the SHKP Group was HK\$16,561,000.

The Independent Non-Executive Directors of the Company have reviewed the Continuing Connected Transactions 2011–2014 and confirmed that the Continuing Connected Transactions 2011–2014 have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Directors' Report

The auditor of the Company has performed procedures in respect of the Continuing Connected Transactions 2011–2014 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 and has confirmed that the Continuing Connected Transactions 2011–2014 (a) were approved by the Board; (b) were, on a sample basis, in accordance with the pricing policies of the Group; (c) were, on a sample basis, in accordance with the relevant agreements governing the transactions; and (d) did not exceed their respective caps as disclosed in the relevant announcements of the Company.

The Company confirms that the Continuing Connected Transactions 2011–2014 as disclosed above fall under the definition of continuing connected transactions in Chapter 20 of the GEM Listing Rules and that the Company has complied with the relevant disclosure requirements.

II. Renewal of the Transactions Requiring Approval and the Transactions Exempt from Approval

As the Agreements in respect of the Transactions Requiring Approval and the Transactions Exempt from Approval as disclosed above expired on 30 June 2014 and it is expected that the Group and the SHKP Group will from time to time continue to enter into transactions of a nature similar to the Transactions Requiring Approval and the Transactions Exempt from Approval, on 16 May 2014, the Company entered into new agreements (the "New Agreements"), which are in essence of substantially the same terms as the Agreements, with SHKP or SHKPI (as the case may be) each for a term of three years commencing from 1 July 2014 and ending on 30 June 2017. The New Agreements are master agreements which set out the principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the respective arrangements. These principles include, among other things, that the provision of the services involved shall be negotiated on an arm's length basis and on normal commercial terms.

The categories of the Transactions Requiring Approval and of the Transactions Exempt from Approval under the New Agreements, and their respective annual caps are as follows:

	Annual cap amounts for each of the three financial years ending 30 June 2017
	<i>HK\$</i>
Category of the Transactions Requiring Approval:	
(a) Networking Arrangement	65,000,000
(b) Maintenance Arrangement	64,400,000
(c) Networking Sub-contracting Arrangement	12,000,000
(d) Maintenance Sub-contracting Arrangement	5,900,000
(e) The HK Lease Arrangements	74,970,000
Category of the Transactions Exempt from Approval:	
(a) Space and Rack Rental Arrangement	6,230,000
(b) Property Management Arrangement	13,860,000
(c) Insurance Arrangement	4,410,000

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Directors' Report

SIGNIFICANT CONTRACTS

During the year ended 30 June 2014, the Group had certain transactions with SHKP and its affiliates other than members of the Group. Details of these transactions are set out in the "Connected Transaction and Continuing Connected Transactions" section on page 26 to 31 and in note 26 "related party transactions and balances" to the financial statements. There was no other contract of significance between the Company, or any of its subsidiaries and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year. Furthermore, there was no other contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest suppliers of the Group accounted for about 34% of the Group's operating costs and the largest supplier, being SHKP Group, accounted for about 23% of the operating costs.

During the year, the five largest customers of the Group accounted for about 33% of the Group's turnover and the largest customer, being SHKP Group, accounted for about 9% of the turnover.

As at 30 June 2014, certain Directors had maintained equity interests in SHKP Group as stated in detail in the Directors' Interests section.

Save as disclosed above, none of the Directors, their respective associates and Shareholders (which to the knowledge of the Directors own more than 5% of the issued capital of the Company) had any interest in any of the five largest suppliers and customers of the Group for the financial year ended 30 June 2014.

AUDITOR

A resolution will be proposed at the 2014 AGM of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor and to authorise the Directors to fix their remuneration.

PENSION SCHEME

With effect from 1 December 2000, the Group has participated in a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at 5% of their monthly relevant income, up to HK\$1,500 per month.

On top of the mandatory contributions, employees may elect to make voluntary contribution at 5% on their salaries less the amount of mandatory contribution. For employees making such an election, the Group will match an equal amount of contribution. Contributions of the Group to the MPF Scheme are charged to income statement as incurred. During the year, the retirement benefit scheme contributions borne by the Group amounted to HK\$2,315,957 (2013: HK\$2,276,225).

All Executive Directors of the Company participate in a retirement benefit scheme which is operated by the SHKP Group for all qualified employees. The assets of this scheme are held separately from those of the SHKP Group in independently managed and administered funds. Contributions to this scheme are made by both the employer and employees at rates ranging from 5% to 10% on the employees' salaries.

Forfeited contributions for the year 2014 amounted to HK\$62,098 and are used to offset contributions during 2014. There is no forfeited contributions available at the balance sheet date to reduce the contributions payable in the future years.

Directors' Report

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 34 to 45.

Mr. So Wai-kei, Godwin, whose biographical details are set out on page 10, is the Compliance Officer and the Company Secretary of the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

On behalf of the Board

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 11 September 2014

Corporate Governance Report

INTRODUCTION

Maintaining high standards of business ethics and corporate governance practices has always been one of the Group's goals. The Group believes that by conducting its business in a socially responsible and honest manner, the long-term interests of the Group can be best achieved and the shareholders' interests can be maximised.

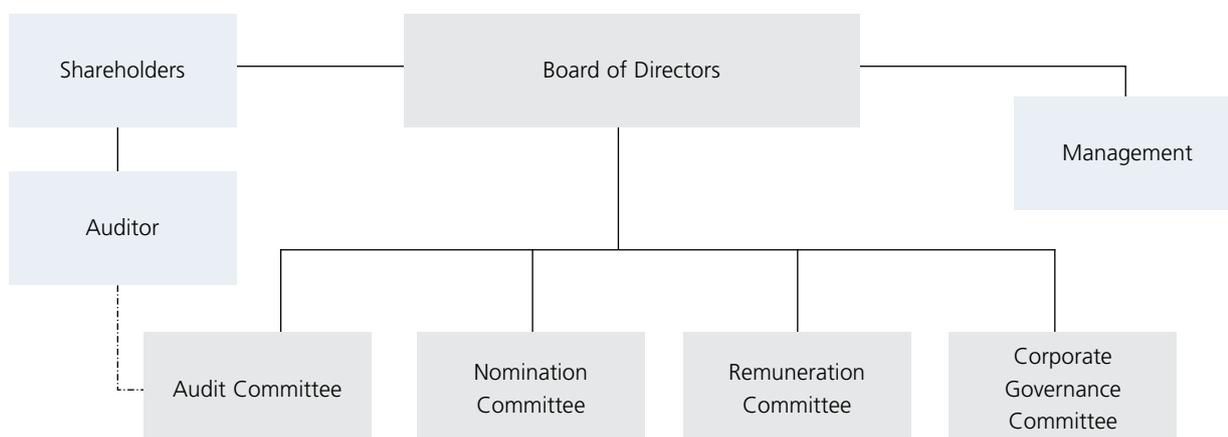
CORPORATE GOVERNANCE PRACTICES

By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved and further instill confidence into shareholders and the public in the Group. Throughout the year ended 30 June 2014, the Group has complied with all code provisions in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the "Code").

The Board has continued to monitor and review the corporate governance principles and practices to ensure compliance.

Governance Structure

Set out below is the governance structure of the Group.



THE BOARD OF DIRECTORS

The Board has overall responsibility for the leadership, strategic direction, control and performance of the Group and for promoting the success of the Group by directing and supervising its affairs.

The Board is also responsible for supervising the management of the Group (the "Management") and has delegated the responsibility for day-to-day operations and management of the Group's businesses to the Management.

Composition

The Board currently comprises fourteen Directors, including the Chairman (being an Executive Director), the other four Executive Directors, four Non-Executive Directors and five Independent Non-Executive Directors. An updated list of Directors identifying their roles and functions and whether they are Independent Non-Executive Directors has been published on the websites of the Company and the Stock Exchange respectively. Biographical details of the Directors are set out in the Directors' profile on pages 8 to 16.

Corporate Governance Report

There are currently nine Non-Executive Directors, of whom five are independent. Such is considered by the Board to be a reasonable balance between Executive Directors and Non-Executive Directors, providing necessary checks and balances for safeguarding the interests of Shareholders and the Group. The Non-Executive Directors provide to the Group a wide range of expertise and experience and play an important role in the work of the Board, as well as ensure that the interests of all Shareholders are taken into account. They contribute to the development of the Group's strategy and policies through their informed comments and criticism. They are also responsible for participating in the Board meetings, dealing with potential conflicts of interests, scrutinising the Group's performance and reporting, and attending general meetings and developing a balanced understanding of the views of the Shareholders. Some of them also serve on the Audit, Remuneration and Nomination Committees. Through their participation, they give to the Board and its Committees (the "Board Committees" as mentioned herein below) on which they serve the benefit of their skills, expertise and experience, and the management process can be critically reviewed and controlled.

The overall responsibilities of the Board include considering and making decisions on the following matters:

- setting the corporate goals of the Group and formulating the Group's strategy and monitoring the implementation thereof;
- diversification and extension of activities into new business areas/cessation of operation of any material parts of its existing businesses;
- approving the annual, half-year and quarterly results;
- dividend policy;
- material changes to capital structure;
- major financing arrangements;
- material acquisitions and disposals;
- ensuring the integrity of the Group's accounting and financial reporting system and public announcements;
- reviewing and monitoring the Group's internal control systems;
- the Group's policies and practices on corporate governance and effective compliance practice;
- approval of resolutions and corresponding documentation for Shareholders' approval;
- Board membership and other appointments;
- membership and terms of reference of Board Committees; and
- monitoring the performance of the Management.

In full compliance with Rules 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed five Independent Non-Executive Directors; and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Group has received from each Independent Non-Executive Director an annual confirmation of his independence, and the Group considers such Directors to be independent in accordance with each and every guideline set out in Rule 5.09 of the GEM Listing Rules.

All Independent Non-Executive Directors of the Company are identified as such in all corporate communications containing the names of the Directors.

There is no family or other material relationship among members of the Board.

Formal service agreements and letters of appointment have been issued to the Executive Directors and the Non-Executive Directors (including the Independent Non-Executive Directors) respectively setting out the key terms and conditions of their respective appointments.

Corporate Governance Report

The insurance cover in respect of legal action against the Company's Directors is covered by the existing Directors & Officers Liability Insurance Policy of SHKP, the holding company of the Company.

Materials setting out the duties and responsibilities for directors of a listed company under the GEM Listing Rules, the SFO and other regulatory requirements are provided to each newly appointed Director, if any. Updates on legal and regulatory changes are delivered to Directors from time to time for their information when necessary. All Directors give sufficient time and attention to the affairs of the Group. Directors also disclose to the Company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments together with the identities of these public companies or organisations and the time involved. The Company also confirms with the Directors regularly in respect of any offices which they may hold in other public companies or organisations.

Board Meetings

The Board held four regular meetings and three non-regular meetings during the year ended 30 June 2014. At least 14 days formal notice of regular Board meetings were given to all Directors, who were all given an opportunity to attend and include matters in the agenda for discussion. The finalised agenda and accompanying Board papers were sent to all Directors at least 3 days prior to the regular Board meetings or Board Committees meetings. For other Board meetings, Directors were given reasonable notice. The Board papers and related materials were in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. Directors received prompt and full response whenever they raised any queries.

The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and Board Committees meeting, keeping minutes of Board meetings and Board Committees meetings, and ensures that all applicable rules and regulations are followed. Draft Board minutes and Board Committees minutes are respectively circulated to all Directors and committee members for comment as soon as practicable after the meeting. The minutes of each Board meeting and Board Committees meeting recording in sufficient detail the matters considered and decisions reached at the meeting are available for inspection at any reasonable time on reasonable notice by any Director.

The attendance records of the Directors at the Board meetings held during the year ended 30 June 2014 are as follows:

Directors	Number of meeting(s) Attended/Total
Executive Directors	
Kwok Ping-luen, Raymond (<i>Chairman</i>)	4/7
Yan King-shun, Peter ¹	4/4
Tung Chi-ho, Eric	5/7
Wong Chin-wah	4/7
So Wai-kei, Godwin	7/7
Non-Executive Directors	
Kwok Ping-sheung, Walter ²	0/5
Cheung Wing-yui	6/7
Siu Hon-wah, Thomas	7/7
John Anthony Miller ³	5/5
Tsim Wing-kit, Alfred ⁴	7/7
Fung Yuk-lun, Allen ⁵	2/2
Independent Non-Executive Directors	
Li On-kwok, Victor	7/7
King Yeo-chi, Ambrose	6/7
Wong Kai-man	5/7
Kwok Kwok-chuen	6/7
Ma Kam-sing, Allen ⁶	1/3
Lee Wai-kwong, Sunny ⁷	3/3

Corporate Governance Report

Notes:

1. appointed on 15 October 2013
2. resigned on 27 January 2014
3. resigned on 1 January 2014
4. re-designated on 15 October 2013
5. appointed on 1 January 2014
6. resigned on 15 October 2013
7. appointed on 1 November 2013

All Directors have access to relevant and timely information at all times as the Management will supply the Board and the Board Committees with all relevant information in a timely manner. They may make further enquiries if in their opinion it is necessary or appropriate to request for further information. They also have unrestricted access to the advice and services of the Company Secretary, who is responsible to the Board for providing Directors with Board papers and related materials, and ensuring that all Board procedures and all applicable rules and regulations are followed. If considered to be necessary and appropriate by the Directors, they may upon reasonable request seek independent professional advice at the Company's expense.

Except for those circumstances permitted by the Articles of Association and the GEM Listing Rules, a Director who has a material interest in any transaction, arrangement, contract or any other kind of proposal put forward to the Board for consideration abstains from voting on the relevant resolution.

Chairman of the Company

The Chairman of the Company is Mr. Kwok Ping-luen, Raymond and the Chief Executive Officer of the Company is Mr. Yan King-shun, Peter. The roles of the Chairman and the Chief Executive Officer are segregated and not performed by the same individual to avoid power being concentrated on any one individual. The Chairman is primarily responsible for managing the Board, whereas the Chief Executive Officer is primarily responsible for overseeing the various businesses of the Group. Their respective roles and responsibilities are summarised as follows:

Responsibilities of the Chairman

- leading the Board and ensuring that the Board functions effectively and smoothly;
- chairing the Board and shareholder's meetings;
- approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by the other Directors and the Company Secretary for inclusion in the agenda;
- ensuring that all Directors receive all relevant information prior to each meeting and are properly briefed on issues arising at Board meetings;
- ensuring all key and appropriate issues are discussed by the Board in a timely and constructive manner;
- encouraging all Directors, including the Independent Non-Executive Directors, to actively participate in all Board and Board Committees meetings and promoting a culture of openness for the Directors to share and voice their concerns on all matters during each meeting;
- holding at least one meeting with the Non-Executive Directors (including the Independent Non-Executive Directors) annually without the presence of the Executive Directors.
- ensuring good corporate governance practices and procedures are established and followed; and
- taking appropriate steps to provide effective communication with shareholders and to ensure that shareholders' views are communicated to the Board as a whole.

Corporate Governance Report

Responsibilities of the Chief Executive Officer

- implementing the Group's policy and strategies as set by the Board;
- strategic planning of different business and functions;
- closely monitoring operational and financial results in accordance with plans and budgets;
- assuming full accountability to the Board for all aspects of the Group's operations and performance;
- maintaining ongoing dialogue with the Chairman and the other Directors;
- developing and leading an effective executive team;
- putting adequate operational, planning and financial-control systems in place; and
- representing the Company and managing the Group's day-to-day business.

Training and Support for Directors

All Directors, including Non-Executive Directors and Independent Non-Executive Directors, should keep abreast of their collective responsibilities as Directors and of the businesses and activities of the Group. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

During the year ended 30 June 2014, regulatory updates were given by the Company to the Directors for their information. In addition, during the year ended 30 June 2014, the Directors also provided their training record to the Company in respect of their participation in other training activities such as attending seminars and/or conferences, preparing materials and giving talks at seminars, conferences or forums, or reading newspapers, journals and updates relevant to the Group's businesses or to their duties and responsibilities as directors of a listed company, particulars of which are as follows:-

Directors	Type of trainings
Executive Directors	
Kwok Ping-luen, Raymond	A, B, C
Yan King-shun, Peter	A, B, C
Tung Chi-ho, Eric	A, C
Wong Chin-wah	A, C
So Wai-kei, Godwin	A, C
Non-Executive Directors	
Cheung Wing-yui	A, B, C
Siu Hon-wah, Thomas	A, B, C
Tsim Wing-kit, Alfred	A, C
Fung Yuk-lun, Allen	A, C
Independent Non-Executive Directors	
Li On-kwok, Victor	A, C
King Yeo-chi, Ambrose	A, C
Wong Kai-man	A, B, C
Kwok Kwok-chuen	A, B, C
Lee Wai-kwong, Sunny	A, B, C

A: Attending seminars and/or conferences

B: Preparing materials and giving talks at seminars and/or conferences and/or forums

C: Reading newspapers, journals and updates relevant to the businesses of the Group or to the Director's duties and responsibilities

Corporate Governance Report

Compliance with the required standard of dealings in securities transactions by directors of listed issuers

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the securities of the Company. Upon the Group's specific enquiry, each Director has confirmed that during the year ended 30 June 2014, he has fully complied with the required standard of dealings and there is no event of non-compliance. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

DELEGATION BY THE BOARD

As stated above, the Board is responsible for decisions in relation to the overall strategy and development of the Group's businesses, for setting its corporate goals, and for supervising the overall management and operation of the businesses and affairs of the Group. Due to the diversity and volume of the Group's business, responsibilities in relation to the daily operations and execution of the strategic business plans are delegated to the Management. The Management reports back and in certain situations has to obtain prior approval from the Board before making decisions on the Company's behalf. The Board gives clear directions as to the powers of the Management, and periodically reviews all delegations to the Management to ensure that such delegations are appropriate and continue to be beneficial to the Group as a whole.

The Management, led by the Chief Executive Officer and comprising a team of senior managers who have wide experience and expertise in different areas, is responsible for managing the day-to-day operations, implementing the strategies set by the Board, and assisting the Board in formulating and implementing corporate strategies.

The Board has established the Board Committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee (all chaired by an Independent Non-Executive Director), as well as the Corporate Governance Committee, all with specific terms of reference clearly defining the powers and responsibilities of the respective Board Committees. All Board Committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions. All Board Committees have adopted the applicable practices and procedures used in Board meetings for their respective meetings.

The Company Secretary is responsible to the Board for providing Directors with Board papers and related materials, for ensuring that all Board procedures and all applicable laws, rules and regulations are followed, and for reporting to the Chairman and the Chief Executive Officer on governance matters. All members of the Board have unrestricted access to the advice and services of the Company Secretary. The Company Secretary also keeps minutes of all meetings which are available for inspection at any reasonable time on reasonable notice by any Director.

The appointment and removal of the Company Secretary is subject to the Board's approval at physical Board meeting. The Company Secretary has complied with all the qualifications, experience and training requirements of the GEM Listing Rules.

AUDIT COMMITTEE AND ACCOUNTABILITY

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors acknowledge their responsibility for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis, and for presenting a balanced, clear and understandable assessment in its annual, half-year and quarterly reports, other inside information announcements and other financial disclosures required by the GEM Listing Rules. The Management provides sufficient explanation and all relevant information and record to the Board enabling the Board to make the above assessment and to prepare the accounts and other financial disclosures. The Management also provides the Board with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. In addition, an explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for delivering the Company's objectives is included in the Management Discussion and Analysis section on pages 6 and 7. A statement by the external auditor of the Company in respect of their reporting responsibilities is set out in the Independent Auditor's Report on page 46.

Corporate Governance Report

In full compliance with Rule 5.28 of the GEM Listing Rules, the Audit Committee, established in 2000, is currently chaired by Mr. Wong Kai-man, an Independent Non-Executive Director, and the other members are Professor Li On-kwok, Victor, Professor King Yeo-chi, Ambrose and Mr. Cheung Wing-yui. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

The Audit Committee's primary duties include reviewing the Group's financial reports, internal control and risk management systems in order to ensure the presentation of a true and balanced assessment of the Group's financial position and corporate governance; making recommendation to the Board on the appointment of auditor; and reviewing financial and accounting policies and practices adopted by the Group. Other duties of the Audit Committee are set out in its specific terms of reference, which are posted on the websites of the Company and the Stock Exchange respectively. The Audit Committee is provided with sufficient resources enabling it to perform its duties.

No former partner of the Company's existing auditing firm acted as a member of the Audit Committee within one year from the date of ceasing to be a partner or ceasing to have any financial interest in the auditing firm, whichever is the later.

The Company Secretary keeps minutes of all Audit Committee meetings. In line with practices consistent with Board meetings and meetings of the Remuneration Committee and the Nomination Committee, draft and final versions of Audit Committee meeting minutes are circulated to all members of the Audit Committee as soon as practicable after each meeting.

During the year ended 30 June 2014, the Audit Committee held five meetings. The attendance records of the members at the Audit Committee meetings are as follows:

Committee Members	Number of meetings Attended/Total
Wong Kai-man (<i>Committee Chairman</i>)	5/5
Li On-kwok, Victor	5/5
King Yeo-chi, Ambrose	5/5
Cheung Wing-yui	5/5

During the year ended 30 June 2014, the Audit Committee reviewed the final, half-year and quarterly results of the Group as well as discussed and reviewed financial and other reports for the year. The Audit Committee also reviewed and discussed the Group's internal audit activities and audit plans for the upcoming year. Details of the relevant review are set out in the "Internal Control" section on page 43.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The Audit Committee monitors the audit and non-audit services rendered to the Group by its external auditor and ensures their engagement in other non-audit services, if any, will not impair their audit independence or objectivity. An independent confirmation has been obtained from Deloitte Touche Tohmatsu which confirms that for the year ended 30 June 2014 and thereafter to the date of this report, they are independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

The fees in respect of audit and non-audit services provided by the external auditor to the Group for the year ended 30 June 2014 amounted to approximately HK\$982,000 and HK\$60,000 respectively. The non-audit service represented the review of preliminary announcement of results and the annual review of continuing connected transactions for the financial year in compliance with the GEM Listing Rules requirements.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2005. The Chairman of the Remuneration Committee is Professor King Yeo-chi, Ambrose, an Independent Non-Executive Director, and the other members are Professor Li On-kwok, Victor, Mr. Wong Kai-man and Mr. Cheung Wing-yui. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of Executive Directors and members of senior management of the Company, as well as reviewing and making recommendations on the grant of share options, if any, under the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. Details of remuneration paid to members of senior management is set out on page 67. The Remuneration Committee consults the Chairman and/or Chief Executive Officer on its proposals and recommendations, and also has access to independent professional advice if deemed necessary. The Remuneration Committee is also provided with sufficient resources enabling it to perform its duties. The specific terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange respectively.

During the year ended 30 June 2014, the Remuneration Committee held two meetings. The attendance records of the members at the Remuneration Committee meetings are as follows:

Committee Members	Number of meetings Attended/Total
King Yeo-chi, Ambrose (<i>Committee Chairman</i>)	2/2
Li On-kwok, Victor	2/2
Wong Kai-man	1/2
Cheung Wing-yui	2/2
Tsim Wing-kit, Alfred*	1/1

* resigned as member of the Remuneration Committee on 15 October 2013

During the year ended 30 June 2014, the Remuneration Committee reviewed matters relating to the remuneration packages and emoluments of Directors and senior management, as well as discussed the level of remuneration of the Group. The Board also confirmed the existing practice that the remuneration package of individual Executive Directors and senior management will be determined by the Remuneration Committee. The Group's emolument policy is set out on page 24.

NOMINATION COMMITTEE AND APPOINTMENT OF DIRECTORS

The Nomination Committee was established in 2005. The Chairman of the Nomination Committee is Professor Li On-kwok, Victor, an Independent Non-Executive Director, and the other members are Professor King Yeo-chi, Ambrose, Mr. Wong Kai-man and Mr. Cheung Wing-yui. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

The Nomination Committee is responsible for formulating nomination policy, and making recommendations to the Board on nomination and appointment of Directors and Board succession. The Nomination Committee develops selection procedures of candidates for nomination, reviews the size, structure and composition of the Board, as well as assesses the independence of the Independent Non-Executive Directors. The Nomination Committee is provided with sufficient resources to perform its duties and, where necessary, to seek independent professional advice at the expense of the Company to perform its responsibilities. The specific terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange respectively.

Nomination procedures include identification and nomination of qualified individuals by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee evaluates potential candidates considering factors such as professional expertise, relevant experience, personal ethics and integrity.

Corporate Governance Report

During the year ended 30 June 2014, the Nomination Committee held two meetings. The attendance records of the members at the Nomination Committee meetings are as follows:

Committee Members	Number of meetings Attended/Total
Li On-kwok, Victor (<i>Committee Chairman</i>)	2/2
King Yeo-chi, Ambrose	2/2
Wong Kai-man	1/2
Cheung Wing-yui	2/2
Tsim Wing-kit, Alfred*	1/1

* resigned as member of the Nomination Committee on 15 October 2013

During the year ended 30 June 2014, the Nomination Committee has discussed and reviewed the structure, size and composition of the Board, as well as other related matters, including, among other things, the re-election of retiring Directors at the last annual general meeting held on 31 October 2013 (the "2013 AGM"). The Nomination Committee also established a board diversity policy, which was adopted by the Board on 7 May 2013. The board diversity policy sets out the approach to achieve diversity on the Board and the factors (including but not limited to age, gender, cultural and educational background, professional experience, skill and knowledge) to be considered in determining the optimum composition of the Board so as to contribute to the achievement of the Company's corporate goals and strategic objectives. The Nomination Committee will review the board diversity policy when appropriate to ensure its effectiveness and will discuss any revisions that may be required to be considered and approved by the Board.

The Nomination Committee is of the view that the current diversity of the Board is appropriate.

Term of Appointment and Re-election

All Non-Executive Directors are appointed for a specific term of not more than three years. All Directors shall retire from office by rotation and are subject to re-election at annual general meetings at least once every three years.

According to the Articles of Association, Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by shareholders. As a result, Mr. Lee Wai-kwong, Sunny (an Independent Non-Executive Director) and Mr. Fung Yuk-lun, Allen (a Non-Executive Director), both of whom were appointed during the financial year under review, only held their respective offices until 24 June 2014, when an extraordinary general meeting of the Company for approving certain continuing connected transactions was held (the "2014 EGM"). Mr. Lee Wai-kwong, Sunny and Mr. Fung Yuk-lun, Allen had offered themselves for re-election at the 2014 EGM and both were duly re-elected by the Shareholders.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established in February 2012. Mr. Yan King-shun, Peter, an Executive Director, was appointed as the Chairman of the Corporate Governance Committee in place of Mr. Tsim Wing-kit, Alfred, who was re-designated as a Non-Executive Director on 15 October 2013. The other member is Mr. So Wai-kei, Godwin, who is also an Executive Director.

The duties of the Corporate Governance Committee include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, reviewing the training and continuous professional development of Directors, and reviewing the Company's compliance with the code provisions in the Code and disclosures in this report.

Corporate Governance Report

During the year ended 30 June 2014, the Corporate Governance Committee held one meeting. The attendance records of the members at the Corporate Governance Committee meeting are as follows:

Committee Members	Number of meeting Attended/Total
Tsim Wing-kit, Alfred* (<i>Committee Chairman</i>)	1/1
So Wai-kei, Godwin	1/1

* ceased to be a member of the Corporate Governance Committee on 15 October 2013

During the year ended 30 June 2014, the Corporate Governance Committee reviewed and discussed each of the code provisions of the Code to make sure that the Group has complied with the code provisions of the Code. In addition, the Corporate Governance Committee established a disclosure policy, which was adopted by the Board with effect from 1 January 2013. The disclosure policy sets out the procedures to ensure that any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems, which are designed for safeguarding the Group's assets, maintaining proper accounts, and ensuring compliance with relevant regulations. The systems of internal control are aimed at mitigating the risks faced by the Group to an acceptable level, therefore such systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage risks of failure in the Group's operational systems.

Measures have been established to provide effective internal control systems, including a defined organisational structure with clear lines of responsibility and authority; an appropriate management reporting system; and a periodic control risk self-assessment conducted by major business units to ensure the adequacy of relevant risk mitigation plan.

For the year ended 30 June 2014, the Board has, through the Audit Committee and with the assistance of the Management and the internal and external auditors, conducted a review of the effectiveness of the Group's internal control systems, including without limitation financial control, operational control, compliance control and risk management functions. The Board is of the view that the internal control systems are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control systems. In addition, through the Audit Committee, the Board also considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function including their training programmes and budget.

The internal auditor adopts a risk-and-control-based approach to review all major operations of the Group. An audit plan would be formulated in a risk-weighted manner so that priorities and appropriate audit frequency could be given to areas with higher risks. Results of audit reviews in the form of audit reports are submitted to the members of the Audit Committee and discussed at the Audit Committee meetings. The internal audit reports are also followed up by the internal auditor to ensure that findings previously identified have been properly resolved.

SHAREHOLDERS RELATIONS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. This commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

The Board strives to encourage and maintain constant dialogue with the Shareholders through various means. The Chairman (with the assistance of the Company Secretary and the other Directors) has established a shareholders' communication policy to ensure that appropriate steps are taken to provide effective communication with the Shareholders. The annual general meetings

Corporate Governance Report

and other general meetings, if any, of the Company are good communication channels for the Board to meet and exchange views with the Shareholders. The Directors use their best endeavour to attend the general meetings so that they may answer any questions from the Shareholders.

The Chairman of the Board, and the chairmen of the Audit, Remuneration, Nomination and Corporate Governance Committees, and the external auditor attended the 2013 AGM and were available to answer questions. In addition, a majority of the members of the Independent Board Committee attended the 2014 EGM and were available to answer questions.

The attendance records of the Directors at the general meetings held during the year ended 30 June 2014 are as follows:

Directors	Number of meetings Attended/Total
Executive Directors	
Kwok Ping-luen, Raymond (<i>Chairman</i>)	1/2
Yan King-shun, Peter ¹	2/2
Tung Chi-ho, Eric	2/2
Wong Chin-wah	2/2
So Wai-kei, Godwin	2/2
Non-Executive Directors	
Kwok Ping-sheung, Walter ²	0/1
Cheung Wing-yui	2/2
Siu Hon-wah, Thomas	2/2
John Anthony Miller ³	1/1
Tsim Wing-kit, Alfred ⁴	2/2
Fung Yuk-lun, Allen ⁵	1/1
Independent Non-Executive Directors	
Li On-kwok, Victor	2/2
King Yeo-chi, Ambrose	2/2
Wong Kai-man	2/2
Kwok Kwok-chuen	2/2
Ma Kam-sing, Allen ⁶	0/0
Lee Wai-kwong, Sunny ⁷	0/1

Notes:

1. appointed on 15 October 2013
2. resigned on 27 January 2014
3. resigned on 1 January 2014
4. re-designated on 15 October 2013
5. appointed on 1 January 2014
6. resigned on 15 October 2013
7. appointed on 1 November 2013

The 2013 AGM circular (incorporating the notice of annual general meeting and setting out details in relation to each resolution proposed, information on voting arrangement and other relevant information) was sent to all Shareholders at least 20 clear business days before the 2013 AGM. In the case of the 2014 EGM, the relevant circular (incorporating the notice of extraordinary general meeting and setting out details in relation to each resolution proposed, information on voting arrangement and other relevant information) was sent to all Shareholders at least 10 clear business days before the 2014 EGM. Separate resolutions for each substantially separate issue (including the re-election of retiring Directors) were proposed at the general meetings. The procedures for conducting a poll were clearly explained at the general meetings. All resolutions put to Shareholders at the general meetings were voted by way of poll and passed; and the results were published on the websites of the Company and the Stock Exchange.

Corporate Governance Report

The Company also communicates to its shareholders through its annual, half-year and quarterly reports. All such reports can also be accessed via the Company's website. The Directors, the Company Secretary or other appropriate members of senior management also respond to inquiries from Shareholders and investors promptly.

Extraordinary general meetings shall be convened on the written requisition of any two or more Shareholders deposited at the principal office of the Company in Hong Kong specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Extraordinary general meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Shareholders may put forward proposals at general meetings of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send their enquiries to the Board by sending the same to the Company at the principal office of the Company in Hong Kong or by email to the Company at enquiry@SUNeVision.com.

The Company is committed to protecting the privacy right on all personal data collected from Shareholders. When collecting personal data from the Shareholders, the Company will specify in the relevant documents the purpose of collection and the use of personal data etc. Contact details are also provided to the Shareholders for accessing and correcting their personal data.

INVESTOR RELATIONS

The Group continues to promote and strengthen its relationship with investors and potential investors. The Group meets regularly with analysts and participates in investor conferences.

As a channel to further enhance communications, the Company will disseminate announcements, corporate notice, and other financial and non-financial information through the Company's website in a timely manner. During the year ended 30 June 2014, there has been no change in the Company's memorandum and articles of association.



TO THE MEMBERS OF SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of SUNeVision Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 83, which comprise the consolidated and Parent Company statements of financial position as at 30 June 2014, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 disclosure requirements of 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 and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 judgment, 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 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 30 June 2014, and of the Group's profit 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 disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 11 September 2014

Consolidated Income Statement

For the year ended 30 June 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Revenue	4	846,189	764,617
Cost of sales		(298,402)	(301,931)
Gross profit		547,787	462,686
Other income	6	40,097	52,426
Selling expenses		(5,839)	(6,033)
Administrative expenses		(35,893)	(32,871)
Increase in fair value of investment properties		546,152	476,208
Profit before taxation		668,152	599,208
Income tax expense	7	(82,663)	(68,812)
Profit for the year attributable to owners of the Company	8	585,489	530,396
Dividends	10		
– Final dividend proposed		463,259	407,070
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)			
– Basic (Remark)	11(a)	14.48 cents	13.12 cents
Earnings per share excluding the effect of change in fair value of investment properties (underlying earnings per share)			
– Basic (Remark)	11(b)	11.46 cents	10.07 cents

Remark:

Upon completion of the bonus issue of shares (with a convertible note alternative) on 25 November 2010, the Company had 2,342,675,478 ordinary shares in issue and outstanding notes convertible into 1,720,292,188 fully paid ordinary shares, representing a total of 4,062,967,666 shares which form the basis for the calculation of basic earnings per share. Adjustments are made in respect of shares repurchased. Details of earnings per share calculation and the Company's share capital are set out in notes 11 and 23 respectively.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	2014 HK\$'000	2013 HK\$'000
Profit for the year	585,489	530,396
Other comprehensive (expense)/income for the year		
Items that may be reclassified subsequently to the consolidated income statement:		
Change in fair value of investments	(3,533)	4,396
Exchange differences arising from translation of operations outside Hong Kong	20	64
Release upon redemption/disposal of investments	(6,080)	(17,114)
	(9,593)	(12,654)
Total comprehensive income for the year	575,896	517,742
Total comprehensive income attributable to:		
Owners of the Company	575,956	517,437
Non-controlling interests	(60)	305
	575,896	517,742

Consolidated Statement of Financial Position

At 30 June 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Investment properties	13	1,283,000	1,161,000
Property, plant and equipment	14	1,494,682	1,063,218
Investments	15	353,927	353,621
		3,131,609	2,577,839
Current assets			
Investments	15	–	118,538
Inventories	16	3,012	3,164
Trade and other receivables	17	69,328	65,024
Amounts due from customers for contract works	18	3,390	4,366
Bank balances and deposits	19	885,111	1,111,223
		960,841	1,302,315
Current liabilities			
Trade and other payables	20	276,502	246,634
Deferred revenue	22	39,953	34,226
Amounts due to customers for contract works	18	390	390
Tax payables		90,467	86,193
		407,312	367,443
Net current assets		553,529	934,872
Total assets less current liabilities		3,685,138	3,512,711
Non-current liabilities			
Deferred tax liabilities	21	86,621	85,031
Deferred revenue	22	177,468	175,457
		264,089	260,488
		3,421,049	3,252,223
Capital and reserves			
Share capital	23	232,234	232,234
Reserve arising from issuance of convertible notes	23	172,006	172,006
Other reserves		3,002,811	2,833,925
Equity attributable to owners of the Company		3,407,051	3,238,165
Non-controlling interests		13,998	14,058
Total equity		3,421,049	3,252,223

The financial statements on pages 47 to 83 were approved and authorised for issue by the Board of Directors on 11 September 2014 and are signed on its behalf by:

Directors:

Kwok Ping-luen, Raymond
Yan King-shun, Peter

Parent Company Statement of Financial Position

At 30 June 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Investments in subsidiaries	12	833,429	729,429
Amounts due from subsidiaries	12	2,080,000	2,080,000
		2,913,429	2,809,429
Current assets			
Amounts due from subsidiaries	12	468,041	411,368
Bank balance		63	64
		468,104	411,432
Current liability			
Accruals		1,245	1,248
Net current assets			
		466,859	410,184
		3,380,288	3,219,613
Capital and reserves			
Share capital	23	232,234	232,234
Reserve arising from issuance of convertible notes	23	172,006	172,006
Other reserves	24	2,976,048	2,815,373
Total equity			
		3,380,288	3,219,613

Directors:

Kwok Ping-luen, Raymond
Yan King-shun, Peter

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Reserve arising from issuance of convertible notes HK\$'000 (Note)	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 July 2012	232,223	2,315,239	172,017	1,651	34,696	295,570	3,051,396	13,753	3,065,149
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	(241)	-	-	(241)	305	64
Profit for the year	-	-	-	-	-	530,396	530,396	-	530,396
Change in fair value of investments	-	-	-	-	4,396	-	4,396	-	4,396
Release upon redemption/disposal of investments	-	-	-	-	(17,521)	407	(17,114)	-	(17,114)
Total comprehensive (expense)/income for the year	-	-	-	(241)	(13,125)	530,803	517,437	305	517,742
Conversion of convertible notes (note 23)	11	-	(11)	-	-	-	-	-	-
Final dividend and distribution paid (note 10)	-	-	-	-	-	(330,668)	(330,668)	-	(330,668)
At 30 June 2013	232,234	2,315,239	172,006	1,410	21,571	495,705	3,238,165	14,058	3,252,223
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	80	-	-	80	(60)	20
Profit for the year	-	-	-	-	-	585,489	585,489	-	585,489
Change in fair value of investments	-	-	-	-	(3,533)	-	(3,533)	-	(3,533)
Release upon redemption of investments	-	-	-	-	(6,080)	-	(6,080)	-	(6,080)
Total comprehensive (expense)/income for the year	-	-	-	80	(9,613)	585,489	575,956	(60)	575,896
Conversion of convertible notes (note 23)	-	-	-	-	-	-	-	-	-
Final dividend and distribution paid (note 10)	-	-	-	-	-	(407,070)	(407,070)	-	(407,070)
At 30 June 2014	232,234	2,315,239	172,006	1,490	11,958	674,124	3,407,051	13,998	3,421,049

Note:

Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a convertible note alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, 311,191,645 bonus shares of HK\$0.1 each were issued on 25 November 2010 on the basis of one bonus share for every existing share held by the shareholders of the Company whose names appeared on the register of members of the Company on 1 November 2010.

Reserve arising from issuance of convertible notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the convertible notes ("Notes") which were constituted by the deed poll dated 25 November 2010. This reserve balance represented the aggregate amount of the Notes outstanding at the year end. 500 of the Notes were exercised and converted into shares by noteholders during the year ended 30 June 2014 (2013: 110,500). As a result, 1,720,059,135 of the Notes remained outstanding as at 30 June 2014 (2013: 1,720,059,635).

The Notes are unlisted, non-transferable and irredeemable but have conversion rights entitling the noteholders to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the Notes. The Notes do not carry voting rights at any general meeting of shareholders of the Company. The noteholders can exercise the conversion rights at anytime after the issue of the Notes, subject to the terms and conditions of the deed poll constituting the Notes. The Notes were recognised as equity and are presented in reserves as reserve arising from issuance of convertible notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	2014 HK\$'000	2013 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	668,152	599,208
Adjustments for:		
Depreciation of property, plant and equipment	99,614	106,416
Gain on redemption/disposal of investments	(6,080)	(16,210)
Loss (gain) on disposal of property, plant and equipment	20	(15)
Interest income	(33,402)	(35,403)
Investment income	(142)	(359)
Increase in fair value of investment properties	(122,000)	(123,000)
Operating cash flows before movements in working capital	606,162	530,637
Decrease (increase) in inventories	152	(998)
(Increase) decrease in trade and other receivables	(5,891)	7,631
Decrease (increase) in amounts due from customers for contract works	976	(1,190)
Increase in trade and other payables	29,886	12,730
Increase (decrease) in deferred revenue	7,738	(10,912)
Decrease in amounts due to customers for contract works	–	(511)
CASH GENERATED FROM OPERATIONS	639,023	537,387
Hong Kong profits tax paid	(76,799)	(47,168)
NET CASH FROM OPERATING ACTIVITIES	562,224	490,219
INVESTING ACTIVITIES		
Purchase of investments	–	(29,500)
Purchase of property, plant and equipment	(531,098)	(78,371)
Proceeds from redemption/disposal of investments	114,699	47,938
Interest received	34,989	35,152
Investment income received	142	359
Proceeds from disposal of property, plant and equipment	–	30
NET CASH USED IN INVESTING ACTIVITIES	(381,268)	(24,392)
CASH USED IN FINANCING ACTIVITY		
Dividends and distribution paid	(407,070)	(330,668)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(226,114)	135,159
CASH AND CASH EQUIVALENTS AT 1 JULY	1,111,223	975,991
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2	73
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and deposits	885,111	1,111,223

Notes to the Financial Statements

For the year ended 30 June 2014

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Sun Hung Kai Properties Limited ("SHKP"), a company incorporated in Hong Kong with its shares listed on the main board of the Stock Exchange and its immediate holding company is Sunco Resources Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of this Annual Report. SHKP together with its subsidiaries, other than members of the Group, are hereinafter referred to as the "SHKP Group".

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 33.

The financial statements are presented in Hong Kong dollar ("HK\$"), which is same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) HKFRSs applied in the current year

In the current year, the Group has applied HKFRSs (a collective term for accounting standards, amendments and interpretations) that were issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and are mandatorily effective for the Group's financial year beginning 1 July 2013, as follows:

HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2012 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the above HKFRSs has had no material impact on the consolidated financial statements of the Group and the statement of financial position of the Company for the current and prior years.

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

Notes to the Financial Statements

For the year ended 30 June 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(a) HKFRSs applied in the current year (continued)

HKFRS 13 “Fair Value Measurement” (continued)

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period (please see notes 13 and 28 for the 2014 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

(b) New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from Contracts with Customers ⁶
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle ²
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations ⁵
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 January 2017

The directors of the Company anticipate that the application of these new and revised HKFRSs, issued but not yet effective, may have no material impact on the results and the financial positions of the Group and the Company.

Notes to the Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, that are measured at fair values at the year end date, as explained in the principal accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Notes to the Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with Group's accounting policies.

All material intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein. Non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

(b) Investments in subsidiaries

A subsidiary is an entity controlled by the Company.

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment losses.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

(i) Use of data centre and information technology ("IT") facilities

Revenue from customers' use of data centre and IT facilities under operating leases is recognised ratably over the terms of the agreement while other service income is recognised when such services are rendered.

(ii) Installation and maintenance fee of satellite master antenna television ("SMATV"), communal aerial broadcast distribution ("CABD"), structural cabling and security systems

Installation revenue is recognised using the percentage of completion method, measured by reference to the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Income from maintenance contracts is recognised on a straight-line basis over the duration of the contract.

(iii) Rental income

Rental income under operating leases is recognised on a straight-line basis over the lease terms.

(iv) Building management service income

Building management service income is recognised when the services are rendered.

(v) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

Property, plant and equipment including leasehold properties (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes (i.e. construction in progress) are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their estimated residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the year end date, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement in which the item is derecognised.

(e) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in fair value of investment properties are included in the income statement in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period in which the property is derecognised.

(f) Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the year end date, measured according to the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade and other receivables.

Notes to the Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease.

(ii) The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(iii) Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the year end date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income statement in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rate of exchange prevailing at the year end date. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the headings of the exchange reserve and non-controlling interests, as appropriate.

(i) Retirement benefit costs

Payments to defined contribution retirement benefit schemes and the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

Notes to the Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profits for the year. Taxable profits differ from 'profit before taxation' as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the year end date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profits.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted at the year end date.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the year end date, to recover or settle the carrying amount of its assets and liabilities.

The Group measures any deferred tax effect in respect of the Group's investment properties with reference to the tax effect that would arise if the carrying amount of the investment properties at the year end date were recovered through sale, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Notes to the Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

(i) Financial assets

The Group's and the Company's financial assets are classified into two categories, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from subsidiaries and bank balances and deposits) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Equity investments and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the year end date. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the income statement (see accounting policy on impairment of financial assets below).

Dividends on available-for-sale equity investments are recognised in the income statement when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the year end date (see accounting policy on impairment of financial assets below).

Notes to the Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the year end date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and amounts due from subsidiaries, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement. When trade receivables and amounts due from subsidiaries are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income statement.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the income statement in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through the income statement in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investments revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through the income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments (continued)

(ii) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost, using the effective interest method.

(iii) Derecognition

The Group derecognises a financial asset when, and only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

The Group derecognises financial liabilities when, and only when the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the income statement.

(m) Deferred revenue

Lump sum amounts received from customers for the set-up of facilities in respect of operating leases of data centre and IT facilities are treated as deferred revenue which is taken to the income statement on a straight-line basis over the lease terms.

(n) Equity-settled share-based payment transactions

Share options granted to directors and employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity (share-based payment transactions reserve).

At the year end date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in the income statement with a corresponding adjustment to share-based payment transactions reserve.

At the time when the share options are exercised, the amount previously recognised in share-based payment transactions reserve will be transferred to share premium. When the share options are forfeited after the vesting date, the amount previously recognised in share-based payment transactions reserve will be transferred to retained profits.

Notes to the Financial Statements

For the year ended 30 June 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment losses on non-financial assets

At the year end date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. REVENUE

Revenue was generated from the following activities:

	2014 HK\$'000	2013 HK\$'000
Income from data centre and IT facilities (including service income of HK\$176,587,000 (2013: HK\$145,200,000))	703,093	624,787
Installation and maintenance fee of SMATV, CABD, structural cabling and security systems (including installation fee of HK\$33,834,000 (2013: HK\$35,192,000))	90,685	90,936
Property rentals and building management services	52,411	48,894
	846,189	764,617

5. SEGMENT INFORMATION

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' emoluments, interest income, investment income and gain on redemption/disposal of investments. This is the measure reported to the Group's management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment.

The principal activities of the operating segments and reportable segments of the Group are as follows:

- (a) Data centre and IT facilities cover the provision of data centre, facilities management, web applications and value added services.
- (b) SMATV, CABD, structural cabling and security systems comprise installation and maintenance services for the respective systems.
- (c) Properties holding refers to the Group's interests in investment properties which generate rental and other related income.

Notes to the Financial Statements

For the year ended 30 June 2014

5. SEGMENT INFORMATION (continued)

Segment revenue and results

An analysis of the Group's revenue and results, substantially derived from Hong Kong, by reportable segment is as follows:

For the year ended 30 June 2014

	Data centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Elimination HK\$'000	Consolidated total HK\$'000
REVENUE					
External	703,093	90,685	52,411	-	846,189
Inter-segment	1,128	352	2,267	(3,747)	-
Total	704,221	91,037	54,678	(3,747)	846,189
RESULTS					
Segment results	466,137	17,991	163,065	-	647,193
Unallocated corporate expenses					(18,665)
Interest income					33,402
Investment income and gain on redemption of investments					6,222
Profit before taxation					668,152

For the year ended 30 June 2013

	Data centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Elimination HK\$'000	Consolidated total HK\$'000
REVENUE					
External	624,787	90,936	48,894	-	764,617
Inter-segment	1,585	386	2,195	(4,166)	-
Total	626,372	91,322	51,089	(4,166)	764,617
RESULTS					
Segment results	386,593	18,225	161,933	-	566,751
Unallocated corporate expenses					(19,515)
Interest income					35,403
Investment income and gain on redemption/disposal of investments					16,569
Profit before taxation					599,208

Inter-segment sales are charged at prevailing market rates.

Notes to the Financial Statements

For the year ended 30 June 2014

5. SEGMENT INFORMATION (continued)

The Group does not report regularly segment assets and liabilities to the chief operating decision maker and therefore no analysis of segment assets and liabilities is presented.

Other segment information

For the year ended 30 June 2014

	Data centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment results:					
Depreciation of property, plant and equipment	99,367	222	–	25	99,614
Increase in fair value of investment properties	–	–	122,000	–	122,000

For the year ended 30 June 2013

	Data centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment results:					
Depreciation of property, plant and equipment	106,138	260	–	18	106,416
Increase in fair value of investment properties	–	–	123,000	–	123,000

Geographical information

The Group's revenue is derived from Hong Kong and the Group's non-current assets are substantially located in Hong Kong. Accordingly, no analysis by geographical location is presented.

Information about major customer

The largest customer accounted for about 9% (2013: 11%) of the total revenue.

6. OTHER INCOME

	2014 HK\$'000	2013 HK\$'000
Interest income	33,402	35,403
Investment income and gain on redemption/disposal of investments	6,222	16,569
Miscellaneous	473	454
	40,097	52,426

Notes to the Financial Statements

For the year ended 30 June 2014

7. INCOME TAX EXPENSE

	2014 HK\$'000	2013 HK\$'000
Current tax		
– Hong Kong profits tax	81,073	69,172
Deferred tax charge (credit) (note 21)	1,590	(360)
	82,663	68,812

Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the year.

The income tax expense can be reconciled to the profit per the consolidated income statement as follows:

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	668,152	599,208
Tax at Hong Kong profits tax rate of 16.5%	110,245	98,869
Tax effect of expenses not deductible for tax purpose	1,503	1,249
Tax effect of tax losses not recognised	89	996
Tax effect of income not taxable for tax purpose	(26,284)	(26,247)
Tax effect of utilisation of tax losses previously not recognised	(2,890)	(6,055)
Income tax expense	82,663	68,812

Details of deferred tax liabilities are set out in note 21.

8. PROFIT FOR THE YEAR

	2014 HK\$'000	2013 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments (note 9)	63,629	58,442
Retirement benefit scheme contributions	2,316	2,276
Total staff costs	65,945	60,718
Auditor's remuneration	1,042	993
Depreciation of property, plant and equipment	99,614	106,416
Minimum lease payments paid under operating leases in respect of land and buildings	15,916	12,168
Rental income from investment properties, net of outgoings of HK\$4,911,000 (2013: HK\$3,903,000)	(41,548)	(39,284)

Notes to the Financial Statements

For the year ended 30 June 2014

9. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The total emoluments, pension and compensation arrangements paid/payable to the directors of the Company of their services for the years ended 30 June 2014 and 2013 were as follows:

Name of director	Fees	Basic salaries and allowances	Discretionary bonuses	Retirement benefit scheme contributions	2014 Total emoluments	2013 Total emoluments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Executive Directors</i>						
Kwok Ping-luen, Raymond	40	–	–	–	40	40
Yan King-shun, Peter (Note i)	25	2,394	479	11	2,909	–
Tung Chi-ho, Eric	30	12*	–	–	42	42
Wong Chin-wah	30	12*	–	–	42	42
So Wai-kei, Godwin	30	12*	–	–	42	42
<i>Non-Executive Directors</i>						
Kwok Ping-sheung, Walter (Note ii)	17	–	–	–	17	30
Kwok Ping-kwong, Thomas (Note iii)	–	–	–	–	–	10
Cheung Wing-yui	160	–	–	–	160	160
Chan Kui-yuen, Thomas (Note iii)	–	–	–	–	–	14
So Chung-keung, Alfred (Note iii)	–	–	–	–	–	14
Siu Hon-wah, Thomas	30	–	–	–	30	30
John Anthony Miller (Note iv)	15	–	–	–	15	30
Tsim Wing-kit, Alfred (Note i)	31	1,446	950	52	2,479	4,889
Fung Yuk-lun, Allen (Note iv)	15	–	–	–	15	–
<i>Independent Non-Executive Directors</i>						
Li On-kyok, Victor	160	–	–	–	160	160
King Yeo-chi, Ambrose	160	–	–	–	160	160
Wong Kai-man	160	–	–	–	160	160
Kwok Kwok-chuen	100	–	–	–	100	100
Ma Kam-sing, Allen (Note v)	29	–	–	–	29	100
Lee Wai-kyong, Sunny (Note vi)	66	–	–	–	66	–
Total 2014	1,098	3,876	1,429	63	6,466	6,023
Total 2013	1,125	3,524	1,200	174	6,023	

Notes

- (i) Mr. Yan King-shun, Peter was appointed as an Executive Director of the Company and Mr. Tsim Wing-kit, Alfred was re-designated from an Executive Director to a Non-Executive Director of the Company on 15 October 2013.
- (ii) Mr. Kwok Ping-sheung, Walter resigned as a Non-Executive Director of the Company on 27 January 2014.
- (iii) Mr. Kwok Ping-kwong, Thomas, Mr. Chan Kui-yuen, Thomas and Mr. So Chung-keung, Alfred retired as Non-Executive Directors of the Company on 1 November 2012.
- (iv) Mr. Fung Yuk-lun, Allen was appointed as a Non-Executive Director of the Company and Mr. John Anthony Miller resigned as a Non-Executive Director of the Company on 1 January 2014.
- (v) Mr. Ma Kam-sing, Allen resigned as an Independent Non-Executive Director of the Company on 15 October 2013.
- (vi) Mr. Lee Wai-kyong, Sunny was appointed as an Independent Non-Executive Director of the Company on 1 November 2013.

* Paid/payable to SHKP Group

Notes to the Financial Statements

For the year ended 30 June 2014

9. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2013: one) are directors of the Company whose emoluments are included above. The emoluments of the remaining three (2013: four) individuals were as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and allowances	4,133	5,117
Discretionary bonus	840	576
Retirement benefit scheme contributions	207	181
	5,180	5,874

Their emoluments were within the following bands:

	2014 Number of employees	2013 Number of employees
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	1	2
HK\$2,000,001 to HK\$2,500,000	1	–
	3	4

10. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Dividend paid and recognised as distribution during the year		
– Final dividend to ordinary shareholders in respect of the immediately preceding financial year of HK10.07 cents (2013: HK8.18 cents) per share	233,860	189,958
– Payments to convertible noteholders in respect of the immediately preceding financial year of HK10.07 cents (2013: HK8.18 cents) for each share which such registered noteholders would have become holders of, had such registered noteholders' convertible notes then outstanding been converted on 8 November 2013 (2013: 9 November 2012)	173,210	140,710
	407,070	330,668
Dividend proposed		
– Final dividend to ordinary shareholders in respect of the current financial year of HK11.46 cents (2013: HK10.07 cents) per share	266,140	233,860
– Payments to convertible noteholders in respect of the current financial year of HK11.46 cents (2013: HK10.07 cents) for each share which such registered noteholders would have become holders of, had such registered noteholders' convertible notes then outstanding been converted on 7 November 2014 (2013: 8 November 2013)	197,119	173,210
	463,259	407,070

At a meeting held on 11 September 2014, the Directors recommend the declaration of a final dividend of HK11.46 cents per share for the year ended 30 June 2014. This proposed dividend is not included as a dividend payable in the statements of financial position as at 30 June 2014.

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For the year ended 30 June 2014

11. EARNINGS PER SHARE

(a) Reported earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2014 HK\$'000	2013 HK\$'000
Earnings for the purposes of basic earnings per share	585,489	530,396

	2014 Number of shares	2013 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,042,399,666	4,042,399,666

For the purposes of earnings per share, the weighted average number of ordinary shares is calculated after taking into account the effect of the issuance of bonus shares (with a convertible note alternative) in November 2010. Details of the issuance of bonus shares are set out in note 23.

There were no dilutive potential ordinary shares in existence during the years ended 30 June 2014 and 2013.

(b) Underlying earnings per share

For the purposes of assessing the underlying performance of the Group, underlying earnings per share is calculated based on the underlying profit attributable to owners of the Company of HK\$463,489,000 (2013: HK\$407,396,000), excluding the effect of fair value changes on investment properties. A reconciliation of profit is as follows:

	2014 HK\$'000	2013 HK\$'000
Profit attributable to owners of the Company as shown in the consolidated income statement	585,489	530,396
Increase in fair value of investment properties	(122,000)	(123,000)
Underlying profit attributable to owners of the Company	463,489	407,396

The denominators used are the same as those detailed above for both basic and underlying earnings per share.

12. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2014 HK\$'000	2013 HK\$'000
Unlisted shares, at cost	–	–
Deemed capital contribution	833,429	729,429
	833,429	729,429
Amounts due from subsidiaries		
– Non-current assets	2,080,000	2,080,000
– Current assets	468,041	411,368
	2,548,041	2,491,368

Notes to the Financial Statements

For the year ended 30 June 2014

12. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES (continued)

At 30 June 2014, the amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. In the opinion of the directors of the Company, HK\$2,080,000,000 (2013: HK\$2,080,000,000) of such balances will not be repaid within the next twelve months from the year end date and they are therefore shown as non-current.

Certain amounts due from subsidiaries which are not repayable within the next twelve months from the year end date are adjusted to their fair value using effective interest method at the prevailing market rates.

Particulars of the Company's principal subsidiaries at 30 June 2014 are set out in note 33.

13. INVESTMENT PROPERTIES

	THE GROUP <i>HK\$'000</i>
At 1 July 2012	1,038,000
Increase in fair value recognised in the consolidated income statement	123,000
At 30 June 2013	1,161,000
Increase in fair value recognised in the consolidated income statement	122,000
At 30 June 2014	1,283,000

The fair value of the Group's investment properties at 30 June 2014 and 2013 has been determined with reference to a valuation on market value basis carried out by DTZ Debenham Tie Leung Limited, independent qualified professional surveyors not connected with the Group. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties. The key input used in valuing the Group's investment properties was the market price per square foot, using direct comparison approach and taking into account of the differences in the nature, location and condition, as well as the highest and best use of the properties, which ranged from HK\$4,900 to HK\$7,900. The increase in the market price per square foot would result in an increase in fair value of the investment properties, and vice versa.

All of the fair value measurements of the Group's investment properties were categorised into Level 3 of the fair value hierarchy. Level 3 fair value measurements are those derived from valuation techniques in which unobservable inputs are used. There were no transfers into or out of Level 3 during the year.

All of the Group's property interests that are held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The carrying amount of investment properties is as follows:

	THE GROUP 2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Properties in Hong Kong held under		
– long leases	513,000	463,000
– medium-term leases	770,000	698,000
	1,283,000	1,161,000

Notes to the Financial Statements

For the year ended 30 June 2014

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK\$'000	Data centre facilities HK\$'000	SMATV equipment HK\$'000	Computers, networks and related equipment HK\$'000	Office equipment, furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
THE GROUP								
COST								
At 1 July 2012	675,461	1,212,507	15,081	9,247	12,853	1,045	–	1,926,194
Additions	–	77,615	–	28	287	441	–	78,371
Disposals/write-off	–	–	(172)	(2,461)	(100)	(305)	–	(3,038)
At 30 June 2013	675,461	1,290,122	14,909	6,814	13,040	1,181	–	2,001,527
Additions	–	96,866	–	339	368	–	433,525	531,098
Disposals/write-off	–	(7,100)	(348)	(324)	(67)	–	–	(7,839)
At 30 June 2014	675,461	1,379,888	14,561	6,829	13,341	1,181	433,525	2,524,786
DEPRECIATION AND IMPAIRMENT								
At 1 July 2012	285,775	512,349	15,045	9,159	11,543	1,045	–	834,916
Provided for the year	14,027	91,523	11	61	659	135	–	106,416
Eliminated on disposals/write-off	–	–	(172)	(2,461)	(85)	(305)	–	(3,023)
At 30 June 2013	299,802	603,872	14,884	6,759	12,117	875	–	938,309
Provided for the year	14,027	84,781	5	68	586	147	–	99,614
Eliminated on disposals/write-off	–	(7,100)	(328)	(324)	(67)	–	–	(7,819)
At 30 June 2014	313,829	681,553	14,561	6,503	12,636	1,022	–	1,030,104
CARRYING VALUE								
At 30 June 2014	361,632	698,335	–	326	705	159	433,525	1,494,682
At 30 June 2013	375,659	686,250	25	55	923	306	–	1,063,218

During the year, additions to construction in progress amounted to HK\$433,525,000 which included a land premium of HK\$428,000,000 paid for the acquisition of the site in Tseung Kwan O, Hong Kong designated for high-tier data centre purposes.

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold properties	Over the prevailing lease term
Data centre facilities	2% – 33½%
SMATV equipment	10%
Computers, networks and related equipment	20% – 33½%
Office equipment, furniture and fixtures	20% – 33½%
Motor vehicles	30% – 33½%

The carrying values of leasehold properties and construction in progress shown above comprise:

	THE GROUP 2014 HK\$'000	2013 HK\$'000
Properties in Hong Kong held under		
– long leases	250,482	261,141
– medium-term leases	544,675	114,518
	795,157	375,659

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For the year ended 30 June 2014

15. INVESTMENTS

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Available-for-sale investments:		
Listed debt securities, at fair value		
– outside Hong Kong	284,199	403,809
– in Hong Kong	66,018	64,640
Unlisted equity technology investments, at cost less impairment	3,710	3,710
	353,927	472,159

	2014	2013
	HK\$'000	HK\$'000
Carrying amount analysed for reporting purposes as:		
Non-current assets	353,927	353,621
Current assets (debt securities maturing within one year)	–	118,538
	353,927	472,159

At the year end date, all investments are stated at fair value, except for the unlisted equity technology investments. Fair values of the listed investments have been determined by reference to bid prices quoted in active markets. The unlisted equity technology investments are individually reviewed and measured at cost less impairment at the year end date.

The debt securities carry interest at fixed rates ranging from 3% to 9% per annum (2013: 3% to 9% per annum). The debt securities mature between 2015 and 2017 (2013: 2014 and 2017). At the year end date, all debt securities are denominated in US\$.

16. INVENTORIES

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Raw materials	1,232	2,062
Work in progress	1,780	1,102
	3,012	3,164

17. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Trade receivables	45,271	41,673
Less: allowance for doubtful debts	(532)	(532)
	44,739	41,141
Prepayments and deposits	24,589	23,883
	69,328	65,024

Notes to the Financial Statements

For the year ended 30 June 2014

17. TRADE AND OTHER RECEIVABLES (continued)

The Group allows an average credit period of 30 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts at the year end date:

	THE GROUP 2014 HK\$'000	2013 HK\$'000
0–60 days	40,906	38,077
61–90 days	2,531	1,634
> 90 days	1,302	1,430
	44,739	41,141

The Group's counterparties are mainly entities in SHKP Group, well-known international financial institutions, local governmental institutions and sizeable companies with good credit quality. Based on past experience, the default rates of these counterparties are low.

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK\$19,075,000 (2013: HK\$21,055,000) which are past due at the year end date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	THE GROUP 2014 HK\$'000	2013 HK\$'000
Ageing of trade receivables which are past due but not impaired		
0–60 days	15,242	17,991
61–90 days	2,531	1,634
> 90 days	1,302	1,430
	19,075	21,055

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$532,000 (2013: HK\$532,000) for which the counterparties have delayed payments.

18. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	THE GROUP 2014 HK\$'000	2013 HK\$'000
Contracts in progress at the year end date:		
Contract costs incurred plus recognised profits less recognised losses	12,295	20,732
Less: progress billings	(9,295)	(16,756)
	3,000	3,976
Analysed for reporting purposes as:		
Amounts due from customers for contract works	3,390	4,366
Amounts due to customers for contract works	(390)	(390)
	3,000	3,976

At 30 June 2014, retentions held by customers for contract works amounted to HK\$3,883,000 (2013: HK\$4,444,000).

Notes to the Financial Statements

For the year ended 30 June 2014

19. BANK BALANCES AND DEPOSITS

THE GROUP

Bank balances and deposits comprise cash and short-term deposits held by the Group. The Group's deposits carry interest at approximately 1.3% to 1.7% (2013: 0.3% to 1.6%) per annum and mature within 3 months (2013: within 3 months) at the year end date.

20. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables at the year end date:

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Trade payables aged within 60 days	30,944	19,169
Other payables	1,453	842
Deposits received and accruals	244,105	226,623
	276,502	246,634

The average credit period for trade payables is 30 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

21. DEFERRED TAX LIABILITIES

THE GROUP

The deferred tax (liabilities) assets recognised and movements thereon during the years are as follows:

	Accelerated tax depreciation	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 July 2012	(86,563)	1,172	(85,391)
Credit (charge) to the consolidated income statement	1,532	(1,172)	360
At 30 June 2013	(85,031)	–	(85,031)
Charge to the consolidated income statement	(1,590)	–	(1,590)
At 30 June 2014	(86,621)	–	(86,621)

At the year end date, the Group has unrecognised tax losses and other deductible temporary differences of HK\$602,075,000 (2013: HK\$618,446,000), of which HK\$8,003,000 (2013: HK\$8,441,000) of the unrecognised tax losses will expire at various dates up to 31 December 2019. Other tax losses can be carried forward indefinitely. Recognition of these unrecognised tax losses depends on future taxable profits available and losses eventually agreed with the relevant tax authorities.

Notes to the Financial Statements

For the year ended 30 June 2014

22. DEFERRED REVENUE

Deferred revenue represents lump sum amounts received from customers for the set-up of facilities in respect of operating leases of data centre and IT facilities.

The carrying amount of deferred revenue is as follows:

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Current liabilities (release to the consolidated income statement within one year)	39,953	34,226
Non-current liabilities	177,468	175,457
	217,421	209,683

23. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2012, 30 June 2013 and 30 June 2014	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2012	2,322,229,531	232,223
Conversion of convertible notes (Note)	110,500	11
At 30 June 2013	2,322,340,031	232,234
Conversion of convertible notes (Note)	500	–
At 30 June 2014	2,322,340,531	232,234

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the years ended 30 June 2014 and 2013.

Note:

Pursuant to an ordinary resolution in relation to the bonus issue of shares (with a convertible note alternative) passed at the extraordinary general meeting of the Company held on 1 November 2010, 311,191,645 bonus shares of HK\$0.1 each were issued on 25 November 2010 to the shareholders who were entitled to those bonus shares and did not elect to receive the convertible notes.

Convertible notes in the amount of HK\$172,029,218.80 were issued to shareholders who elected for the convertible note alternative, and the same amount was capitalised from the Company's share premium account as reserve arising from issuance of convertible notes. Holders of the convertible notes are entitled to convert into an equivalent number of shares as the number of bonus shares which the noteholders would otherwise be entitled to receive under the bonus issue. Accordingly, convertible notes can be converted into ordinary shares of HK\$0.1 each on a one-to-one basis.

Notes to the Financial Statements

For the year ended 30 June 2014

23. SHARE CAPITAL (continued)

Note: (continued)

During the year ended 30 June 2014, convertible notes in the amount of HK\$50 were exercised and converted into 500 (2013: 110,500) ordinary shares of the Company.

	Number of fully paid ordinary shares to be issued/(issued) upon conversion	Amount HK\$'000
At 1 July 2012	1,720,170,135	172,017
Conversion of convertible notes	(110,500)	(11)
At 30 June 2013	1,720,059,635	172,006
Conversion of convertible notes	(500)	–
At 30 June 2014	1,720,059,135	172,006

Upon conversion of all the outstanding convertible notes, the issued share capital of the Company would be 4,042,399,666 (2013: 4,042,399,666) fully paid ordinary shares of HK\$0.1 each.

Details of the bonus issue of shares (with a convertible note alternative) are set out in the circular of the Company dated 29 September 2010.

24. OTHER RESERVES

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE COMPANY			
At 1 July 2012	2,315,239	319,050	2,634,289
Profit and total comprehensive income for the year	–	511,752	511,752
Final dividend and distribution paid	–	(330,668)	(330,668)
At 30 June 2013	2,315,239	500,134	2,815,373
Profit and total comprehensive income for the year	–	567,745	567,745
Final dividend and distribution paid	–	(407,070)	(407,070)
At 30 June 2014	2,315,239	660,809	2,976,048

The Company's reserves available for distribution represent the aggregate of share premium and retained profits of HK\$2,976,048,000 (2013: HK\$2,815,373,000). Under the Companies Law of the Cayman Islands (2013 Revision), the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions, if any, of its memorandum or articles of association and provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. In accordance with Article 142 of the Company's Articles of Association, no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution, including share premium.

Notes to the Financial Statements

For the year ended 30 June 2014

25. SHARE OPTION SCHEMES

The Company currently operates a share option scheme which was approved on 1 November 2012 and became effective on 15 November 2012 (the "2012 Scheme"). As the share option scheme of the Company which was adopted on 3 December 2002 (the "Old Scheme") expired on 3 December 2012, the shareholders of the Company approved the adoption of the 2012 Scheme and the termination of the Old Scheme at the annual general meeting of the Company held on 1 November 2012. The adoption of the 2012 Scheme and the termination of the Old Scheme became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by SHKP at its annual general meeting held on 15 November 2012. No share options can be granted under the Old Scheme upon its termination.

During the years ended 30 June 2014 and 2013, (i) there were no outstanding share options under the Old Scheme; and (ii) no share options were granted under the 2012 Scheme.

26. RELATED PARTY TRANSACTIONS AND BALANCES

The significant transactions with related parties during the year, and significant balances with them at the year end date, are as follows:

(a) Transactions with the SHKP Group

	2014 HK\$'000	2013 HK\$'000
Income from maintenance and repair of network infrastructure and security systems	49,999	50,001
Income from installation, operation and provision of cable networking	24,728	30,275
Space and rack rental income	4,043	3,752
E-commerce income	172	574
Lease, licence and management fee charges	17,661	13,473
Property management service fees paid	9,709	9,392
Maintenance and repair charges of network infrastructure and security system	3,423	3,135
Network infrastructure and security system installation charges	2,071	1,457
Management fee charges	2,000	2,000
Insurance service charges paid	1,631	1,486
Estate agency fees paid	1,407	1,311
Cable and network rental charges	795	795
Technical service charges paid	385	660

(b) Balances with the SHKP Group

Trading balances with the SHKP Group (including buildings/estates managed by it) are included under the following headings:

	2014 HK\$'000	2013 HK\$'000
Trade and other receivables	27,029	26,682
Amounts due from customers for contract works	2,191	3,382
Trade and other payables	9,960	8,564
Amounts due to customers for contract works	390	390

The trading balances are unsecured, interest-free and have an average credit period of 30 days.

Notes to the Financial Statements

For the year ended 30 June 2014

26. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Transaction with a director

During the year, professional fees of HK\$388,000 (2013: HK\$136,000) were paid by the Group to Messrs. Woo, Kwan, Lee & Lo, a firm of solicitors which provided professional services to the Group. Mr. Cheung Wing-yui, a director of the Company, is a consultant of Messrs. Woo, Kwan, Lee & Lo.

(d) Compensation of key management personnel

The directors' emoluments set out in note 9 represent the compensation paid/payable to the key management personnel.

The remuneration of key management personnel is reviewed by the remuneration committee having regard to the performance of individuals and market trends.

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group mainly consists of equity attributable to owners of the Company, comprising share capital and reserves.

The Company's management reviews the capital structure regularly. As part of this review, management considers the cost of capital and risks associated with each class of capital. Based on management's recommendations, the Group will balance its overall capital structure.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments at the year end date were as follows:

	2014 HK\$'000	2013 HK\$'000
THE GROUP		
Financial assets		
Loans and receivables (including cash and cash equivalents)	940,946	1,165,608
Available-for-sales investments	353,927	472,159
Financial liabilities		
Amortised cost	33,779	21,409
	2014 HK\$'000	2013 HK\$'000
THE COMPANY		
Financial assets		
Loans and receivables (including cash and cash equivalents)	2,548,104	2,491,432

Notes to the Financial Statements

For the year ended 30 June 2014

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, bank balances and deposits, available-for-sale investments, amounts due from subsidiaries and trade and other payables. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency bank balances and deposits, trade and other receivables, trade and other payables and debt securities, which expose the Group to foreign currency risk. Management manages foreign exchange exposure by closely monitoring the movement of foreign currency rate.

The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities at the year end date are as follows:

	2014 HK\$'000	2013 HK\$'000
THE GROUP		
Assets		
United States Dollars ("US\$")		
– Investments	350,217	468,449
– Trade and other receivables	7,776	8,116
– Bank balances and deposits	211,661	71,773
	569,654	548,338
Liabilities		
US\$		
– Trade and other payables	3,846	3,862

As most of the Group's foreign currency denominated monetary assets and monetary liabilities are denominated in US\$ and HK\$ is pegged to the US\$ under the Linked Exchange Rate System, the Group's foreign currency risk exposure is not considered to be significant.

THE COMPANY

The Company has no material foreign currency denominated monetary assets and monetary liabilities at the year end date.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate debt securities (see note 15 for details of these debt securities).

The Group is exposed to cash flow interest rate risk in relation to the impact of rate changes on interest-bearing bank balances and deposits (see note 19 for details of bank balances and deposits). No sensitivity analysis is prepared since management of the Group considers the amount involved is not significant.

Other price risk

The Group is exposed to price risk through its investments in listed debt and equity securities.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to price risk at the year end date.

If the prices of the respective investments had been 5% higher/lower, investments revaluation reserve would increase/decrease by HK\$17,511,000 (2013: HK\$23,422,000) for the Group as a result of the changes in fair value of investments.

Notes to the Financial Statements

For the year ended 30 June 2014

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

THE GROUP

As at 30 June 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has formulated policies for determination of credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of the individual trade debt and the credit ratings of available-for-sale debt investments at the year end date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on the Group's bank balances and deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group does not have any other significant concentration of credit risk. Trade receivables/available-for-sale investments consist of a number of customers/issuers and spread across diverse industries.

THE COMPANY

As at 30 June 2014, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the Company's statement of financial position.

Management of the Company considers that the credit risk is not significant.

Liquidity risk

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

THE GROUP

	Weighted average interest rate %	Less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months – 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 30 June 2014							
Trade and other payables	–	32,396	–	1,383	–	33,779	33,779

	Weighted average interest rate %	Less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months – 1 year HK\$'000	More than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 30 June 2013							
Trade and other payables	–	20,637	75	249	448	21,409	21,409

The Company has no financial liabilities as at 30 June 2014 and 2013.

Notes to the Financial Statements

For the year ended 30 June 2014

28. FINANCIAL INSTRUMENTS (continued)

(c) Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Fair value measurement recognised in the consolidated statement of financial position

At the year end date, the Group's financial instruments that are measured subsequent to initial recognition at fair value, are categorised as Level 1 fair value measurements based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
Available-for-sale investments (Level 1)	350,217	468,449

29. OPERATING LEASE COMMITMENTS

The Group as lessee

At the year end date, the Group was committed to make future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2014	2013
	HK\$'000	HK\$'000
Within one year	14,753	15,132
In the second to fifth year inclusive	9,509	22,755
	24,262	37,887

Leases are negotiated for an average term of three years and rentals are fixed throughout the lease period.

The Group as lessor

Rental income, including those from data centre and properties holding, earned during the year was HK\$535,569,000 (2013: HK\$484,173,000). All of the properties held have committed tenants for one to nine years (2013: one to ten years).

At the year end date, the Group had contracted with tenants for the following future minimum lease payments:

	2014	2013
	HK\$'000	HK\$'000
Within one year	361,608	333,949
In the second to fifth year inclusive	692,687	622,620
Over five years	213,041	237,873
	1,267,336	1,194,442

Notes to the Financial Statements

For the year ended 30 June 2014

30. CAPITAL COMMITMENTS

	THE GROUP	
	2014	2013
	HK\$'000	HK\$'000
At the year end date:		
Capital expenditure in respect of acquisition of plant and equipment contracted for but not provided in the financial statements	222	17,181
Capital expenditure in respect of development of construction in progress contracted for but not provided in the financial statements	39,447	–

31. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme for all its qualifying employees in Hong Kong. The MPF Scheme is registered with the Hong Kong Mandatory Provident Fund Scheme Authority in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, the Group and its employees are both required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to the income statement as incurred.

In addition, the Group also participates in a defined contribution retirement benefit scheme which is operated by the SHKP Group for all qualifying employees. The assets of this scheme are held separately from those of the SHKP Group which are independently managed and administered in funds. Contributions to this scheme are made by both the Group and employees at rates ranging from 5% to 10% on the employees' salaries.

During the year, the retirement benefit scheme contributions incurred by the Group amounted to HK\$2,316,000 (2013: HK\$2,276,000), after forfeited contributions of HK\$62,000 (2013: HK\$16,000).

32. CONTINGENT LIABILITIES

THE COMPANY

At the year end date, the Company has contingent liabilities in respect of guarantees for general banking facilities utilised by group subsidiaries and other performance guarantees in the aggregate of HK\$63,845,000 (2013: HK\$63,634,000).

Notes to the Financial Statements

For the year ended 30 June 2014

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2014 and 2013 are as follows:

Name of subsidiary	Issued and fully paid share capital	Attributable equity interest held by the Company	Principal activities
iAdvantage Limited*	Ordinary shares – HK\$2 Non-voting deferred shares – HK\$2	100%	Data centre services provision and operation
SUNeVision Super e-Technology Services Limited*	Ordinary shares – HK\$2 Non-voting deferred shares – HK\$2	100%	Design, installation, operation, laying, cabling of SMATV/CABD and security surveillance system, and building access, voice, data, power supply systems and network, and other infrastructure networks, and provision of related repair and maintenance services
Riderstrack Development Limited	US\$1	100%	Property holding
Splendid Sharp Limited*	Ordinary shares – HK\$2 Non-voting deferred shares – HK\$2	100%	Property holding
SUNeVision Super e-Network Limited*	Ordinary shares – HK\$2 Non-voting deferred shares – HK\$2	100%	Provision of IT and optical fibre network and related maintenance services
Cherington Assets Limited	US\$1	100%	Holding of trademark
Express Spirit Investment Limited	US\$1	100%	Provision of treasury services
Huge Profit Investments Ltd.	US\$7	100%	Investment holding
SUNeVision Investments Limited	US\$5	100%	Investment holding
SUNeVision (Management Services) Limited*	HK\$2	100%	Provision of management services
SUNeVision Reinsurancemall Limited*	HK\$2	100%	Operation of an internet reinsurance platform
SUNeVision Secretarial Services Limited*	HK\$2	100%	Provision of company secretary services
Top Merchant Investments Limited	US\$1	100%	Property holding
Wealth Up Development Limited*	HK\$1	100%	Property holding
Weelek Company Limited*	Ordinary shares – HK\$762,000,200 Non-voting deferred shares – HK\$200	100%	Property holding

Notes:

- (i) Other than Huge Profit Investments Ltd., all subsidiaries are held by the Company indirectly.
- (ii) All subsidiaries were incorporated in the British Virgin Islands, except those identified with "*" which were incorporated in Hong Kong.
- (iii) Unless otherwise stated, the issued and fully paid share capital of the subsidiaries are ordinary shares.
- (iv) The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any of the respective companies' general meetings or to participate in any distribution on their winding up.
- (v) All subsidiaries are private limited companies with their principal place of operation in Hong Kong.

The above table lists the subsidiaries which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

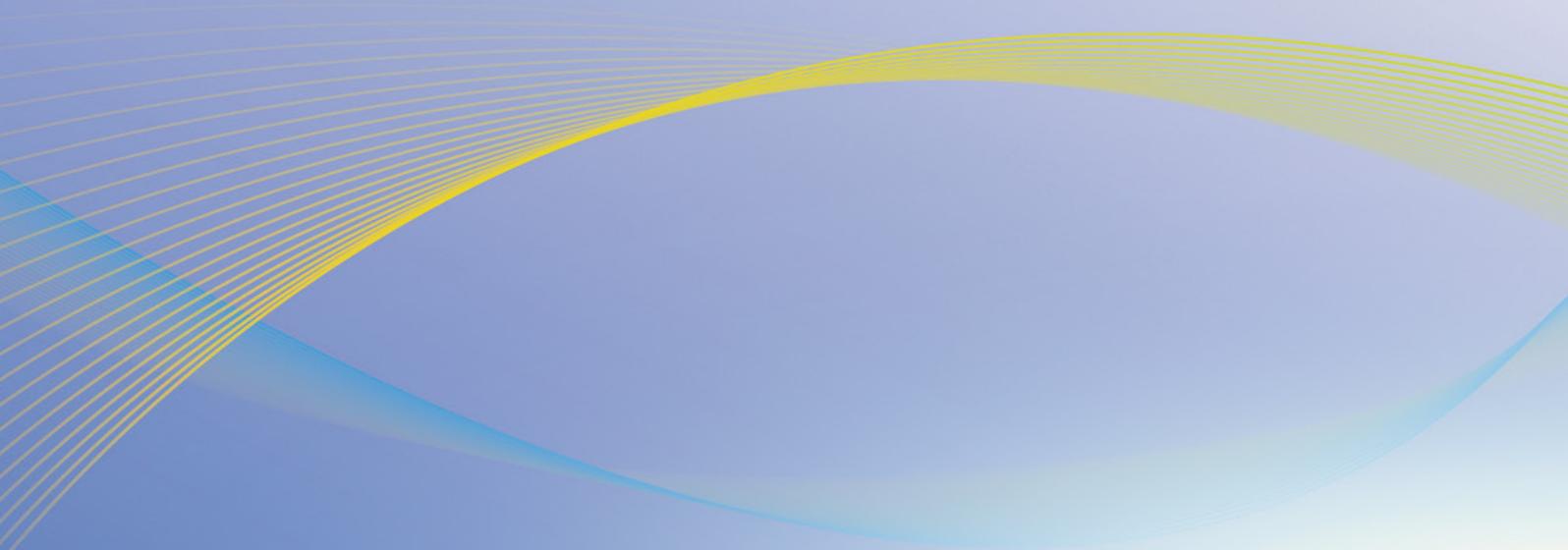
None of the subsidiaries had any debt securities outstanding at the year end date or at any time during the year.

Particulars of Properties Held by the Group

At 30 June 2014

Particulars	Use	Lease term	Lot no.
Land and buildings			
MEGA-iAdvantage 399 Chai Wan Road and 1 Sun Yip Street Chai Wan Hong Kong	Industrial/office building(s)	Long term (Note)	Inland Lot No. 30
Units 1 to 19 on Level 36 Standard Chartered Tower Millennium City 1 388 Kwun Tong Road Kwun Tong Kowloon	Other specified uses	Medium term	Inland Lot No. 733
JUMBO-iAdvantage 145–159 Yeung Uk Road Tsuen Wan New Territories	Industrial	Medium term	Lot No. 476 in Demarcation District No. 443
Wan Po Road Area 85 Tseung Kwan O New Territories	High-tier data centre	Medium term	Tseung Kwan O Town Lot No. 122
Investment properties			
Units 1 to 19 on Levels 31 to 33, 35 and 37, Standard Chartered Tower Millennium City 1 388 Kwun Tong Road Kwun Tong Kowloon	Other specified uses	Medium term	Inland Lot No. 733
24 units in Kodak House II 39 Healthy Street East North Point Hong Kong	Commercial	Long term	Inland Lot No. 705 and the Extension thereto

Note: The property is held from the Government for a term of 75 years from 1 January 1963 renewable for a further term of 75 years.



SUNeVision Holdings Ltd.
新意網集團有限公司

MEGATOP, MEGA-iAdvantage
399 Chai Wan Road
Chai Wan, Hong Kong

www.sunevision.com