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SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1686)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

HIGHLIGHTS

- On 22 January 2018, SUNeVision successfully transferred the listing of its shares to the Main Board of the Hong Kong Stock Exchange. The transfer of listing is expected to enhance the Company's reputation and attract a broader investor base, which will be beneficial to the Company's next horizon of growth.
- SUNeVision and its subsidiaries (the "Group") maintained its growth momentum during the first half of the 2017/18 financial year with profit attributable to owners of the Company of HK\$392.2 million for the six months ended 31 December 2017, an increase of 45% over the same period last year. The underlying profit attributable to owners of the Company (excluding the effect of other gains) was HK\$299.0 million, an increase of HK\$29.3 million, 11% over the same period last year.
- Revenue for the period was HK\$641.4 million, up 15% over the same period last year. This was principally due to increased revenues attributable to the revenue from our newly opened MEGA Plus, as well as new customers and rental reversion of existing customers at other data centre sites.
- Gross profit for the period increased to HK\$380.6 million, with gross margin at 59%. Cost of sales for the period rose by HK\$42.2 million to HK\$260.8 million, largely due to higher operating costs and depreciation charges for new data centre.
- Operating expenditures for the period increased to HK\$39.4 million. This was mainly due to expanded sales and marketing resources, including various marketing activities for the new data centre capacities, as well as the legal and professional fees incurred for the transfer of listing from the Growth Enterprise Market to Main Board.
- Other gains for the period were HK\$93.2 million, mainly due to the increase in fair value of investment properties.
- EBITDA for the period increased by 13% from HK\$362.2 million to HK\$410.3 million. In particular, EBITDA from the data centre business for the period increased 15% from HK\$331.9 million to HK\$381.2 million.
- The Group's cash and interest-bearing securities on hand as of 31 December 2017 amounted to approximately HK\$683.1 million, while long-term bank borrowing came to HK\$1,431.3 million. The gearing as of 31 December 2017, calculated as net borrowing to shareholders' funds, was 25%.

Results for the six months ended 31 December 2017

	Jul to Dec 2017 <i>HK\$'M</i>	Jul to Dec 2016 <i>HK\$'M</i>
Revenue	<u>641.4</u>	<u>557.3</u>
Gross profit	380.6	338.7
Other income	15.9	17.9
Operating expenditures *	<u>(39.4)</u>	<u>(33.4)</u>
Profit from operations	357.1	323.2
Other gains	<u>93.2</u>	<u>-</u>
Profit before taxation	450.3	323.2
Income tax expense	<u>(58.1)</u>	<u>(51.8)</u>
Profit for the period	<u>392.2</u>	<u>271.4</u>
Attributable to:		
Owners of the Company	392.2	269.7
Non-controlling interests	<u>-</u>	<u>1.7</u>
	<u>392.2</u>	<u>271.4</u>
 EBITDA		
Data centre business	381.2	331.9
Other businesses	<u>29.1</u>	<u>30.3</u>
	<u>410.3</u>	<u>362.2</u>

* Selling, general and administrative expenses

CHAIRMAN'S STATEMENT

On 22 January 2018, SUNeVision successfully transferred the listing of its shares to the Main Board of the Hong Kong Stock Exchange. The transfer of listing is expected to enhance the Company's reputation and attract a broader investor base, which will be beneficial to the Company's next horizon of growth.

The Group attained a profit attributable to owners of the Company of HK\$392.2 million for the six months ended 31 December 2017 during the 2017/18 financial year, an increase of 45% over the same period last year. The underlying profit attributable to owners of the Company (excluding the effect of other gains) was HK\$299.0 million, an increase of HK\$29.3 million or 11%.

Revenue for the period rose 15% to HK\$641.4 million, principally due to increased revenue from the Group's data centre operations. This increase was attributable to revenue from our newly opened MEGA Plus, the Group's new data centre in Tseung Kwan O, as well as new customers and rental reversions of existing customers at other data centres. Cost of sales for the period increased 19% to HK\$260.8 million, largely due to higher operating costs and depreciation charges due to the opening of MEGA Plus. Gross profit amount rose 12% to HK\$380.6 million with gross margin for the period at 59%.

Operating expenditure for the period increased from HK\$33.4 million to HK\$39.4 million. This was mainly due to expanded sales and marketing resources, including various marketing activities for new data centre capacities, as well as the legal and professional fees incurred for the transfer of listing from the GEM to Main Board.

Other gains for the period were HK\$93.2 million, mainly due to the increase in fair value of investment properties.

EBITDA for the period increased by 13% from HK\$362.2 million to HK\$410.3 million. In particular, EBITDA from the data centre business for the period increased 15% from HK\$331.9 million to HK\$381.2 million.

The Group's financial position remained healthy with approximately HK\$683.1 million in cash and interest-bearing securities on hand as of 31 December 2017, and a long-term bank borrowing of HK\$1,431.3 million. The Group had approximately HK\$893.6 million in net borrowing due to the planned capital expenditure for new data centre capacities. The gearing as of 31 December 2017, calculated as net borrowing to shareholders' funds, was 25%.

Looking ahead, the Group's focus is on growth, securing new business within our existing data centre facilities, now enhanced by the completion of MEGA Plus.

MEGA Plus is the first purpose-built facility on land designated for data centre use by the Hong Kong Government, and was acquired through an open tender at the market rate. This designation distinguishes the site from neighbouring data centres in the Tseung Kwan O Industrial Estate, which are built on subsidized land. Such subsidized land carries many restrictions on usage, including prohibitions against subletting, and tenants do not enjoy "exclusive access" to the premises. The location of MEGA Plus is designed to provide diversity of access, security and resilience which are key requirements of customers. These aspects position MEGA Plus as a superior location compared to all other data centre facilities within Tseung Kwan O Industrial Estate. Feedback on the facility has been excellent, and several multi-national anchor customers have already moved in, including a major global cloud player.

For Mega-i, our flagship, we are upgrading the facility to cater for customer demand and changing needs. For Mega Two, the revitalization of the entire facility into a dedicated centre is already complete, with good feedback from customers. On 3 January 2018, the Group successfully won a government tender for a piece of land at Tsuen Wan. This will add another approximately 200,000 square foot to the portfolio, in a district where the Group historically has less capacity to offer. All these initiatives ensure the Group will have good capacities to serve our customers effectively.

The Group recognizes that sustainable success depends on state-of-the-art facilities offering a high level of availability, connectivity and diversity as well as security. During this period, the Group has upgraded its facilities to meet these requirements. The Group is pleased to have received during 2017, several prestigious data centre awards from Computerworld Hong Kong. Like the Group's parent Sun Hung Kai Properties, the Group will continue its pursuit of service excellence.

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

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 8 February 2018

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group reported its unaudited results for the first half of the 2017/18 financial year with HK\$392.2 million in profit attributable to owners of the Company, an increase of HK\$122.5 million over the same period last year.

BUSINESS REVIEW

iAdvantage

iAdvantage secured new contracts from a leading global cloud service provider for MEGA Plus and MEGA Two, which will be the main infrastructure for its expansion across the region. At the same time, iAdvantage continued to work on various major expansion and enhancement projects to maintain its market position as a major carrier-neutral data centre service operator in Hong Kong.

The MEGA Plus flagship facility is now in operation and two anchor customers have already moved in. Fitting-out works for other customers continued apace during the period. The facility is designed and built with high flexibility catering to different needs in term of resilience and power density of various high growth customer segments. It meets environmental requirements with high-efficiency power usage to achieve best-in-class energy saving. MEGA Plus is also the only data centre built on dedicated land in Tseung Kwan O without any restrictions on land use such as subletting. This distinguishes the site from the neighbouring data centres in the Tseung Kwan O Industrial Estate, which are built on subsidized land that prohibit any form of subletting.

The transformation of the entire MEGA Two facility into a dedicated data centre building has been completed, and has proven to be a strong attraction for customers with high standards for mission critical operations.

The upgrading of the flagship MEGA-i facility, one of the most highly regarded data centres and connectivity hubs in the region, is well underway. It will enhance power capacity and density as well as connectivity to meet increasing demands from new and existing customers.

In addition to investing in the expansion of new capacity, continuous developments have been made at JUMBO to enable the Group to cater for customers' growing needs. In order to enhance the resilience of our data centres and provide the cost effective services to our customers, the Group is making a substantial investment in fibre to interconnect our data centre sites.

Super e-Technology

Super e-Technology secured contracts for the installation of security surveillance, SMATV and IT systems totalling approximately HK\$24 million during the first half of the 2017/18 financial year.

Super e-Technology maintains a positive outlook for the security surveillance and SMATV sectors for the second half of the financial year and is constantly pursuing opportunities to expand its service offerings.

Super e-Network

Super e-Network continues to seek new business providing wireless LAN infrastructure in shopping malls and related value-added services. It will continue expanding its broadband deployment and Wi-Fi services to different sectors.

INVESTMENT

The Group maintained its prudent approach to financial management. At the same time, it is also committed to continued investment in existing and new infrastructure to enhance further business development. It is expected that the latest acquisition of the Tsuen Wan Town Lot No. 428 will support the Group's business growth, which will enhance the Group's income base in the long term.

OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group practises prudent financial management and has a healthy balance sheet with ample financial resources. The Group's cash and interest-bearing securities on hand as of 31 December 2017 amounted to approximately HK\$683.1 million, while it had a long-term bank borrowing of HK\$1,431.3 million. As a result, the Group had approximately HK\$893.6 million in net borrowing due to higher planned capital expenditure during the period. The gearing as of 31 December 2017, calculated as net borrowing to shareholders' funds, was 25%.

As of 31 December 2017, the Group had no contingent liability while the Company had an aggregate of HK\$1,462.9 million contingent liabilities in respect of guarantees for general banking facilities utilized by the Group subsidiaries and other guarantees.

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. The Group had not pledged any of its assets as of 31 December 2017 and there was no material acquisition or disposal of subsidiaries or affiliated companies during the period under review.

EMPLOYEES

The Group had 241 full-time employees as of 31 December 2017. The Group is keen to motivate and retain talent and continues to offer abundant career progression opportunities for staff retention and motivation. Periodical compensation reviews are conducted to ensure competitiveness in the employment market. Payroll costs increased during the period as the Group expanded its footprint of data centres, but the Group believes these are worthwhile investments. Various engagement initiatives were also implemented to enhance staff communication and team spirit.

Other remuneration and benefits, including medical coverage and provident fund contributions, remained at competitive levels. Various training and development opportunities continued to be offered to enhance employee capabilities to meet the growth in business. The Group also operates a share-option scheme and granted share options to selected directors and employees to recognize their significant contributions.

Consolidated Income Statement

For the six months ended 31 December 2017

	NOTES	Six months ended 31 December	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	641,365	557,272
Cost of sales		(260,788)	(218,563)
Gross profit		380,577	338,709
Other income	4	15,885	17,863
Selling expenses		(11,595)	(7,555)
Administrative expenses		(27,792)	(25,804)
		357,075	323,213
Other gains	5	93,164	-
Profit before taxation		450,239	323,213
Income tax expense	6	(58,065)	(51,791)
Profit for the period	7	392,174	271,422
Attributable to:			
Owners of the Company		392,174	269,670
Non-controlling interests		-	1,752
		392,174	271,422
Earnings per share based on profit attributable to owners of the Company (reported earnings per share) Basic (Remark (i))	9(a)	9.70 cents	6.67 cents
Diluted (Remarks (i) and (ii))		9.68 cents	6.66 cents
Earnings per share excluding the effect of other gains (underlying earnings per share) Basic (Remark (i))	9(b)	7.40 cents	6.67 cents
Diluted (Remarks (i) and (ii))		7.38 cents	6.66 cents

Remarks:

- (i) Upon completion of the bonus issue of shares (with a convertible note ("Convertible Note(s)", which were constituted by the deed poll dated 25 November 2010) alternative) on 25 November 2010, the Company had 2,342,675,478 ordinary shares in issue and outstanding Convertible Notes which could be converted into 1,720,292,188 fully paid ordinary shares, representing a total of 4,062,967,666 ordinary shares which form the basis for the calculation of basic and diluted earnings per share. Adjustments are made in respect of shares repurchased.
- (ii) The calculation of diluted earnings per share for the six months ended 31 December 2017 has been taken into account of weighted average number of potential ordinary shares of 7,681,282 (2016: 4,132,791) shares in existence arising from the share options granted on 8 March 2016.

Details of earnings per share calculation and the Company's share capital are set out in notes 9 and 13 respectively.

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2017

	Six months ended 31 December	
	<u>2017</u> HK\$'000 (unaudited)	<u>2016</u> HK\$'000 (unaudited)
Profit for the period	<u>392,174</u>	<u>271,422</u>
Other comprehensive (expense) income for the period		
Items that may be reclassified subsequently to the consolidated income statement:		
Change in fair value of available-for-sale investments	(1,067)	(4,360)
Exchange differences arising from translation of operations outside Hong Kong	<u>(9)</u>	<u>7</u>
	<u>(1,076)</u>	<u>(4,353)</u>
Total comprehensive income for the period	<u><u>391,098</u></u>	<u><u>267,069</u></u>
Total comprehensive income attributable to:		
Owners of the Company	<u>390,572</u>	<u>265,882</u>
Non-controlling interests	<u>526</u>	<u>1,187</u>
	<u><u>391,098</u></u>	<u><u>267,069</u></u>

Consolidated Statement of Financial Position

At 31 December 2017

	<u>NOTES</u>	31 December 2017 HK\$'000 (unaudited)	30 June 2017 HK\$'000 (audited)
Non-current assets			
Investment properties		1,615,000	1,527,000
Property, plant and equipment		3,593,098	3,071,660
Investments		99,834	144,651
Deposit paid for tender of land		25,000	-
		<u>5,332,932</u>	<u>4,743,311</u>
Current assets			
Investments		49,242	142,353
Inventories		12,418	9,499
Trade and other receivables	10	171,587	125,681
Amounts due from customers for contract works		7,908	8,599
Bank balances and deposits		537,738	604,303
		<u>778,893</u>	<u>890,435</u>
Current liabilities			
Trade and other payables	11	839,918	616,521
Deferred revenue		34,564	34,769
Tax payables		40,443	86,691
		<u>914,925</u>	<u>737,981</u>
Net current (liabilities) assets		<u>(136,032)</u>	<u>152,454</u>
Total assets less current liabilities		<u>5,196,900</u>	<u>4,895,765</u>
Non-current liabilities			
Deferred tax liabilities		137,021	98,414
Deferred revenue		91,414	101,947
Bank borrowing	12	1,431,333	996,458
		<u>1,659,768</u>	<u>1,196,819</u>
		<u>3,537,132</u>	<u>3,698,946</u>
Capital and reserves			
Share capital	13	232,272	232,261
Reserve arising from issuance of convertible notes	13	172,002	172,003
Other reserves		3,117,770	3,280,120
Equity attributable to owners of the Company		<u>3,522,044</u>	<u>3,684,384</u>
Non-controlling interests		15,088	14,562
Total equity		<u>3,537,132</u>	<u>3,698,946</u>

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2017

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Reserve arising from issuance of convertible notes HK\$'000 (Note)	Share option reserve HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2017 (audited)	232,261	2,315,904	172,003	3,873	2,517	3,303	954,523	3,684,384	14,562	3,698,946
Profit for the period	-	-	-	-	-	-	392,174	392,174	-	392,174
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	(535)	-	-	(535)	526	(9)
Change in fair value of available-for-sale investments	-	-	-	-	-	(1,067)	-	(1,067)	-	(1,067)
Total comprehensive income for the period	-	-	-	-	(535)	(1,067)	392,174	390,572	526	391,098
Exercise of share options (note 13)	10	276	-	(41)	-	-	-	245	-	245
Conversion of Convertible Notes (note 13)	1	-	(1)	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	697	-	-	-	697	-	697
Final dividend and distribution paid (note 8)	-	-	-	-	-	-	(553,854)	(553,854)	-	(553,854)
At 31 December 2017 (unaudited)	232,272	2,316,180	172,002	4,529	1,982	2,236	792,843	3,522,044	15,088	3,537,132

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Reserve arising from issuance of convertible notes HK\$'000 (Note)	Share option reserve HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2016 (audited)	232,237	2,315,239	172,003	1,100	2,374	8,245	834,064	3,565,262	13,071	3,578,333
Profit for the period	-	-	-	-	-	-	269,670	269,670	1,752	271,422
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	572	-	-	572	(565)	7
Change in fair value of available-for-sale investments	-	-	-	-	-	(4,360)	-	(4,360)	-	(4,360)
Total comprehensive income for the period	-	-	-	-	572	(4,360)	269,670	265,882	1,187	267,069
Conversion of Convertible Notes (note 13)	-	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	1,443	-	-	-	1,443	-	1,443
Final dividend and distribution paid (note 8)	-	-	-	-	-	-	(509,342)	(509,342)	-	(509,342)
At 31 December 2016 (unaudited)	232,237	2,315,239	172,003	2,543	2,946	3,885	594,392	3,323,245	14,258	3,337,503

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. This reserve balance represented the aggregate amount of the Convertible Notes outstanding at the period end. The Convertible Notes in the amount of HK\$500.00 (2016: HK\$50.00) were exercised and converted into 5,000 (2016: 500) ordinary shares by noteholders during the six months ended 31 December 2017. As a result, the Convertible Notes in the amount of HK\$172,001,883.30 (2016: HK\$172,002,633.30) remained outstanding as at 31 December 2017.

The Convertible 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 Convertible Notes. The Convertible 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 Convertible Notes, subject to the terms and conditions of the deed poll constituting the Convertible Notes. The Convertible Notes were recognised as equity and are presented in reserves as "reserve arising from issuance of convertible notes".

Notes to the Condensed Interim Financial Statements

For the six months ended 31 December 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies adopted in the condensed consolidated financial statements for the six months ended 31 December 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2017.

In the current interim period, the Group has applied, for the first time, the following new amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, and are mandatorily effective for the Group’s financial year beginning 1 July 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle

The application of the above new amendments to HKFRSs in the current interim period has had no material impact on these condensed consolidated financial statements.

The application of Amendments to HKAS 7 “Disclosure Initiative” will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided in the consolidated financial statements for the year ending 30 June 2018 on application.

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

3. SEGMENT INFORMATION

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' emoluments, increase in fair value of an investment at fair value through profit or loss, interest income and investment income. 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 and value added services.
- (b) Satellite master antenna television ("SMATV"), communal aerial broadcast distribution ("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.

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 six months ended 31 December 2017

	<u>Data centre and IT facilities</u> HK\$'000	<u>SMATV, CABD, structural cabling and security systems</u> HK\$'000	<u>Properties holding</u> HK\$'000	<u>Elimination</u> HK\$'000	<u>Consolidated total</u> HK\$'000
REVENUE					
External	524,336	86,210	30,819	-	641,365
Inter-segment	-	187	1,116	(1,303)	-
Total	<u>524,336</u>	<u>86,397</u>	<u>31,935</u>	<u>(1,303)</u>	<u>641,365</u>
RESULTS					
Segment results	<u>317,827</u>	<u>14,681</u>	<u>112,588</u>	-	445,096
Unallocated corporate expenses					(11,392)
Increase in fair value of an investment at fair value through profit or loss					5,164
Interest income					11,229
Investment income					<u>142</u>
Profit before taxation					<u>450,239</u>

3. SEGMENT INFORMATION - continued

Segment revenue and results - continued

For the six months ended 31 December 2016

	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	455,942	71,053	30,277	-	557,272
Inter-segment	513	176	1,206	(1,895)	-
Total	<u>456,455</u>	<u>71,229</u>	<u>31,483</u>	<u>(1,895)</u>	<u>557,272</u>
RESULTS					
Segment results	<u>281,764</u>	<u>11,624</u>	<u>24,483</u>	<u>-</u>	317,871
Unallocated corporate expenses					(12,008)
Interest income					12,534
Investment income					<u>4,816</u>
Profit before taxation					<u>323,213</u>

Inter-segment sales are charged at prevailing market rates.

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.

4. OTHER INCOME

	Six months ended 31 December	
	<u>2017</u> HK\$'000	<u>2016</u> HK\$'000
Interest income	11,229	12,534
Investment income	142	4,816
Miscellaneous	<u>4,514</u>	<u>513</u>
	<u>15,885</u>	<u>17,863</u>

5. OTHER GAINS

	Six months ended 31 December	
	<u>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
Increase in fair value of investment properties	88,000	-
Increase in fair value of an investment at fair value through profit or loss	<u>5,164</u>	<u>-</u>
	<u>93,164</u>	<u>-</u>

6. INCOME TAX EXPENSE

	Six months ended 31 December	
	<u>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
Current tax		
- Hong Kong Profits Tax	19,458	49,097
Deferred tax charge	<u>38,607</u>	<u>2,694</u>
	<u>58,065</u>	<u>51,791</u>

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the period.

7. PROFIT FOR THE PERIOD

	Six months ended 31 December	
	<u>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	64,453	51,498
Interest on bank borrowing	7,515	3,400
Other finance costs	4,875	1,250
Less: amounts capitalised	<u>(12,390)</u>	<u>(4,650)</u>
Total finance costs	<u>-</u>	<u>-</u>

8. DIVIDENDS

During the period, a final dividend of HK\$13.70 cents per share in respect of the year ended 30 June 2017 (2016: HK\$12.60 cents per share in respect of the year ended 30 June 2016) was declared and paid to the owners and convertible noteholders of the Company. The aggregate amount of the final dividend declared and paid in the period amounted to HK\$553,854,000 (2016: HK\$509,342,000).

The board of Directors does not recommend the payment of an interim dividend for the six months ended 31 December 2017 (2016: Nil).

9. EARNINGS PER SHARE

(a) Reported earnings per share

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

	Six months ended 31 December	
	<u>2017</u> HK\$'000	<u>2016</u> HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>392,174</u>	<u>269,670</u>
	<u>2017</u> Number of shares	<u>2016</u> Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,042,683,699	4,042,399,666
Effect of dilutive potential ordinary shares: Share options	<u>7,681,282</u>	<u>4,132,791</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,050,364,981</u>	<u>4,046,532,457</u>

For the purposes of basic and diluted 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 13.

Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the six months ended 31 December 2017 and 2016.

9. EARNINGS PER SHARE - continued

(b) Underlying earnings per share

For the purpose 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\$299,010,000 (2016: HK\$269,670,000), excluding the effect of other gains. A reconciliation of profit is as follows:

	Six months ended 31 December	
	<u>2017</u> HK\$'000	<u>2016</u> HK\$'000
Profit attributable to owners of the Company as shown in the consolidated income statement	392,174	269,670
Other gains (note 5)	<u>(93,164)</u>	<u>-</u>
Underlying profit attributable to owners of the Company	<u>299,010</u>	<u>269,670</u>

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

10. TRADE AND OTHER RECEIVABLES

	31 December	30 June
	<u>2017</u> HK\$'000	<u>2017</u> HK\$'000
Trade receivables	82,316	64,071
Less: allowance for doubtful debts	<u>(878)</u>	<u>(878)</u>
	81,438	63,193
Other receivables, prepayments and deposits	<u>90,149</u>	<u>62,488</u>
	<u>171,587</u>	<u>125,681</u>

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

	31 December	30 June
	<u>2017</u> HK\$'000	<u>2017</u> HK\$'000
0 - 60 days	73,893	52,738
61 - 90 days	2,910	3,455
> 90 days	<u>4,635</u>	<u>7,000</u>
	<u>81,438</u>	<u>63,193</u>

11. TRADE AND OTHER PAYABLES

	31 December 2017 HK\$'000	30 June 2017 HK\$'000
Trade payables aged within 60 days	13,921	56,557
Trade payables aged over 60 days	322	-
Other payables	62,266	33,168
Deposits received and accruals	<u>763,409</u>	<u>526,796</u>
	<u>839,918</u>	<u>616,521</u>

12. BANK BORROWING

During the period, the Group obtained another long-term banking facility of HK\$2,000,000,000 to refinance its existing unsecured bank loan and to fund various existing data centre projects. At 31 December 2017, the carrying amount of the Group's unsecured bank loan amounted of approximately HK\$1,431,333,000 (30 June 2017: HK\$996,458,000). The loan carries interest at the Hong Kong Interbank Offered Rate plus a specific margin (30 June 2017: Hong Kong Interbank Offered Rate plus a specific margin) and is wholly repayable in August 2022 (30 June 2017: December 2018). Subsequent to the reporting period, the Group has further drawn down HK\$550,000,000 from the banking facility.

13. SHARE CAPITAL

	<u>Number of ordinary shares</u>	<u>Amount HK\$'000</u>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2016, 30 June 2017 and 31 December 2017	<u>10,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 1 July 2016	2,322,372,833	232,237
Conversion of Convertible Notes (Note (i))	3,000	-
Exercise of share options	<u>241,000</u>	<u>24</u>
At 30 June 2017	2,322,616,833	232,261
Conversion of Convertible Notes (Note (i))	5,000	1
Exercise of share options (Note (ii))	<u>100,000</u>	<u>10</u>
At 31 December 2017	<u>2,322,721,833</u>	<u>232,272</u>

13. SHARE CAPITAL - continued

Notes:

- (i) 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 of the Company 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 of the Company 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.

During the six months ended 31 December 2017, Convertible Notes in the amount of HK\$500.00 were exercised and converted into 5,000 ordinary shares of the Company.

	Number of fully paid ordinary shares to be issued (issued) upon conversion	<u>Amount</u> HK\$'000
At 1 July 2016	1,720,026,833	172,003
Conversion of Convertible Notes	<u>(3,000)</u>	<u>-</u>
At 30 June 2017	1,720,023,833	172,003
Conversion of Convertible Notes	<u>(5,000)</u>	<u>(1)</u>
At 31 December 2017	<u>1,720,018,833</u>	<u>172,002</u>

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,042,740,666 (30 June 2017: 4,042,640,666) 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.

- (ii) During the six months ended 31 December 2017, 100,000 shares were issued on exercise of share options.

DIVIDEND

The board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 31 December 2017 (2016: Nil).

INTERESTS IN COMPETING BUSINESS

Professor Li On-kwok, Victor (“Professor Li”), an Independent Non-Executive Director, 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.

Professor Li is a co-founder and a director of Accosys Limited (now known as Fano Labs Limited), which is a spin-off from The University of Hong Kong and an artificial intelligence company building multilingual virtual customer assistant for large enterprises, with primary clients being mostly leaders in the utility industry and property development industry. Professor Li also serves as a director of Versitech Limited, a non-profit making company and the commercial arm of The University of Hong Kong, which negotiates, executes and manages commercial business contracts and agreements on behalf of The University of Hong Kong. He is also an alternate director of the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies, a research centre founded with funding from the Hong Kong Government and hosted by three universities in Hong Kong, which supports and performs applied research related to logistics and supply chain management. Professor Li was also an independent non-executive director of Anxin-China Holdings Limited (stock code: 1149) (“Anxin-China”) and resigned from such position on 1 October 2015. Anxin China is an integrated solutions provider, services operator and equipment manufacturer of intelligent surveillance, disaster alert and rescue coordination systems and intelligent safety systems.

Given the difference in nature of the businesses operated by the Group and those of the aforesaid institutions and companies, during the six months ended 31 December 2017, none of the above institutions and companies are in any direct competition with the Group.

Save as disclosed above, none of the Directors or the controlling shareholders of the Company or their respective close associates (as defined in the Rules Governing the Listing of Securities (the “GEM Listing Rules”) on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)) have any business or interest which competes or may compete with the business of the Group or any other conflicts of interest with the Group during the six months ended 31 December 2017.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2017 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements will be set out in the 2017/18 interim report.

AUDIT COMMITTEE

The Audit Committee has four members comprising three Independent Non-Executive Directors, Mr. Wong Kai-man (Chairman of the Committee), Professor Li On-kwok, Victor and Professor King Yeo-chi, Ambrose, and one Non-Executive Director, Mr. Cheung Wing-yui, with written terms of reference in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Main Board Listing Rules”). The Audit Committee has reviewed the interim results for the six months ended 31 December 2017 and has provided advice and comments thereon.

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

During the six months ended 31 December 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 31 December 2017, the Group has complied with the code provisions in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules, except that the Chairman of the Board was unable to attend the annual general meeting of the Company held on 31 October 2017 due to other commitment.

REGULAR PUBLICATION OF RESULTS

After the transfer of listing of the shares of the Company from the GEM to the Main Board of the Stock Exchange on 22 January 2018, the Company will not continue with the quarterly reporting of financial results and will follow the relevant requirements under the Main Board Listing Rules as regards publication of its interim and annual results within 2 months and 3 months from the end of the relevant periods or financial year ends respectively. The Board is of the view that the investors and the shareholders of the Company will continue to have access to relevant information on the Company pursuant to the reporting requirements under the Main Board Listing Rules.

By order of the Board
SUNEVISION HOLDINGS LTD.
Lee Kok-ming
Company Secretary

Hong Kong, 8 February 2018

As at the date of this announcement, the Board comprises three Executive Directors, being Kwok Ping-luen, Raymond, Yan King-shun, Peter and Tung Chi-ho, Eric; six Non-Executive Directors, being Cheung Wing-yui, Fung Yuk-lun, Allen, Kwok Kai-wang, Christopher, David Norman Prince, Siu Hon-wah, Thomas and Chan Hong-ki, Robert; and five Independent Non-Executive Directors, being Li On-kwok, Victor, King Yeo-chi, Ambrose, Wong Kai-man, Kwok Kwok-chuen and Lee Wai-kwong, Sunny.