



SUNeVision Holdings Ltd.

新意網集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

*(於開曼群島註冊成立之有限公司)*

Stock Code 股份代號 : 8008



2017-2018

First Quarterly Report  
第一季度業績報告

Results for the three months ended 30 September 2017  
截至2017年9月30日止三個月業績

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")**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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, 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.

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### **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](http://www.sunevision.com) and the GEM website at [www.hkgem.com](http://www.hkgem.com).

If 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](mailto: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](mailto: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).

## HIGHLIGHTS

- SUNeVision continued to grow as it entered the 2017/18 financial year. It generated HK\$154.6 million in profit attributable to owners of the Company for the quarter ended 30 September 2017, an increase of 16% over the same quarter last year.
- Revenue for the quarter was HK\$312.5 million, a 14% growth over the same quarter last year. This was largely due to increased revenues from the Group's data centre operations.
- Gross profit for the quarter increased to HK\$186.9 million, with gross margin for the quarter at 60%. Cost of sales for the quarter rose by HK\$18.6 million to HK\$125.6 million. This was mainly due to higher operating costs and depreciation charge for new data centre.
- Operating expenditure for the quarter increased to HK\$20.1 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 in relation to the proposed transfer of listing from GEM to the Main Board announced by the Company on 19 September 2017.
- Other gain for the quarter was HK\$9.1 million, being the increase in fair value of a securities investment.
- The Group's cash and interest-bearing securities on hand as of 30 September 2017 amounted to approximately HK\$840.9 million, while it had long-term bank borrowing of HK\$980.3 million. The gearing as of 30 September 2017 calculated as net borrowing to shareholders' funds remained low at 8%.

	Jul to Sep 2017 <i>HK\$'M</i>	Jul to Sep 2016 <i>HK\$'M</i>
Revenue	<b>312.5</b>	275.0
Gross profit	<b>186.9</b>	168.0
Other income	<b>7.0</b>	6.1
Operating expenditure*	<b>(20.1)</b>	(15.5)
Profit from operations	<b>173.8</b>	158.6
Other gain	<b>9.1</b>	–
Profit before taxation	<b>182.9</b>	158.6
Income tax expense	<b>(28.3)</b>	(25.7)
Profit for the period attributable to owners of the Company	<b>154.6</b>	132.9

\* Selling, general and administrative expenses

## Chairman's Statement

SUNeVision maintained its growth momentum as it started the 2017/18 financial year, reporting HK\$154.6 million in profit attributable to owners of the Company for the quarter ended 30 September 2017, an increase of 16% over the same quarter last year.

Revenue for the quarter rose 14% to HK\$312.5 million, largely attributable to increased revenues from the Group's data centre operations. This increase came from revenues 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 centers. Cost of sales increased 17% to HK\$125.6 million during the quarter, mainly because of higher operating costs and depreciation charge for the new data centre. Gross profit amount rose 11% to HK\$186.9 million with gross margin for the quarter at 60%.

Operating expenditure for the quarter increased from HK\$15.5 million to HK\$20.1 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 in relation to the proposed transfer of listing from GEM to the Main Board announced by the Company on 19 September 2017.

Other gain for the quarter was HK\$9.1 million, being the increase in fair value of a securities investment.

The Group's financial position remained healthy with approximately HK\$840.9 million in cash and interest-bearing securities on hand as of 30 September 2017, despite a long-term bank borrowing of HK\$980.3 million. The Group had approximately HK\$288.9 million in net borrowing due to the planned capital expenditure for new data centre capacities. However, gearing as of 30 September 2017, calculated as net borrowing to shareholders' funds, remained low at 8%. During the quarter, the Group took advantage of favourable interest rates to obtain a new long-term HK\$2 billion loan facility to refinance its preceding bank borrowing and to fund various existing capital investment projects. Payment of a HK\$553.9 million final dividend and distribution for the 2016/17 financial year, which was approved by the shareholders at the Annual General Meeting on 31 October 2017, will be made on 20 November 2017.

Looking ahead, the Group will continue to enhance its assets and service quality. The Group is very proud of MEGA Plus as a state-of-the-art facility to cater for the most demanding data needs. It is the first purpose-built facility on land designated for data centre use by the Hong Kong government and was acquired through open tender at market rate. This distinguishes the site from neighbouring data centres in the Tseung Kwan O Industrial Estate, and is not subject to any restrictions on land use such as subletting. The transformation of the entire MEGA Two facility is also recently complete. MEGA Two becomes a dedicated high-tier data centre offering world-class security, network connectivity and facility management for customers. In addition, the optimization of MEGA-i to upgrade its power capacity to meet increasing demand from fast-growing customers is in full force. All these investments in new capacity and enhancements will provide the Group with a good foundation to satisfy the increasing demand for top-tier, premium service data centres. SUNeVision will continue to differentiate itself with superior infrastructure and quality service.

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, 2 November 2017

# Chief Executive Officer's Report

## OVERVIEW

SUNeVision reported its unaudited results for the first quarter of the 2017/18 financial year, with HK\$154.6 million in profit attributable to owners of the Company.

## BUSINESS REVIEW

### **iAdvantage**

iAdvantage secured new contracts from a leading global cloud service provider for its two data centre sites, which will be the main infrastructure for its expansion in 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 one of the anchor customers has already moved in. Fitting-out works for other customers continued during the quarter. 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 subsidised land that prohibit any form of subletting.

The transformation of the entire MEGA Two facility in Sha Tin into a dedicated data centre building is recently complete, and has proven to be a strong attraction for customers with high standards for mission critical operations.

The optimization of the flagship MEGA-i facility, one of the most highly regarded data centres in the region, is in full force. It will enhance power capacity and density as well as connectivity in meeting the increasing demand from new and existing customers.

In addition to investing in the expansion of new capacity, there are continuous enhancements being made at existing data centres. The Group also invested additional sales and marketing resources to strengthen customer service quality.

### **Super e-Technology**

Super e-Technology secured contracts for the installation of security surveillance, SMATV and IT systems totalling approximately HK\$15.5 million during the quarter.

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

### **Super e-Network**

Super e-Network continues to capture 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

SUNeVision maintained its prudent approach to financial management, and it is committed to continued investment in existing and new infrastructure to enhance further business development.

I would like to close by thanking the members of the Board for their support and guidance, all members of our staff for their dedication and commitment, and our shareholders and customers for their continued confidence and support.

**Yan King-shun, Peter**  
*Chief Executive Officer*

Hong Kong, 2 November 2017

# Quarterly Results

For the period ended 30 September 2017 (Unaudited)

The Board of Directors of SUNeVision Holdings Ltd. (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the three months ended 30 September 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

## Consolidated Income Statement

	Notes	Three months ended 30 September	
		2017 HK\$'000	2016 HK\$'000
Revenue	2	<b>312,541</b>	274,996
Cost of sales		<b>(125,613)</b>	(107,034)
Gross profit		<b>186,928</b>	167,962
Other income	3	<b>6,984</b>	6,134
Selling expenses		<b>(5,034)</b>	(2,814)
Administrative expenses		<b>(15,062)</b>	(12,644)
Other gain	4	<b>173,816</b> <b>9,067</b>	158,638 –
Profit before taxation		<b>182,883</b>	158,638
Income tax expense	5	<b>(28,297)</b>	(25,708)
Profit for the period attributable to owners of the Company		<b>154,586</b>	132,930
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)	6 (a)		
– Basic (Remark (i))		<b>3.82 cents</b>	3.29 cents
– Diluted (Remarks (i) and (ii))		<b>3.82 cents</b>	3.29 cents
Earnings per share excluding the effect of other gain (underlying earnings per share)	6 (b)		
– Basic (Remark (i))		<b>3.60 cents</b>	3.29 cents
– Diluted (Remarks (i) and (ii))		<b>3.59 cents</b>	3.29 cents

### Remarks:

- (i) Upon completion of the bonus issue of shares (with a convertible note ("Convertible Notes(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 three months ended 30 September 2017 has been taken into account of potential ordinary shares of 7,287,554 (2016: 3,492,947) shares in existence arising from the share options granted on 8 March 2016. The dilutive effect of the potential ordinary share to Group's reported earnings per shares for the three months ended 30 September 2017 and 2016 were insignificant.

Details of earnings per share calculation and the Company's share capital are set out in notes 6 and 8 respectively.

## Consolidated Statement of Comprehensive Income

	Three months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Profit for the period	<b>154,586</b>	132,930
Other comprehensive expense for the period		
Items that may be reclassified subsequently to the consolidated income statement:		
Change in fair value of available-for-sale investments	<b>(1,185)</b>	(1,603)
Exchange differences arising from translation of operations outside Hong Kong	<b>(5)</b>	(3)
	<b>(1,190)</b>	(1,606)
<b>Total comprehensive income for the period</b>	<b>153,396</b>	131,324
Total comprehensive income attributable to:		
Owners of the Company	<b>153,137</b>	131,353
Non-controlling interests	<b>259</b>	(29)
	<b>153,396</b>	131,324

## Notes to the Quarterly Results

### 1. BASIS OF PREPARATION

The Group's unaudited financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The principal accounting policies used in the quarterly financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2017.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning 1 July 2017, the application has no material impact on the reported results and the financial position of the Group for the current and/or prior accounting periods. For those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

### 2. REVENUE

Revenue represents the aggregate of income from data centre and information technology facilities, installation and maintenance of satellite master antenna television, communal aerial broadcast distribution, structural cabling and security systems, property rentals and building management services, after elimination of all significant inter-company transactions between group companies.

### 3. OTHER INCOME

	Three months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Interest income	6,570	5,904
Miscellaneous	414	230
	<b>6,984</b>	<b>6,134</b>

### 4. OTHER GAIN

Other gain for the three months ended 30 September 2017 represented the increase in fair value of an investment at fair value through profit or loss.

5. INCOME TAX EXPENSE

	Three months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Hong Kong profits tax	1,754	25,526
Deferred tax charge	26,543	182
	<b>28,297</b>	25,708

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

6. 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:

	Three months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<b>154,586</b>	132,930

	2017 Number of shares	2016 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>4,042,641,296</b>	4,042,399,666
Effect of dilutive potential ordinary shares: Share options	<b>7,287,554</b>	3,492,947
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>4,049,928,850</b>	4,045,892,613

## 6. EARNINGS PER SHARE (CONTINUED)

### (a) Reported earnings per share (continued)

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 8.

Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the three months ended 30 September 2017 and 2016.

### (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\$ 145,519,000 (2016: HK\$132,930,000), excluding the effect of other gain. A reconciliation of profit is as follows:

	Three months ended 30 September	
	2017 HK\$'000	2016 HK\$'000
Profit attributable to owners of the Company as shown in the consolidated income statement	154,586	132,930
Other gain	(9,067)	–
Underlying profit attributable to owners of the Company	145,519	132,930

## 7. RESERVES

	Three months ended 30 September							2016
	2017							
	Share premium	Reserve arising from issuance of convertible notes	Share option reserve	Exchange reserve	Investments revaluation reserve	Retained profits	Total	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Total HK\$'000	
		(Note (i))				(Note (ii))		
At beginning of the period	2,315,904	172,003	3,873	2,517	3,303	954,523	3,452,123	3,333,025
Profit for the period	-	-	-	-	-	154,586	154,586	132,930
Change in fair value of available-for-sale investments	-	-	-	-	(1,185)	-	(1,185)	(1,603)
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	(264)	-	-	(264)	26
Total comprehensive income for the period	-	-	-	(264)	(1,185)	154,586	153,137	131,353
Exercise of share options	80	-	(12)	-	-	-	68	-
Conversion of Convertible Notes (note 8)	-	(1)	-	-	-	-	(1)	-
Recognition of equity-settled share-based payments	-	-	349	-	-	-	349	722
<b>At end of the period</b>	<b>2,315,984</b>	<b>172,002</b>	<b>4,210</b>	<b>2,253</b>	<b>2,118</b>	<b>1,109,109</b>	<b>3,605,676</b>	<b>3,465,100</b>

## 7. RESERVES (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 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 represents the aggregate amount of the Convertible Notes outstanding at the period end. The Convertible Notes in the amounts of HK\$500.00 (2016: HK\$50.00) were exercised and converted into 5,000 (2016: 500) ordinary shares by noteholders during the three months ended 30 September 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 30 September 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".

- (ii) At a meeting held on 5 September 2017, the Board recommended the declaration of a final dividend of HK13.70 cents per share for the year ended 30 June 2017. The declaration of the final dividend was approved by the shareholders at the Annual General Meeting on 31 October 2017. This final dividend was not included as a dividend payable in the consolidated statement of financial position as at 30 September 2017.

## 8. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2016, 30 June 2017 and <b>30 September 2017</b>	<b>10,000,000,000</b>	<b>1,000,000</b>
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	241,000	24
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))	29,000	3
<b>At 30 September 2017</b>	<b>2,322,650,833</b>	<b>232,265</b>

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.

## 8. SHARE CAPITAL (CONTINUED)

Notes (continued):

(i) (continued)

During the three months ended 30 September 2017, Convertible Notes in the amount of HK\$500.00 (2016: HK\$50.00) were exercised and converted into 5,000 (2016: 500) ordinary shares of the Company.

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

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,042,669,666 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 three months ended 30 September 2017, 29,000 (2016: nil) shares were issued upon the exercise of share options.

## Dividend

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the three months ended 30 September 2017 (2016: Nil).

## Directors' Interests

As at 30 September 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and 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			Sub-total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.09.2017
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	—	—	3,485,000 <sup>1</sup>	3,485,000	—	3,485,000	0.15
Yan King-shun, Peter	—	—	—	—	4,000,000 <sup>2</sup>	4,000,000	0.17
Fung Yuk-lun, Allen	—	—	—	—	4,000,000 <sup>2</sup>	4,000,000	0.17
Kwok Kai-wang, Christopher	—	—	13,272,658 <sup>1&amp;3</sup>	13,272,658	—	13,272,658	0.57
King Yeo-chi, Ambrose	1,000	—	—	1,000	—	1,000	0.00

#### Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 3,485,000 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- These underlying shares of the Company held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its share option scheme. Particulars of these share options and their movements during the three months ended 30 September 2017 are set out in the section headed "Share Option Schemes".
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 9,787,658 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

## 2. LONG POSITION IN SHARES AND UNDERLYING SHARES OF ASSOCIATED CORPORATIONS OF THE COMPANY

### (a) Sun Hung Kai Properties Limited ("SHKP")

Name of Director	Number of shares held					Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.09.2017
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	188,743	—	—	514,093,186 <sup>1</sup>	514,281,929	—	514,281,929	17.75
Tung Chi-ho, Eric	—	—	—	—	—	100,000 <sup>2</sup> (personal interests in share options)	100,000	0.00
Kwok Kai-wang, Christopher	110,000 <sup>3</sup>	60,000 <sup>4</sup>	—	641,046,601 <sup>4a</sup>	641,216,601	—	641,216,601	22.14
David Norman Prince	2,000	—	—	—	2,000	—	2,000	0.00
Siu Hon-wah, Thomas	—	—	—	7,000 <sup>6</sup>	7,000	—	7,000	0.00
Kwok Kwok-chuen	—	—	—	16,942 <sup>7</sup>	16,942	—	16,942	0.00

Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 514,093,186 shares in SHKP by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- 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 three months ended 30 September 2017 were as follows:

Name of Director	Date of grant	Exercise price per share	Exercise period	Number of share options				Balance as at 30.09.2017
				Balance as at 01.07.2017	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
				HK\$				
Tung Chi-ho, Eric	11.07.2014	106.80	11.07.2015 to 10.07.2019	100,000	—	—	—	100,000

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.

- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.
- These shares in SHKP were held by the spouse of Mr. Kwok Kai-wang, Christopher.
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 126,953,415 shares in SHKP by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.
- These shares in SHKP were held jointly with the spouse of Mr. Siu Hon-wah, Thomas.
- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kwok-chuen.

**(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 30.09.2017
	Personal interests (held as beneficial owner)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	—	4,833,749 <sup>1</sup>	4,833,749	—	4,833,749	0.44
Fung Yuk-lun, Allen	413,554	—	413,554	—	413,554	0.04
Kwok Kai-wang, Christopher	—	11,246,956 <sup>1,2</sup>	11,246,956	—	11,246,956	1.02

Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 4,833,749 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 6,413,207 shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

**(c) Each of Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher 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 30.09.2017	Actual shares held through corporation	Actual % of interests in issued shares as at 30.09.2017
Splendid Kai Limited	2,500	25.00	1,500 <sup>1</sup>	15.00
Hung Carom Company Limited	25	25.00	15 <sup>1</sup>	15.00
Tinyau Company Limited	1	50.00	1 <sup>1</sup>	50.00
Open Step Limited	8	80.00	4 <sup>1</sup>	40.00

Note:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in these shares by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.

Save as disclosed above, as at 30 September 2017, 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 and its 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 of SHKP at its extraordinary general meeting 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 then proposed and the termination of the Old Scheme when the Proposed Scheme became effective. Since the Company did not proceed with the application for the transfer of listing of its shares (as announced by the Company on 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, the Shareholders approved the adoption of a new share option scheme (the "2012 Scheme") and the termination of the Old Scheme at the annual general meeting 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 the then shareholders of 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 three months ended 30 September 2017, no share options have been granted under the 2012 Scheme. Particulars of the outstanding share options granted under the 2012 Scheme and their movements during the three months ended 30 September 2017 were as follows:

Grantees	Date of grant	Exercise price per share	Exercise period <sup>1</sup>	Number of share options				Balance as at 30.09.2017	Closing price per share
				Balance as at 01.07.2017	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period		
		HK\$						HK\$	
<b>(i) Directors</b>									
Yan King-shun, Peter	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	—	—	—	4,000,000	N/A
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	—	—	—	4,000,000	N/A
<b>(ii) Other employees</b>	08.03.2016	2.45	08.03.2017 to 07.03.2021	6,159,000	—	(29,000)	—	6,130,000	5.20 <sup>2</sup>
<b>Total</b>				14,159,000	—	(29,000)	—	14,130,000	

Notes:

1. The share options of the Company 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.
2. This represented the weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised.

Save as disclosed above, there were no outstanding share options granted under the Old Scheme and the 2012 Scheme during the three months ended 30 September 2017.

## 2. ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes as mentioned above, at no time during the three months ended 30 September 2017 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.

## Interests of Substantial Shareholders

As at 30 September 2017, 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 30.09.2017
Sunco Resources Limited ("Sunco") <sup>1</sup>	1,719,427,500	1,719,427,500 <sup>2</sup>	3,438,855,000	148.06
SHKP <sup>3</sup>	1,719,427,500	1,719,427,500 <sup>2</sup>	3,438,855,000	148.06

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 dated 25 November 2010) upon the exercise of the conversion rights attached to the convertible notes.
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.

Save as disclosed above, as at 30 September 2017, 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 three months ended 30 September 2017, 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 by the Company under Section 336 of the SFO.

## Interests in Competing Business

Professor Li On-kwok, Victor, 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. 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 close associates (as defined in the GEM Listing Rules) 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 three months ended 30 September 2017.

## 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 GEM Listing Rules. The Audit Committee has reviewed this report and has provided advice and comments thereon.

## Purchase, Sale or Redemption of the Company's Listed Securities

During the three months ended 30 September 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

On behalf of the Board

**Kwok Ping-luen, Raymond**  
*Chairman*

Hong Kong, 2 November 2017

*As at the date of this report, 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; 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.*

**SUNeVision Holdings Ltd.**  
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