



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 : 1686



2019/20  
INTERIM REPORT  
中期報告



The technology arm of Sun Hung Kai Properties Limited

## CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

This interim report is now available in printed form in English and in Chinese, and on the website of the Company.

If registered shareholders/noteholders, who have received or chosen to receive or are deemed to have consented to receive this interim report by electronic means, wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this interim 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 54, 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 may 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

## FINANCIAL HIGHLIGHTS

For the period	1 Jul 19- 31 Dec 19 HK\$'000	1 Jan 19- 30 Jun 19 HK\$'000	1 Jul 18- 31 Dec 18 HK\$'000	1 Jan 18- 30 Jun 18 HK\$'000
<b>Continuing operations</b>				
Revenue	818,620	832,227	728,611	693,440
Cost of sales	(358,914)	(364,825)	(320,218)	(298,712)
Gross profit	459,706	467,402	408,393	394,728
Other income	6,337	14,020	8,213	8,893
Operating expenditure *	(65,036)	(73,242)	(48,211)	(44,792)
Profit from operations	401,007	408,180	368,395	358,829
Other gain	–	–	–	664
Finance costs	(20,447)	(17,577)	(7,243)	(7,340)
Profit before taxation	380,560	390,603	361,152	352,153
Income tax expense	(59,748)	(63,526)	(61,610)	(58,143)
Profit for the period from continuing operations	320,812	327,077	299,542	294,010
<b>Discontinued operations</b>				
Profit for the period from discontinued operations	88,926	126,630	111,945	90,189
<b>Profit for the period attributable to owners of the Company</b>	<b>409,738</b>	453,707	411,487	384,199
<b>Underlying profit for the period attributable to owners of the Company **</b>	<b>335,486</b>	348,707	321,487	312,535
<b>EBITDA *** (excluding the effect of other gain)</b>				
<i>Continuing operations:</i>				
Data centre business	566,456	541,161	464,380	446,349
ELV system business and unallocated corporate expenses	(1,301)	(63)	(1,695)	1,965
	<b>565,155</b>	541,098	462,685	448,314

\* Selling, general and administrative expenses

\*\* Excluding other gain and increase in fair value on investment properties (included in discontinued operations)

\*\*\* Earnings before interest, tax, depreciation and amortisation

## Chairman's Statement

The first half of this financial year has been successful for the Group with growth in revenue, EBITDA and underlying profit, being the profit attributable to owners of the Company less the fair value gain of investment properties. The commissioning of major new customers continued at its flagship data centre in Tseung Kwan O, MEGA Plus, whilst good progress was achieved on the development of its recently acquired sites in Tseung Kwan O and Tsuen Wan. SUNeVision is well placed to meet the significant growth in customer demand for state-of-the-art data centre facilities.

### FINANCIAL HIGHLIGHTS

On 6 November 2019, SUNeVision completed the connected transactions with Sun Hung Kai Properties (SHKP) Group whereby the Group acquired the company owning the MEGA Two facility and disposed of its two companies owning the properties at Millennium City 1 and Kodak House II. These transactions enable the Group to focus its portfolio of assets on growing its data centre business. The financial results relating to the disposed investment properties were treated as discontinued operations for the period.

#### Continuing operations

The Group's revenue for the period increased 12% to HK\$818.6 million, driven mainly by revenue growth from the Group's data centre operations. The revenue increase was attributable to new customer contracts as well as revenue growth from existing customers. Cost of sales for the period rose 12% to HK\$358.9 million, largely due to higher depreciation charge and operating costs incurred for the commissioning of new customers. The increase in depreciation charge, following the acquisition of MEGA Two, was offset by the savings in the rental expenses relating to this facility.

Operating expenditure for the period increased from HK\$48.2 million to HK\$65.0 million, mainly due to more resources deployed in the management and sales team to promote the sales and marketing of the new data centre facilities; the upgrade of business support systems; as well as legal and professional fees incurred for the Judicial Review of the Hong Kong Science and Technology Parks Corporation (HKSTPC) in relation to Tseung Kwan O Industrial Estate (TKOIE).

Profit from operations for the period amounted to HK\$401.0 million, an increase of HK\$32.6 million over the same period of the previous financial year. EBITDA for the period increased by HK\$102.5 million to HK\$565.2 million, in which EBITDA from the data centre business increased by HK\$102.1 million, or 22% over the same period of previous financial year. The EBITDA for the period was impacted by the adoption of HKFRS 16 "Leases", which resulted in a reclassification of rental expenses to depreciation and interest expenses. As the majority of the Group's data centres are self-owned, the impact on the adoption of HKFRS 16 is insignificant. Excluding such impact, EBITDA for the period would have increased by HK\$74.6 million to HK\$537.3 million, in which EBITDA from the data centre business would have increased by HK\$74.9 million, or 16% over the same period of the previous financial year.

Finance costs rose to HK\$20.4 million mainly due to the Group's increased bank borrowings to finance the upgrade of its data centre facilities and for general working capital purposes.

Profit for the period from continuing operations increased by HK\$21.3 million to HK\$320.8 million, compared to HK\$299.5 million for the same period of previous financial year.

The Group's underlying profit for the period attributable to owners of the Company increased by HK\$14.0 million to HK\$335.5 million. The connected transactions which were effective from 7 November 2019, had a small negative effect on the underlying profit for the period under review when taking into account that the loss of rental income from the disposed investment properties, the additional depreciation, and the financing costs associated with the acquisition of MEGA Two were slightly higher than the savings in rental expenses of MEGA Two. However, this is a beneficial transaction for the Company in view of the quality of the MEGA Two facility, and that ownership enables the Company to deploy this data centre asset to secure growth in customer contracts and revenues over the longer term.

## Chairman's Statement

The Group had approximately HK\$488.5 million in cash on hand as of 31 December 2019, with bank borrowings and shareholder's loan amounted to HK\$5,828.7 million and HK\$3,300.0 million respectively. The shareholder's loan was an unsecured 6-year fixed term loan from SHKP Group. Total borrowings increased by HK\$1,076.0 million to HK\$9,128.7 million at the end of the period under review, mainly to finance the capital expenditure to enhance various data centre facilities and to finance the net consideration for the connected transactions. The gearing ratio as of 31 December 2019 was 220%. If the long-term unsecured shareholder's loan is excluded such ratio would have been 136%, compared to 103% as at 30 June 2019. In December 2019, the Group obtained a HK\$3.0 billion long-term unsecured banking facility for refinancing the short-term bank borrowing and business growth. With the continuous support of the major shareholder and banks, the Group is in a strong position to meet its future financing needs.

### BUSINESS REVIEW

SUNeVision was pleased to receive shareholders' support for the MEGA Two facility acquisition in October 2019 and the acquisition was completed in November 2019. This ownership will allow further enhancements in infrastructure and service quality. The demand for this state-of-the-art facility has further strengthened since the transaction was completed.

Our flagship data centre in Tseung Kwan O, MEGA Plus, continued to attract interest from global cloud service providers and new economy players during the period. MEGA Plus is the only data centre in Tseung Kwan O built on dedicated land without any restrictions on land use, such as subletting. In addition, the Group is developing the greenfield site (TKOTL 131) adjacent to MEGA Plus. The development of this site will provide approximately 1.2 million square feet of gross floor area (GFA) and together with MEGA Plus will enable the Group to achieve significant operating and cost synergies between the two sites and provide customers with seamless facilities for their business expansion. Upon full completion, SUNeVision will have approximately 1.7 million square feet of GFA in Tseung Kwan O, the key data hub in Hong Kong. TKOTL 131 is already in the final stages of design and the preliminary construction works have begun.

The Group has an outstanding court case regarding alleged subletting of heavily subsidized land by data centre operators within the TKOIE. The judgment has not yet been delivered. A media report revealed that a major data centre operator within the Industrial Estate confirmed that it, and HKSTPC, have the right to enter the premises. It also confirmed that it has control over customers' access rights to those premises. In contrast, the Group's data centre in Tseung Kwan O is built on open tender site with no restrictions on subletting and customer usage. The Group can hence serve its customers more effectively and flexibly. Customers in the Group's data centres will hence also enjoy a much higher degree of protection and privacy.

The Group continued the development of the new site in Tsuen Wan (TWTL 428). Located near one of the Group's existing facilities JUMBO, the TWTL 428 site will expand the Group's data centre capacity in Tsuen Wan by approximately 200,000 square feet of GFA. Foundation piling work at the site is underway. SUNeVision looks forward to the opening of TWTL 428 and TKOTL 131 by phases starting in 2022.

In addition to the new site developments, SUNeVision invested in enhancing its existing facilities, particularly in MEGA-i, which is one of the leading connectivity hubs in Asia. The upgrade to this facility will enhance power capacity by as much as 40% and enable a more efficient allocation of space. This upgrade will be completed before the end of the year and will allow us to serve more customers and with more power capacity.

The Group's core data centre business remains resilient amid macro and local uncertainties. Data centres are a long-term business. The demand for data will continue to increase. As the leading data centre operator in Hong Kong, SUNeVision aspires to capture market opportunities by providing the best infrastructure, connectivity and service possible.

### APPRECIATION

I would like to close by thanking all the Directors and 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, 21 February 2020

# Management Discussion and Analysis

## OVERVIEW

The Group reported its unaudited results for the first half of the 2019/20 financial year with HK\$409.7 million in profit attributable to owners of the Company, out of which HK\$320.8 million was generated from continuing operations primarily from its core data centre business.

## BUSINESS REVIEW

### iAdvantage

The Group's core business in data centre operations, iAdvantage, continued to attract interest from the market during the period. As the largest carrier-neutral and cloud-neutral data centre operator in Hong Kong with its world-class facilities built around the MEGA Campus (consisting of MEGA-i, MEGA Plus and MEGA Two), iAdvantage is seen as the preferred solution for many companies including global and mainland cloud service providers, new economy players, and large multinational companies.

The successful acquisition of MEGA Two in November 2019 will allow the Group to provide greater flexibility and support for high-growth customers. MEGA Two is the Group's gateway hub to Mainland China and together with the purpose-built flagship facility in Tseung Kwan O (MEGA Plus), and the Asia connectivity hub in Chai Wan (MEGA-i), the Group now owns three large-scale high-tier facilities in different prime locations in Hong Kong. These MEGA Campus facilities are linked with high-speed dark fibre cables, which provide superior connectivity, low network latency and outstanding architecture resilience. This is ideal for customers who require mission-critical technology deployment in multiple locations.

Infrastructure facility improvements have been continuing in the existing data centres. The revitalization work at MEGA-i is progressing on track and is scheduled for completion before the end of the year. This upgrade will increase power capacity, by up to 40%, to the whole building and will meet the increasing demand by customers for power and efficient use of space. As one of the top connectivity hubs in Asia, MEGA-i remains extremely attractive to global and regional telcos, internet service providers, global and mainland cloud players, and multinational companies. The Group will continue to invest and upgrade MEGA-i and other facilities, ensuring it can continue to offer customers high-standard infrastructure, services and unparalleled connectivity.

Development of the Group's two new sites is on track. The TWTL 428 in Tsuen Wan is proceeding with foundation piling works. The TKOTL 131 in Tseung Kwan O is in the final stages of design and the preliminary construction works have commenced. These two greenfield sites will add approximately 1.4 million square feet of gross floor area space to the Group's data centre portfolio upon project completion.

SUNeVision will actively manage and allocate existing inventory to strategic customers, and to plant seeds for upcoming new inventory (TWTL 428, TKOTL 131) which will come online by phases starting in 2022.

The Group further invested resources in sales and marketing activities to promote its brand and services to overseas as well as mainland customers and continued to upgrade its business support systems to service its growing customer base.

SUNeVision was pleased to be awarded the "2019 Best IDC Provider (Overseas)" in the 14th China IDC Industry Annual Ceremony (IDCC2019), and received the "Innovative Data Centre: Silver Award" from the Communications Association of Hong Kong (CAHK) STAR Awards 2019. These awards recognized the Group's outstanding data centre infrastructure and services, and its leading position in the region. It will continue to differentiate from other providers by offering world-class facilities, renowned connectivity and ecosystem, and high-quality services.

### Super e-Technology and Super e-Network

Super e-Technology secured contracts for the installation of ELV and IT systems totalling approximately HK\$11.0 million during the first half of the 2019/20 financial year. Super e-Technology maintains a positive outlook for the ELV sector for the second half of the financial year, and is constantly exploring opportunities to enhance its service offerings.

Super e-Network continued to work with broadband and network service providers to expand its service offerings. It has been actively pursuing new opportunities to expand its broadband and Wi-Fi solutions to different sectors.

# Management Discussion and Analysis

## CAPITAL INVESTMENT

The recent acquisition of the MEGA Two facility will help the Group further focus on data centre business and improve operations support flexibility for customers. The revitalization of MEGA-i, and new sites development of TWTL 428 and TKOTL 131 will enhance and expand SUNeVision's high-tier data centre capacity for increasing data demand. Data centre business is a capital-intensive industry, requiring long-term capital investment. The Group is committed to continuing investment in existing as well as new infrastructure for new business development, and regularly reviews its investment profile to take account of the changing customer and market environment.

## OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group's cash on hand as of 31 December 2019 amounted to approximately HK\$488.5 million, while short-term and long-term bank borrowings were HK\$2,182.3 million and HK\$3,646.4 million respectively. The Group had approximately HK\$5,340.2 million in total net bank borrowings, which increased by HK\$1,055.3 million or 25%, compared to HK\$4,284.9 million as at 30 June 2019. The increase was mainly to finance the capital expenditure to upgrade its data centre facilities, the acquisition of MEGA Two facility (net of the sale proceeds from the disposals of investment properties), and general working capital requirements. The gearing ratio as of 31 December 2019 was 220%; if excluding the long-term unsecured shareholder's loan of HK\$3,300.0 million from SHKP Group, such ratio was 136%. In December 2019, the Group had successfully obtained a HK\$3.0 billion 5-year term and revolving loan facility from a bank to refinance the short-term bank borrowing due in January 2020 and to fund various existing data centre projects.

SUNeVision has a strong financial position to fund its growth plans in the medium term, taking into account the financial resources available including internally generated funds, available banking facilities, and the loan from SHKP Group.

As of 31 December 2019, the Group had no contingent liability while the Company had an aggregate of HK\$9,174.3 million contingent liabilities in respect of guarantees for general banking facilities utilized by the Group's subsidiaries for increased planned capital expenditure 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 2019. On 6 November 2019, the Group completed the connected transactions with SHKP Group, comprising the acquisition of the company owning the MEGA Two facility in Sha Tin from SHKP Group at a consideration of HK\$2.2 billion and the disposals of two companies owning the properties at Millennium City 1 in Kwun Tong and Kodak House II in North Point to SHKP Group at a total consideration of HK\$1.8 billion.

## EMPLOYEES

The Group had 314 full-time employees as of 31 December 2019. The management team and staff team were strengthened for expanded business and to better serve large-scale global strategic customers. The Group is committed to talent development and staff retention. The Group continued to provide attractive career advancement opportunities and competitive pay and benefits.

Staff costs increased during the period as the Group recruited more talent to support its expanded data centre operations. Periodical compensation reviews including other benefits such as medical coverage and Mandatory Provident Fund contributions, were conducted to ensure competitiveness in the employment market.

Various engagement and culture development initiatives were also implemented to enhance staff communication and team spirit. Different training and development opportunities continued to be provided to enhance employee capability to support business growth.

The Group operates a share option scheme and grants share options to selected directors and employees to recognize their significant contribution.

# Directors' Profile

## EXECUTIVE DIRECTORS

**Kwok Ping-luen, Raymond (Age: 66)**

### **Chairman**

Mr. Kwok has been the Chairman and an Executive Director of the Company since 29 January 2000 and he is a director of certain subsidiaries of the Company. He holds a Master of Arts degree in Law from Cambridge University, a Master's 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 is the chairman and managing 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). Prior to the appointment as chairman of SHKP, Mr. Kwok had acted as vice chairman of SHKP. He is also the chairman and a non-executive director of SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

In civic activities, Mr. Kwok is a member of the 13th National Committee of the Chinese People's Political Consultative Conference. He is also a director of The Real Estate Developers Association of Hong Kong and a member of the council of The Chinese University of Hong Kong.

Mr. Kwok is the father of Mr. Kwok Kai-wang, Christopher (being a Non-Executive Director of the Company).

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 Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Kwok received a director's fee of HK\$60,000 for being the Chairman of the Company. His director's fee is fixed by the Board while 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.

**Fung Yuk-lun, Allen (Age: 51)**

### **Vice Chairman**

Mr. Fung is a Vice Chairman of the Company. He was appointed as a Non-Executive Director of the Company in January 2014 and re-designated as an Executive Director of the Company on 2 April 2018. He is also the Authorised Representative of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Mr. Fung is a member of each of the Remuneration Committee and Corporate Governance Committee of the Board. He is also a director of certain subsidiaries of the Company. He obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. From 1996 to 1997, Mr. Fung was a visiting Assistant Professor of History at Brown University. From 1997 to 2013, he worked in McKinsey & Company Hong Kong, where he became the managing partner and director.

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 director of certain subsidiaries of SHKP. Mr. Fung is a deputy chairman and a non-executive director of SmarTone Telecommunications Holdings Limited. He is also a non-executive director of Transport International Holdings Limited. Mr. Fung was a non-executive director of RoadShow Holdings Limited (now known as Bison Finance Group Limited) (July 2014 – December 2017).

## Directors' Profile

Mr. Fung is a member of the General Committee of the Hong Kong General Chamber of Commerce. He is the president of the Hong Kong Society for the Protection of Children, an honorary treasurer of The Hong Kong Federation of Youth Groups and a council member and an executive committee member of The Hong Kong Management Association. Mr. Fung is also a council member of Sir Edward Youde Memorial Fund. He is a member of the board of the Asian Youth Orchestra, a member of the Advisory Committee on Gifted Education of Education Bureau, The Government of the Hong Kong Special Administrative Region, a board member of the Hong Kong Tourism Board, and a member of the board of the Hong Kong Philharmonic Society Limited.

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 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 Listing Rules) of the Company.

Mr. Fung has entered into a service agreement with the Company for a period of three years commencing on 2 April 2018 and shall continue thereafter until terminated by either party giving written notice to the other, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Fung received a director's fee of HK\$52,500 for being the Vice Chairman of the Company and a member of each of the Remuneration Committee and Corporate Governance Committee of the Board. His director's fee is fixed by the Board while 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.

### Tong Kwok-kong, Raymond (Age: 45)

#### **Chief Executive Officer**

Mr. Tong has been an Executive Director and the Chief Executive Officer of the Company since 19 June 2018. He is also a director of certain subsidiaries of the Company. Mr. Tong completed his Management & Technology Dual-Degree Program with honors, with Bachelor of Science in Economics (in Finance) from Wharton School, and Bachelor of Science in Engineering (in Electrical Engineering) from School of Engineering and Applied Science, both from University of Pennsylvania.

Mr. Tong has over 20 years of business management and operations experience across different industries. He is a dynamic leader with broad exposure and has spearheaded growth initiatives in his different roles. Before joining the Group, he was the chief operating officer of Maxim's group, responsible for the group's overall growth and execution of Asian expansion strategy, managing information technologies and digital initiatives, and mergers and acquisitions. Prior to this, he was the chief executive officer of Pacific Coffee Company, driving the growth of the chain in Hong Kong and China. Mr. Tong also has rich experience in high-tech as well. He was for a number of years a senior director at CSMC Technologies Corporation (now known as China Resources Microelectronics Limited), a leading Chinese semiconductor company (subsequently acquired by China Resources group), responsible for international sales and business development. Mr. Tong was an independent non-executive director of Sling Group Holdings Limited (December 2017 – January 2019).

Mr. Tong is a member of the Young Presidents' Organisation (YPO), China Pearl River Delta (PRD) Chapter.

Save as disclosed above, Mr. Tong (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 Stock Exchange of Hong Kong Limited) of the Company.

Mr. Tong has entered into a service agreement with the Company for a period of three years commencing on 19 June 2018 and shall continue thereafter until terminated by either party giving written notice to the other, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Tong received a director's fee of HK\$52,500 for being the Chief Executive Officer of the Company and other emoluments of approximately HK\$8,473,000. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time mainly with reference to market pay level and his contributions 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

### Tung Chi-ho, Eric (Age: 60)

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. Mr. Tung 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 more than 30 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 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 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 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Tung received a director's fee of HK\$45,000 for being a director of the Company. His director's fee is fixed by the Board while 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.

### Chan Man-yuen, Martin (Age: 63)

Mr. Chan has been an Executive Director of the Company since 31 October 2019. He has been the Chief Operating Officer of the Company since 1 April 2015 and is also a director of certain subsidiaries of the Company. Mr. Chan obtained his Higher Diploma in Electronic Engineering from The Hong Kong Polytechnic University, and his Master of Arts (major in Information Technology Management) from Macquarie University, Australia.

Mr. Chan graduated from an engineering discipline and developed into a highly competitive and seasoned business executive with over 40 years' experiences in the information and communications technology industry.

Mr. Chan joined the Company in 2012 and has been a key member in developing the Company and its subsidiaries (the "Group") into a leader of data center service provider in Hong Kong, with top-notch facilities and best practice operation, meeting the demand of global internet companies.

Before joining the Group, Mr. Chan was the senior vice president of PCCW Limited and has served in the information technology division for 23 years, during which he had held various senior management positions in application development, operation management, outsourcing as well as data center business.

Prior to this, Mr. Chan had worked in Paxus Financial Systems in Australia, where he served in the research and development division and was also the business development manager of Asia.

Mr. Chan was a Project Management Professional of Project Management Institute, USA (2001) and Certified Professional of IT (Project Director) of The Hong Kong Institute for IT Professional Certification (2007). Mr. Chan received fellowship from Hong Kong Computer Society in 2004 and was also its vice president (2001–2005).

Mr. Chan is a member of Hong Kong Information Technology Joint Council.

## Directors' Profile

Save as disclosed above, Mr. Chan (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 Stock Exchange of Hong Kong Limited) of the Company.

Mr. Chan has entered into a service agreement with the Company for a period of three years commencing on 31 October 2019 and shall continue thereafter until terminated by either party giving written notice to the other, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. Mr. Chan is entitled to receive a director's fee of HK\$45,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) and fixed cash emoluments of HK\$2.77 million per annum for being an Executive Director and the Chief Operating Officer of the Company. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time mainly with reference to market pay level and his contributions 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.

### Lau Yeuk-hung, Fiona (Age: 38)

Ms. Lau has been an Executive Director of the Company since 31 October 2019. She has been the Commercial Director of the Company since 1 October 2018. Ms. Lau holds a Bachelor of Arts degree in Philosophy from The University of Chicago.

Ms. Lau joined 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 June 2017, as the Assistant Director of the non-property related portfolio investments. She was appointed as the Head of Business Development and Investor Relations at the Company and its subsidiaries in July 2017, and has subsequently taken on an expanded role as Commercial Director, responsible for sales and marketing, business development and product development in 2018. Prior to SHKP, Ms. Lau was a director at BlackRock Asset Management (North Asia), where she held various senior positions across the chairman's office, corporate strategy, and retail and private banking functions during 2010–2017. From 2005 to 2010 she worked in McKinsey & Company and held the position of engagement manager.

Save as disclosed above, Ms. Lau (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 Stock Exchange of Hong Kong Limited) of the Company.

Ms. Lau has entered into a service agreement with the Company for a period of three years commencing on 31 October 2019 and shall continue thereafter until terminated by either party giving written notice to the other, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. Ms. Lau is entitled to receive a director's fee of HK\$45,000 per annum (or a pro rata amount for the duration of her directorship for an incomplete year) and fixed cash emoluments of HK\$2.66 million per annum for being an Executive Director and the Commercial Director of the Company. Her director's fee is fixed by the Board while her annual salary is determined by the Board from time to time mainly with reference to market pay level and her contributions 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: 70)

### ***Vice Chairman***

Mr. Cheung is a Vice Chairman of the Company and has been a Non-Executive Director of the Company since 29 January 2000. He is the Chairman of the Corporate Governance Committee of the Board and is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee. 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. Mr. Cheung was also admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore.

Mr. Cheung is a deputy chairman and a non-executive director of SmarTone Telecommunications Holdings Limited. He is also a non-executive director of Tai Sang Land Development Limited, Tianjin Development Holdings Limited and Transport International Holdings Limited. Mr. Cheung was a non-executive director of SRE Group Limited (November 1999 – December 2015), an independent non-executive director of Ping An Insurance (Group) Company of China Ltd (May 2003 – June 2009), Hop Hing Group Holdings Limited (November 1989 – August 2017) and Agile Group Holdings Limited (October 2005 – February 2018). He is a non-executive director of Sun Hung Kai Properties Insurance Limited, which is a wholly-owned subsidiary 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 currently the fourth vice president & Admissions, Budgets and Allocations Committee chairman and a director of The Community Chest of Hong Kong. He is also the co-deputy chairman of Sponsorship & Development Fund Committee and a court member of The Open University of Hong Kong, and an honorary council member of The Hong Kong Institute of Directors Limited. 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 Limited, a director of Po Leung Kuk, the 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.

Mr. Cheung was awarded an honorary degree of Doctor of Business Administration from The Open University of Hong Kong in 2016.

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 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 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Cheung received a director's fee of HK\$270,000 for being the Vice Chairman of the Company and a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Board. 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.

## Directors' Profile

### Kwok Kai-wang, Christopher (Age: 33)

Mr. Kwok has been a Non-Executive Director of the Company since 1 February 2017. He holds a Bachelor of Science Degree in Chemistry from Harvard University and a Master's degree in Business Administration from Stanford Graduate School of Business. Mr. Kwok 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). He worked in an international management consultancy firm before joining the SHKP group in 2011. Mr. Kwok is responsible for sales, project management and leasing of major residential and commercial properties of the SHKP group in Hong Kong and mainland China. He assists Mr. Kwok Ping-luen, Raymond ("Mr. Raymond Kwok", the chairman and managing director of SHKP as well as the Chairman and an Executive Director of the Company) in all other businesses, in particular, the non-property related matters. Mr. Kwok is a son of Mr. Raymond Kwok.

In addition, Mr. Kwok is a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference.

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 Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on 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 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Kwok received a director's fee of HK\$45,000 for being a director of the Company. 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.

### David Norman Prince (Age: 68)

Mr. Prince has been a Non-Executive Director of the Company since 29 October 2016. He is a member of the Chartered Institute of Management Accountants (UK) and the Chartered Institute of Purchasing and Supply (UK). Mr. Prince has been a non-executive director of SmarTone Telecommunications Holdings Limited since 2005. He is also a director of Wilson Group Limited, a wholly-owned subsidiary 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 a consultant of Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP.

Mr. Prince has over 20 years' experience of operating at board level in an international environment. He is currently a non-executive director and a member of the audit committee as well as the governance and nomination committee of Adecco SA which is the global leader in human resources services. Mr. Prince was previously a non-executive director of Ark Therapeutics plc.

Mr. Prince was group finance director of Cable and Wireless plc. until December 2003 and prior to this, spent some 12 years working in the telecommunications industry in Hong Kong, Mainland China and Asia. From 1994 to 2000 he was finance director and latterly deputy chief executive officer of Hong Kong Telecommunications Limited until it was acquired by PCCW in 2000. Mr. Prince went on to join PCCW plc. as group chief financial officer. In 2002, he left PCCW to join Cable and Wireless as group finance director. Prior to his time in Hong Kong, he held senior management roles for Cable and Wireless. His early career was spent in the gas, oil and electronic industries within Europe and the USA.

Save as disclosed above, Mr. Prince (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 Stock Exchange of Hong Kong Limited) of the Company.

## Directors' Profile

There is no service contract entered into between the Company and Mr. Prince. Mr. Prince 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Prince received a director's fee of HK\$150,000 for being a director of the Company. 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: 66)

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. Mr. Siu 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 was the managing director of Wilson group (until June 2018), 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), and is currently a senior consultant of Wilson group. 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 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 Stock Exchange of Hong Kong Limited) of the Company.

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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Siu received a director's fee of HK\$45,000 for being a director of the Company. 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.

### Chan Hong-ki, Robert (Age: 55)

Mr. Chan has been a Non-Executive Director of the Company since 7 August 2017. He graduated from the Hong Kong Polytechnic University and holds a Bachelor's Degree from the University of Greenwich.

Mr. Chan joined 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), in 1993. He is a member of the executive committee of SHKP and an executive director of Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP. Mr. Chan served as project director for various key residential, commercial, industrial and mixed developments both in Hong Kong and Mainland China. He is also an executive director of Sun Hung Kai Architects and Engineers Limited, a wholly-owned subsidiary of SHKP, and is responsible for design aspects including architectural, structural, electrical and mechanical, landscape and interior design of various development projects.

Mr. Chan is a member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors and a Registered Professional Surveyor. He is also an Authorised Person under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong).

Mr. Chan has been a director of BEAM Society Limited since 2014. He was a member of the Appeal Tribunal Panel (Buildings).

## Directors' Profile

Save as disclosed above, Mr. Chan (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 Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Chan. Mr. Chan 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Chan received a director's fee of HK\$45,000 for being a director of the Company. 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.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### Li On-kwok, Victor (Age: 65)

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 was the head (until 28 February 2018) of the Department of Electrical and Electronic Engineering ("EEED") at The University of Hong Kong ("HKU"), and is Chair Professor of Information Engineering and Cheng Yu-Tung Professor in Sustainable Development 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 Hong Kong 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 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Professor Li received a director's fee of HK\$240,000 for being a director of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. 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.

## Directors' Profile

### King Yeo-chi, Ambrose (Age: 85)

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 Hong Kong 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 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Professor King received a director's fee of HK\$240,000 for being a director of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. 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: 69)

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 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. Mr. Wong is an accountant with 32 years of experience in audit, initial public offering and computer audit.

Mr. Wong is a member of the Financial Reporting Council (FRC) and an independent non-executive director of VTech Holdings Limited. He serves in a number of government committees and the boards of certain non-governmental organisations. Mr. Wong was a non-executive director of the Securities and Futures Commission (May 2009 – May 2015) and an independent non-executive director of Great Wall Pan Asia Holdings Limited (formerly known as Armada Holdings Limited and SCMP Group Limited) (April 2007 – November 2016). He is currently a director of Victor and William Fung Foundation Limited. He was an honorary associate professor of the School of Business of The University of Hong Kong (2005 – January 2018). He was a member of the Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited from 1999 to 2003. Mr. Wong was an audit partner of PricewaterhouseCoopers, Hong Kong before his retirement on 30 June 2005.

Mr. Wong was appointed as a Justice of the Peace in 2002, and was awarded Bronze Bauhinia Star in 2007 by the Government of Hong Kong. He was conferred honorary fellowships of Lingnan University, Hong Kong in 2007, City University of Hong Kong in 2013 and The University of Hong Kong in 2016 respectively.

## 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 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 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Wong received a director's fee of HK\$240,000 for being a director of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. 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 (Former name: Hui Kwok-chuen) (Age: 66)**

Mr. Kwok has been an Independent Non-Executive Director of the Company since 5 May 2012. He is a member of the Corporate Governance Committee of the Board. Mr. Kwok 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 is the Director of the AsiaGlobal Fellows Program in the Asia Global Institute, and an honorary senior research fellow in the Faculty of Business and Economics at The University of Hong Kong. He was the Government Economist of the Hong Kong SAR Government from 2004 to 2008. Before joining the Hong Kong SAR 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 Hong Kong Maritime and Port Board, a member of the Competition Commission and of its Enforcement Committee, and a member of the Aviation Development and Three-runway System Advisory Committee.

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, the honorary economist of the British Chamber of Commerce in Hong Kong, a member of the Steering Committee and the Investment Committee of the HKSAR Government Scholarship Fund and a member of the Investment Committee of the Self-financing Post-secondary Education Fund. He 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 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 amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Kwok received a director's fee of HK\$175,000 for being a director of the Company and a member of the Corporate Governance Committee of the Board. 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.

## Directors' Profile

### Lee Wai-kwong, Sunny (Age: 60)

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. Mr. Lee 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 the board chairman of Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI) and a council member of Hong Kong Management Association. Mr. Lee is also a past president of Hong Kong Computer Society, a past chairman of the Hong Kong Institute of IT Professional Certification, a past council member of Vocational Training Council, a past audit committee member of Hong Kong Housing Society and a past board chairman of Hong Kong Education City.

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 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 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 annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2019, Mr. Lee received a director's fee of HK\$150,000 for being a director of the Company. 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.

### Cheng Ka-lai, Lily (Age: 41)

Ms. Cheng has been an Independent Non-Executive Director of the Company since 31 October 2019. She has served in the technology and internet industry for over 18 years both as an entrepreneur and as a corporate executive. Ms. Cheng previously served as the president, Asia Pacific at TripAdvisor, Inc. until 2016 and held a number of executive roles at Expedia and TripAdvisor across London, Singapore, Beijing and Hong Kong between 2008 to 2016. Prior to Expedia, she worked for the Boston Consulting Group in Greater China from 2006 to 2008. Currently, she is the founder and executive director of Hubel Labs Limited, a virtual R&D software lab focusing on AI-related applications.

Ms. Cheng is an independent non-executive director of Swire Properties Limited, Chow Tai Fook Jewellery Group Limited and Octopus Cards Limited. In addition, she is an advisor to the office of the president at Mars Inc. as well as a board observer and advisor to HotelBeds Group.

## Directors' Profile

Ms. Cheng holds a Bachelor of Arts degree in Engineering and a Master of Engineering degree from The University of Cambridge, and is pursuing a Graduate Certificate in Artificial Intelligence at the Stanford Center for Professional Development.

Save as disclosed above, Ms. Cheng (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 Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Ms. Cheng. Ms. Cheng received an appointment letter from the Company for her 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 amended and restated articles of association of the Company. Ms. Cheng is entitled to receive a director's fee of HK\$150,000 per annum (or a pro rata amount for the duration of her directorship for an incomplete year) for being a director of the Company. Her director's fee is fixed by the Board while her annual salary, if any, is determined by the Board from time to time with reference to her contribution in terms of time, effort and her 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.

### SENIOR MANAGEMENT

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



**TO THE BOARD OF DIRECTORS OF SUNEVISION HOLDINGS LTD.**

新意網集團有限公司

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of SUNeVision Holdings Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 21 to 50, which comprise the consolidated statement of financial position as of 31 December 2019 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

## SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

21 February 2020

# Consolidated Statement of Profit or Loss

For the six months ended 31 December 2019

	NOTES	Six months ended 31 December	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited) (restated)
<b>Continuing operations</b>			
Revenue	3	818,620	728,611
Cost of sales		(358,914)	(320,218)
Gross profit		459,706	408,393
Other income	4	6,337	8,213
Selling expenses		(14,486)	(13,858)
Administrative expenses		(50,550)	(34,353)
Profit from operations		401,007	368,395
Finance costs		(20,447)	(7,243)
Profit before taxation		380,560	361,152
Income tax expense	5	(59,748)	(61,610)
Profit for the period from continuing operations		320,812	299,542
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	20	88,926	111,945
Profit for the period attributable to owners of the Company	6	409,738	411,487
Earnings per share based on profit from continuing and discontinued operations attributable to owners of the Company (reported earnings per share)			
Basic (Remark (i))	8(a)	10.12 cents	10.17 cents
Diluted (Remarks (i) and (ii))		10.11 cents	10.16 cents
Earnings per share excluding the effect of increase in fair value of investment properties (underlying earnings per share)			
Basic (Remark (i))	8(b)	8.29 cents	7.95 cents
Diluted (Remarks (i) and (ii))		8.28 cents	7.94 cents
Earnings per share based on profit from continuing operations attributable to owners of the Company (earnings per share from continuing operations)			
Basic (Remark (i))	8(c)	7.93 cents	7.40 cents
Diluted (Remarks (i) and (ii))		7.92 cents	7.40 cents

# Consolidated Statement of Profit or Loss

*For the six months ended 31 December 2019*

## 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 2019 has been taken into account of 4,772,880 (2018: 4,880,668) potential ordinary shares in existence arising from certain share options granted.

Details of earnings per share calculation and the Company's share capital are set out in notes 8 and 18 respectively.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2019

	Six months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit for the period	409,738	411,487
Other comprehensive (expense) income for the period		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Change in fair value of debt instruments measured at fair value through other comprehensive income ("FVTOCI")	(567)	(473)
Exchange differences arising from translation of operations outside Hong Kong	2	4
	(565)	(469)
Total comprehensive income for the period	409,173	411,018
Total comprehensive income (expense) attributable to:		
Owners of the Company	409,362	411,497
Non-controlling interests	(189)	(479)
	409,173	411,018

# Consolidated Statement of Financial Position

At 31 December 2019

	NOTES	31 December 2019 HK\$'000 (unaudited)	30 June 2019 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties	9	–	1,769,000
Property, plant and equipment	10	13,698,523	10,960,684
Equity instrument at FVTOCI	11	3,710	3,710
		<b>13,702,233</b>	12,733,394
<b>Current assets</b>			
Debt instrument at FVTOCI	11	–	51,089
Inventories		7,121	7,141
Trade and other receivables	12	294,497	294,760
Contract assets and unbilled revenue	13	82,259	82,309
Bank balances and deposits		488,505	467,810
		<b>872,382</b>	903,109
<b>Current liabilities</b>			
Trade and other payables	14	994,992	956,893
Contract liabilities	15	99,962	85,087
Lease liabilities		1,450	–
Tax payables		141,083	83,600
Bank borrowings	16	2,182,335	2,180,153
		<b>3,419,822</b>	3,305,733
Net current liabilities		<b>(2,547,440)</b>	(2,402,624)
Total assets less current liabilities		<b>11,154,793</b>	10,330,770
<b>Non-current liabilities</b>			
Contract liabilities	15	31,320	42,679
Lease liabilities		296	–
Deferred tax liabilities		233,028	224,398
Bank borrowings	16	3,646,396	2,572,548
Shareholder's loan	17	3,300,000	3,300,000
		<b>7,211,040</b>	6,139,625
Net assets		<b>3,943,753</b>	4,191,145
<b>Capital and reserves</b>			
Share capital	18	232,855	232,658
Reserve arising from issuance of convertible notes	18	172,002	172,002
Other reserves		3,524,692	3,772,092
Equity attributable to owners of the Company		<b>3,929,549</b>	4,176,752
Non-controlling interests		14,204	14,393
Total equity		<b>3,943,753</b>	4,191,145

# Consolidated Statement of Changes in Equity

For the six months ended 31 December 2019

	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 2019 (audited)	232,658	2,326,982	172,002	10,500	2,673	567	1,431,370	4,176,752	14,393	4,191,145
Profit for the period	-	-	-	-	-	-	409,738	409,738	-	409,738
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	191	-	-	191	(189)	2
Change in fair value of debt instrument measured at FVTOCI	-	-	-	-	-	(567)	-	(567)	-	(567)
Total comprehensive income (expense) for the period	-	-	-	-	191	(567)	409,738	409,362	(189)	409,173
Exercise of share options (note 18)	197	5,525	-	(829)	-	-	-	4,893	-	4,893
Recognition of equity-settled share-based payments	-	-	-	6,555	-	-	-	6,555	-	6,555
Final dividend and distribution paid (note 7)	-	-	-	-	-	-	(668,013)	(668,013)	-	(668,013)
<b>At 31 December 2019 (unaudited)</b>	<b>232,855</b>	<b>2,332,507</b>	<b>172,002</b>	<b>16,226</b>	<b>2,864</b>	<b>-</b>	<b>1,173,095</b>	<b>3,929,549</b>	<b>14,204</b>	<b>3,943,753</b>

	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 2018 (audited)	232,541	2,323,601	172,002	3,825	2,153	1,663	1,177,042	3,912,827	14,908	3,927,735
Profit for the period	-	-	-	-	-	-	411,487	411,487	-	411,487
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	483	-	-	483	(479)	4
Change in fair value of debt instruments measured at FVTOCI	-	-	-	-	-	(473)	-	(473)	-	(473)
Total comprehensive income (expense) for the period	-	-	-	-	483	(473)	411,487	411,497	(479)	411,018
Exercise of share options	4	110	-	(16)	-	-	-	98	-	98
Recognition of equity-settled share-based payments	-	-	-	3,589	-	-	-	3,589	-	3,589
Final dividend and distribution paid (note 7)	-	-	-	-	-	-	(610,866)	(610,866)	-	(610,866)
<b>At 31 December 2018 (unaudited)</b>	<b>232,545</b>	<b>2,323,711</b>	<b>172,002</b>	<b>7,398</b>	<b>2,636</b>	<b>1,190</b>	<b>977,663</b>	<b>3,717,145</b>	<b>14,429</b>	<b>3,731,574</b>

# Consolidated Statement of Changes in Equity

*For the six months ended 31 December 2019*

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 the 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. No Convertible Notes were exercised and converted into ordinary shares by noteholders during the six months ended 31 December 2019 and 2018. As a result, the Convertible Notes in the amount of HK\$172,001,683.30 (31 December 2018: HK\$172,001,733.30) remained outstanding as at 31 December 2019.

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 have the same right as the shareholders to receive dividend. 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".

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2019

	Six months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	650,282	389,340
NET CASH USED IN INVESTING ACTIVITIES	(878,854)	(368,936)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	249,268	(54,084)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,696	(33,680)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	467,810	465,969
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1)	(4)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and deposits	488,505	432,285

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 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.

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$2,547,440,000 as at 31 December 2019. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations, including internal resources, available unutilised facility from Sun Hung Kai Properties Limited Group (“SHKP Group”), available unutilised banking facility or obtaining additional financing from financial institutions taking into account the current value of the Group’s assets which have not been pledged. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

## 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.

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2019.

### Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 July 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs and the interpretation in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs and an interpretation (continued)

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

##### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

#### **Definition of a lease**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### **As a lessee**

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### *Short-term leases*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

##### *Right-of-use assets*

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in "property, plant and equipment", the same line item as that within which the corresponding underlying assets would be presented if they were owned.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs and an interpretation (continued)

- 2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (continued)
- 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

#### **As a lessee (continued)**

##### *Leasehold land and building*

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs and an interpretation (continued)

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" (continued)

##### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

#### **As a lessee (continued)**

##### *Taxation*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

#### **As a lessor**

##### *Allocation of consideration to components of a contract*

Effective on 1 July 2019, the Group applies HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### *Refundable rental deposits*

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

##### *Lease modification*

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

#### **Definition of a lease**

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 July 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

#### **As a lessee**

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019.

As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs and an interpretation (continued)

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" (continued)

##### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

#### As a lessee (continued)

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 3.00%.

	<b>At 1 July 2019</b>
	<i>HK\$'000</i>
Operating lease commitments disclosed as at 30 June 2019	169,401
Lease liabilities discounted at relevant incremental borrowing rates	163,059
Add: extension options reasonably certain to be exercised	5,383
Less: practical expedient – leases with lease term ending within 12 months from the date of initial application	(1,099)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 July 2019	167,343
Analysed as:	
Current	70,996
Non-current	96,347
	167,343

The carrying amount of right-of-use assets as at 1 July 2019 comprises the following:

	<b>Right-of-use assets</b>
	<i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	167,343

Right-of-use assets relating to operating leases recognised upon application of HKFRS 16 in property, plant and equipment under leased properties.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Application of new and amendments to HKFRSs and an interpretation (continued)

- 2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases" (continued)  
2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

#### As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 July 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 July 2019. However, effective on 1 July 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect at transition. No adjustment was made as discounting effect was not material.
- (c) Effective on 1 July 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 July 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 June 2019 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 July 2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	10,960,684	167,343	11,128,027
<b>Current liabilities</b>			
Lease liabilities	–	70,996	70,996
<b>Non-current liabilities</b>			
Lease liabilities	–	96,347	96,347

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 July 2019 as disclosed above.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 3. SEGMENT INFORMATION

### Disaggregation of revenue

For the six months ended 31 December 2019

Segments	Data centre and IT facilities HK\$'000	ELV and IT systems HK\$'000	Total HK\$'000
<b>Types of services recognised over time</b>			
Income from data centre and information technology ("IT") facilities	729,300	–	729,300
Installation and maintenance fee of extra-low voltage ("ELV") and IT systems	–	89,320	89,320
Revenue from contract with customers	729,300	89,320	818,620

For the six months ended 31 December 2018

Segments	Data centre and IT facilities HK\$'000	ELV and IT systems HK\$'000	Total HK\$'000 (restated)
<b>Types of services recognised over time</b>			
Income from data centre and IT facilities	644,385	–	644,385
Installation and maintenance fee of ELV and IT systems	–	84,226	84,226
Revenue from contract with customers	644,385	84,226	728,611

### Segment revenue and results

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' emoluments, interest income, finance costs 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) ELV and IT systems comprise installation and maintenance services for the respective systems.

An operating segment regarding the properties holding was discontinued upon the disposal of subsidiaries in the current period. The segment information reported as below does not include any amounts for these discontinued operations, which are described in more details in note 20. The comparative figures for the six months ended 31 December 2018 were restated to exclude the properties holding segment from continuing operations.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 3. SEGMENT INFORMATION (continued)

### Segment revenue and results (continued)

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 2019**

#### Continuing operations

	Data centre and IT facilities HK\$'000	ELV and IT systems HK\$'000	Elimination HK\$'000	Consolidated total HK\$'000
<b>REVENUE</b>				
External	729,300	89,320	–	818,620
Inter-segment	–	176	(176)	–
<b>Total</b>	<b>729,300</b>	<b>89,496</b>	<b>(176)</b>	<b>818,620</b>
<b>RESULTS</b>				
Segment results	398,363	19,088	–	417,451
Unallocated corporate expenses				(21,310)
Interest income				4,724
Finance costs				(20,447)
Investment income				142
<b>Profit before taxation from continuing operations</b>				<b>380,560</b>

For the six months ended 31 December 2018 (restated)

#### Continuing operations

	Data centre and IT facilities HK\$'000	ELV and IT systems HK\$'000	Elimination HK\$'000	Consolidated total HK\$'000
<b>REVENUE</b>				
External	644,385	84,226	–	728,611
Inter-segment	–	180	(180)	–
<b>Total</b>	<b>644,385</b>	<b>84,406</b>	<b>(180)</b>	<b>728,611</b>
<b>RESULTS</b>				
Segment results	362,955	15,742	–	378,697
Unallocated corporate expenses				(17,664)
Interest income				7,220
Finance costs				(7,243)
Investment income				142
<b>Profit before taxation from continuing operations</b>				<b>361,152</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 3. SEGMENT INFORMATION (continued)

### Segment revenue and results (continued)

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	
	2019 HK\$'000	2018 HK\$'000
Interest income	4,724	7,220
Investment income	142	142
Miscellaneous	1,471	851
	<b>6,337</b>	8,213

## 5. INCOME TAX EXPENSE

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000 (restated)
Continuing operations		
Current tax		
– Hong Kong Profits Tax	48,158	33,180
Deferred tax charge	11,590	28,430
	<b>59,748</b>	61,610

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits for the period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 6. PROFIT FOR THE PERIOD

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Profit for the period from continuing operations has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment (including depreciation of right-of-use assets of HK\$26,160,000 (2018: Nil))	168,872	101,511
Interest on bank borrowings	61,974	21,872
Interest on shareholder's loan	66,542	–
Other finance costs	8,001	4,194
Less: amounts capitalised	(117,763)	(18,823)
	18,754	7,243
Interest on lease liabilities	1,693	–
Total finance costs	20,447	7,243

## 7. DIVIDENDS

During the period, a final dividend of HK\$16.50 cents per share in respect of the year ended 30 June 2019 (2018: a final dividend of HK\$15.10 cents per share in respect of the year ended 30 June 2018) 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\$668,013,000 (2018: HK\$610,866,000).

The board of directors does not recommend the payment of an interim dividend for the six months ended 31 December 2019 (2018: Nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 8. EARNINGS PER SHARE

### (a) Reported earnings per share

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

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	409,738	411,487
	2019 Number of shares	2018 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,047,811,715	4,045,450,318
Effect of dilutive potential ordinary shares: share options	4,772,880	4,880,668
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,052,584,595	4,050,330,986

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 18.

The computation of diluted earnings per share does not assume the exercise of certain Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 31 December 2019 and 2018. Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the six months ended 31 December 2019 and 2018.

### (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\$335,486,000 (2018: HK\$321,487,000), excluding the effect of increase in fair value of investment properties (included in profits from discontinued operations). A reconciliation of profit is as follows:

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Profit attributable to owners of the Company as shown in the consolidated statement of profit or loss	409,738	411,487
Less: increase in fair value of investment properties (note 20)	(74,252)	(90,000)
Underlying profit attributable to owners of the Company	335,486	321,487

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 8. EARNINGS PER SHARE (continued)

### (c) Earnings per share from continuing operations

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000 (restated)
Profit attributable to owners of the Company as shown in the consolidated statement of profit or loss	409,738	411,487
Less: profit from discontinued operations (note 20)	(88,926)	(111,945)
Earnings for the purpose of basic and diluted earnings per share from continuing operations	320,812	299,542

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

### (d) Earnings per share from discontinued operations

Basic earnings per share for the discontinued operations is HK2.19 cents per share (2018: HK2.77 cents per share) and diluted earnings per share for the discontinued operations is HK2.19 cents per share (2018: HK2.76 cents per share), based on the profit for the period from discontinued operations of HK\$88,926,000 (2018: HK\$111,945,000) and the denominators detailed above for both basic and diluted reported earnings per share.

## 9. INVESTMENT PROPERTIES

	HK\$'000
At 1 July 2019	1,769,000
Increase in fair value recognised in the consolidated statement of profit or loss (note 20)	74,252
Disposal of subsidiaries (note 20)	(1,843,252)
<b>At 31 December 2019</b>	<b>–</b>

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment including right-of-use assets amounted to approximately HK\$2,881,978,000 (2018: HK\$539,089,000). Excluding additions to property, plant and equipment through acquisition of subsidiaries disclosed in note 19, HK\$432,777,000 (2018: HK\$327,069,000) was paid for the purchase of property, plant and equipment during the period.

During the period, the Group entered into a new lease agreement for data centre operation for 3 years. The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognised HK\$3,173,000 of right-of-use assets and HK\$3,173,000 of lease liability.

During the period, the Group derecognised the right-of-use assets which the Group leased them from the SHKP Group of HK\$142,610,000 after acquisition of leased properties through acquisition of a subsidiary from the SHKP Group. For details, please refer to note 19(a).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 11. EQUITY INSTRUMENT AT FVTOCI/DEBT INSTRUMENT AT FVTOCI

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Debt/equity instruments at FVTOCI:		
Listed debt instrument in Hong Kong	–	51,089
Unlisted equity instrument	3,710	3,710
	<b>3,710</b>	54,799
	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Carrying amount analysed for reporting purposes as:		
Non-current assets	3,710	3,710
Current assets (debt instrument maturing within one year)	–	51,089
	<b>3,710</b>	54,799

## 12. TRADE AND OTHER RECEIVABLES

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Trade receivables	138,796	165,760
Less: allowance for credit losses	(922)	(1,060)
	<b>137,874</b>	164,700
Other receivables, prepayments and deposits paid	156,623	130,060
	<b>294,497</b>	294,760

The Group allows an average credit period of 30 days to its trade customers. The following is an ageing analysis of trade receivables based on the invoice date net of allowance for credit losses at the end of the reporting period:

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
0 – 60 days	117,452	139,819
61 – 90 days	5,973	6,326
> 90 days	14,449	18,555
	<b>137,874</b>	164,700

As at 31 December 2019, out of the past due balances, HK\$14,449,000 (30 June 2019: HK\$18,555,000) has been past due 90 days or more and is not considered as in default because those debtors are with continuous settlements during and subsequent to the reporting period and no default history noted.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 13. CONTRACT ASSETS AND UNBILLED REVENUE

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Unbilled revenue for installation services	8,530	4,358
Retention receivables of installation services	8,399	10,354
Total contract assets	16,929	14,712
Unbilled revenue for use of data centre and IT facilities (note)	65,330	67,597
	<b>82,259</b>	82,309

Note: It represents receivable from contracts with customers for the services provided but not billed. The amounts will be billed according to the billing arrangement agreed with the customers.

## 14. TRADE AND OTHER PAYABLES

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Trade payables aged within 60 days	72,032	33,553
Trade payables aged over 60 days	7,571	6,183
Other payables and accruals (note)	759,213	748,507
Deposits received	156,176	168,650
	<b>994,992</b>	956,893

Note: Other payables and accruals include payables for property, plant and equipment of HK\$532,246,000 (30 June 2019: HK\$520,572,000).

## 15. CONTRACT LIABILITIES

The carrying amounts of contract liabilities are as follows:

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Current liabilities (release to the consolidated statement of profit or loss within one year)	99,962	85,087
Non-current liabilities	31,320	42,679
	<b>131,282</b>	127,766

During the six months ended 31 December 2019, revenue recognised in the current period relating to contract liabilities at the beginning of the period was HK\$42,436,000. The Group receives upfront lump sum payments from certain customers before the commencement of use of data centre and IT facilities and monthly fee in advances from certain customers at the beginning of each month. The upfront lump sum and advance payment result in contract liabilities being recognised.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 16. BANK BORROWINGS

During the period, the Group raised an unsecured bank loan of HK\$1,070,000,000 (2018: HK\$582,750,000) from its existing unutilised banking facility and did not repay any bank loans.

At 31 December 2019, the carrying amount of the Group's unsecured bank loans amounted to approximately HK\$5,828,731,000 (30 June 2019: HK\$4,752,701,000). All loans carry interest at the Hong Kong Interbank Offered Rate plus specific margins.

The carrying amounts of the unsecured bank loans are repayables:

	31 December 2019 HK\$'000	30 June 2019 HK\$'000
Within one year	2,182,335	2,180,153
Within a period of more than one year but less than two years	–	–
Within a period of more than two years but less than five years	3,646,396	2,572,548
	<b>5,828,731</b>	4,752,701

During the period, the Group obtained another long-term banking facility of HK\$3,000,000,000 to refinance its existing short-term bank loan and to fund various existing data centre projects. Such banking facility had not been utilised at the end of the reporting period and subsequent to the end of the reporting period, HK\$2,200,000,000 was drawn down for the repayment to the short-term bank loan with a principal amount of HK\$2,182,400,000.

## 17. SHAREHOLDER'S LOAN

During the year ended 30 June 2019, the Group and the SHKP Group entered into a loan agreement pursuant to which the SHKP Group had agreed to make available unsecured term loan facility in an aggregate amount of HK\$3,800,000,000 to the Group for a term of 72 months at a fixed interest rate of 4% per annum. At the end of the reporting period, HK\$3,300,000,000 (30 June 2019: HK\$3,300,000,000) had been drawn down from such facility which was used to fund various existing data centre projects and for working capital requirements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 18. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2019 and <b>31 December 2019</b>	<b>10,000,000,000</b>	<b>1,000,000</b>
Issued and fully paid:		
At 1 July 2019	2,326,582,833	232,658
Exercise of share options (Note (ii))	1,965,000	197
<b>At 31 December 2019</b>	<b>2,328,547,833</b>	<b>232,855</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.

During the six months ended 31 December 2019, no Convertible Notes were exercised and converted into ordinary shares of the Company.

	Number of fully paid ordinary shares to be issued (issued) upon conversion	Amount HK\$'000
At 1 July 2019 and <b>31 December 2019</b>	<b>1,720,016,833</b>	<b>172,002</b>

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,048,564,666 (30 June 2019: 4,046,599,666) 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 2019, 1,965,000 (2018: 40,000) shares were issued upon exercise of share options.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 19. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

- (a) On 6 November 2019, the Group completed the acquisition of the entire equity interest in and the intercompany loan owing by Branhall Investments Limited (“Branhall Investments”), an indirect wholly-owned subsidiary of SHKP, from the SHKP Group at a total consideration of HK\$2,242,534,000. Branhall Investments is principally engaged in property investment. The major asset owned by Branhall Investments is the entire industrial building at 8–12 Wong Chuk Yeung Street, Fo Tan, Shatin, New Territories, Hong Kong. Further details of the transaction were set out in the Company’s circular dated 11 October 2019.

In the opinion of directors, the acquisition did not constitute a business combination as defined in HKFRS 3 (Revised) “Business Combinations”, therefore, the acquisition had been accounted for as acquisition of assets and liabilities during the six months ended 31 December 2019.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of completion of the acquisition:

Assets and liabilities recognised at the date of completion of the acquisition are set out as follows:

	<i>HK\$'000</i>
<b>Non-current asset</b>	
Property, plant and equipment	2,251,900
<b>Current asset</b>	
Trade and other receivables	50,519
<b>Current liabilities</b>	
Trade and other payables	26,166
Tax payable	18,986
	45,152
<b>Non-current liability</b>	
Deferred tax liability	12,833
<b>Net assets</b>	2,244,434

Net cash outflows arising on acquisition

	<i>HK\$'000</i>
Consideration paid in cash	2,215,390
Consideration payable in cash	27,144
Add: direct expenses paid (note)	1,900
	2,244,434

Note: Acquisition-related costs amounting to HK\$1,900,000 have been capitalised in property, plant and equipment.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 19. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (continued)

- (b) On 9 August 2019, the Group completed the acquisition of the entire equity interest in STT Limited (“STT”) from an independent third party at a total consideration of HK\$65,000,000. The major asset owned by STT is a piece of leasehold land located in Hong Kong.

In the opinion of directors, the acquisition did not constitute a business combination as defined in HKFRS 3 (Revised) “Business Combinations”, therefore, the acquisition had been accounted for as acquisition of assets and liabilities during the six months ended 31 December 2019.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of completion of the acquisition:

Assets and liabilities recognised at the date of completion of the acquisition are set out as follow:

	<i>HK\$'000</i>
<b>Non-current assets</b>	
Property, plant and equipment	64,691
Deferred tax assets	309
	65,000
<b>Current assets</b>	
Trade and other receivables	420
Cash and cash equivalents	479
	899
<b>Current liabilities</b>	
Trade and other payables	26
Tax payable	20
	46
<b>Net assets</b>	65,853

Net cash outflows arising on acquisition

	<i>HK\$'000</i>
Consideration paid in cash	65,000
Add: direct expenses paid (note)	853
Less: cash and cash equivalent balances acquired	(479)
	65,374

Note: Acquisition-related costs amounting to HK\$853,000 have been capitalised in property, plant and equipment.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 20. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

On 6 November 2019, the Group completed the disposal of the entire interest in and the intercompany loan owing by Riderstrack Development Limited (“Riderstrack Development”), an indirect wholly-owned subsidiary of the Company, to the SHKP Group at a total consideration of HK\$1,053,568,000. At the time of disposal, the major assets of Riderstrack Development were investment properties located in Hong Kong.

On the same date, the Group completed the disposal of the entire interest in Multi-well Investments Limited (“Multi-well Investments”), an indirect wholly-owned subsidiary of the Company, and the intercompany loan owing by Splendid Sharp Limited, a direct subsidiary of Multi-well Investments (collectively referred to “Multi-well Investments Group”), to the SHKP Group at a total consideration of HK\$754,451,000. At the time of disposal, the major assets of Multi-well Investments Group were investment properties located in Hong Kong.

Further details of the transactions were set out in the Company’s circular dated 11 October 2019. The purpose of the disposal is to generate cash for the expansion of the Group’s other businesses. The disposal was completed on 6 November 2019, on which date the Group lost control of Riderstrack Development and Multi-well Investments Group, which carried out all of the Group’s properties holding operations. The Group’s properties holding operations are treated as discontinued operations.

The profit from the discontinued operations for the current and preceding interim periods is analysed as follows:

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Profit of properties holding operations for the period (note)	90,026	111,945
Less: loss on disposal of subsidiaries	(1,100)	–
	<b>88,926</b>	111,945

Note: Profit of properties holding operations for the six months ended 31 December 2019 represented the period from 1 July 2019 to 6 November 2019 (the date of completion of disposal).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 20. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS) (continued)

The results of the properties holding operations for the current and preceding interim periods were as follows:

	Six months ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue		
Property rentals	19,399	27,846
Contracts with customers from building management services	2,538	3,558
Total revenue	21,937	31,404
Cost of sales	(3,887)	(4,800)
Gross profit	18,050	26,604
Selling expenses	–	(250)
Administrative expenses	(158)	(78)
Increase in fair value of investment properties	74,252	90,000
Profit before tax	92,144	116,276
Income tax expense	(2,118)	(4,331)
Profit for the period	90,026	111,945

The aggregated assets and liabilities of the subsidiaries as at the date of completion of the disposal are set out as follows:

	HK\$'000
<b>Non-current asset</b>	
Investment properties	1,843,252
<b>Current asset</b>	
Trade and other receivables	11,658
<b>Current liabilities</b>	
Trade and other payables	19,607
Tax payables	11,527
	31,134
<b>Non-current liability</b>	
Deferred tax liabilities	15,757
<b>Net assets</b>	1,808,019

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 20. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS) (continued)

The aggregated assets and liabilities of the subsidiaries as at the date of completion of the disposal are set out as follows (continued):

Loss on disposal of subsidiaries:

	<i>HK\$'000</i>
Consideration received/receivable in cash	1,808,019
Less: net assets disposed of	(1,808,019)
Less: direct expenses paid	(1,100)
	<u>(1,100)</u>

Net cash inflows arising on disposal

	<i>HK\$'000</i>
Consideration received in cash	1,807,008
Consideration receivable in cash	1,011
Less: direct expenses paid	(1,100)
	<u>1,806,919</u>

Cash flows from subsidiaries

	<b>Six months ended 31 December</b>	
	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	<b>14,763</b>	21,946
Net cash used in financing activities	<b>(14,763)</b>	(21,946)
Net cash flows	<u>–</u>	<u>–</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 21. RELATED PARTY TRANSACTIONS

The significant transactions with related parties during the period are as follows:

### (a) Transactions with the SHKP Group (other than members of the Group)

	Six months ended 31 December	
	2019 HK\$'000	2018 HK\$'000
Consideration paid/payable for acquisition of a subsidiary	2,242,534	–
Consideration received/receivable for disposal of subsidiaries	1,808,019	–
Income from installation, operation and provision of cable networking	52,435	48,341
Income from maintenance and repair of network infrastructure and security systems	33,421	30,972
Space and rack rental income	1,767	1,696
Short term lease/lease, licence and management fee charge	3,703	41,612
Property management service fees paid	9,046	8,316
Network infrastructure and security system installation charges	4,075	6,783
Maintenance and repair charges of network infrastructure and security system	2,279	2,139
Management fee charges	1,000	1,000
Insurance service charges paid	1,689	1,233
Construction work charges	125,365	33,576
Other finance costs	504	–
Interest on shareholder's loan	66,542	–
Interest on lease liabilities	1,693	–

### (b) Transaction with a director

During the period, professional fees of HK\$6,555,000 (2018: HK\$1,279,000) were paid/payable 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.

### (c) Compensation of key management

Fees, salaries and other benefits paid/payable by the Group to the key management during the period amounted to HK\$9,208,000 (2018: HK\$5,846,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2019

## 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Certain Group's financial instruments are measured at fair value at the end of each reporting period. The level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	<b>31 December 2019</b> <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>
Listed debt instrument (Level 1)	–	51,089
Unlisted equity instrument (Level 3)	<b>3,710</b>	3,710

Fair value of the listed debt instrument had been determined by reference to bid prices quoted in active markets.

Fair value of the unlisted equity instrument has been determined by dividend discount model that is not based on observable market data.

The carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate to their fair values.

There was no transfer of financial assets and financial liabilities between fair value hierarchy classifications during the six months ended 31 December 2019 and 2018.

## 23. CAPITAL COMMITMENTS

	<b>31 December 2019</b> <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>892,471</b>	830,123

## Other Information

### DIVIDEND

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 31 December 2019 (2018: Nil).

### DIRECTORS' INTERESTS

As at 31 December 2019, 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 of Hong Kong Limited (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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, 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 31.12.2019
	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
Fung Yuk-lun, Allen	-	-	-	-	8,000,000 <sup>2</sup>	8,000,000	0.34
Tong Kwok-kong, Raymond	100,000	-	-	100,000	4,000,000 <sup>2</sup>	4,100,000	0.18
Chan Man-yuen, Martin	10,000	-	-	10,000	3,390,000 <sup>2</sup>	3,400,000	0.15
Lau Yeuk-hung, Fiona	-	-	-	-	2,500,000 <sup>2</sup>	2,500,000	0.11
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 six months ended 31 December 2019 are set out in the section headed "Share Option Scheme".
- 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 the late 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.

## Other Information

### 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				Sub-total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2019
	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	188,743	70,000 <sup>1</sup>	-	524,284,686 <sup>2</sup>	524,543,429	-	524,543,429	18.10
Kwok Kai-wang, Christopher	110,000 <sup>3</sup>	60,000 <sup>4</sup>	-	651,238,101 <sup>2&amp;5</sup>	651,408,101	-	651,408,101	22.48
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:

- These shares in SHKP were held by the spouse of Mr. Kwok Ping-luen, Raymond.
- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 524,284,686 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 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 the late 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.

## Other Information

(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 31.12.2019
	Personal interests (held as beneficial owner)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	–	5,162,337 <sup>1</sup>	5,162,337	–	5,162,337	0.46
Fung Yuk-lun, Allen	437,359	–	437,359	–	437,359	0.04
Kwok Kai-wang, Christopher	–	12,011,498 <sup>1&amp;2</sup>	12,011,498	–	12,011,498	1.07

Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 5,162,337 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 6,849,161 shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late 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	Actual shares held through corporation	Actual % of interests in issued shares as at 31.12.2019
Splendid Kai Limited	2,500 <sup>1</sup>	25.00
Hung Carom Company Limited	25 <sup>1</sup>	25.00
Tinyau Company Limited	1 <sup>1</sup>	50.00
Open Step Limited	8 <sup>1</sup>	80.00
Vivid Synergy Limited	2,500 <sup>1</sup>	25.00

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 certain discretionary trusts 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 31 December 2019, 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 the Model Code.

## Other Information

### SHARE OPTION SCHEME

#### 1. Share Option Scheme of the Company

By an ordinary resolution of the Company passed at its annual general meeting held on 1 November 2012, the Company adopted a share option scheme, which 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 (the "2012 Scheme").

During the six months ended 31 December 2019, 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 six months ended 31 December 2019 were as follows:

Grantees	Date of grant	Exercise price per share	Exercise period <sup>1</sup>	Number of share options					Closing price per share	
				Balance as at 01.07.2019	Reclassification during the period <sup>2</sup>	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period		Balance as at 31.12.2019
		HK\$							HK\$	
<b>(i) Directors</b>										
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	-	-	-	-	4,000,000	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	-	-	-	-	4,000,000	N/A
Tong Kwok-kong, Raymond	19.06.2018	5.048	19.06.2019 to 18.06.2023	4,000,000	-	-	-	-	4,000,000	N/A
Chan Man-yuen, Martin <sup>2</sup>	08.03.2016	2.45	08.03.2017 to 07.03.2021	N/A	1,390,000	-	-	-	1,390,000	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	N/A	2,000,000	-	-	-	2,000,000	N/A
Lau Yeuk-hung, Fiona <sup>2</sup>	19.06.2018	5.048	19.06.2019 to 18.06.2023	N/A	1,500,000	-	-	-	1,500,000	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	N/A	1,000,000	-	-	-	1,000,000	N/A
<b>(ii) Other employees</b>	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,485,000	(1,390,000)	-	(1,935,000)	-	1,160,000	6.07 <sup>3</sup>
	19.06.2018	5.048	19.06.2019 to 18.06.2023	2,805,000	-	-	(30,000)	-	2,775,000	5.85 <sup>3</sup>
	22.05.2019	6.688	22.05.2020 to 21.05.2024	5,840,000	(2,000,000)	-	-	(100,000)	3,740,000	N/A
<b>(iii) Other participants</b>	19.06.2018	5.048	19.06.2019 to 18.06.2023	1,500,000	(1,500,000)	-	-	-	-	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	1,400,000	(1,000,000)	-	-	(400,000)	-	N/A
<b>Total</b>				28,030,000	-	-	(1,965,000)	(500,000)	25,565,000	

Notes:

- 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.
- Mr. Chan Man-yuen, Martin and Ms. Lau Yeuk-hung, Fiona were appointed as Executive Directors with effect from 31 October 2019. As at the date of their appointments, Mr. Chan and Ms. Lau had interests in share options to subscribe for 3,390,000 shares and 2,500,000 shares in the Company respectively. As a result of their appointments, their relevant share options were reclassified from the categories of "Other employees" and "Other participants" to the category of "Directors".
- This represented the weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised.

Save as disclosed above, there were no outstanding share options granted under the 2012 Scheme during the six months ended 31 December 2019.

#### 2. Arrangement to Purchase Shares or Debentures

Other than the share option scheme as mentioned above, at no time during the six months ended 31 December 2019 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.

## Other Information

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2019, 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 31.12.2019
Sunco Resources Limited ("Sunco") <sup>1</sup>	1,719,427,500	1,719,427,500 <sup>2</sup>	3,438,855,000	147.68
SHKP <sup>3</sup>	1,719,427,500	1,719,427,500 <sup>2</sup>	3,438,855,000	147.68
HSBC Trustee (C.I.) Limited ("HSBCCI") <sup>4</sup>	1,721,567,500	1,719,427,500 <sup>2</sup>	3,440,995,000	147.77
The Capital Group Companies, Inc. ("Capital Group") <sup>5</sup>	116,852,000	–	116,852,000	5.02

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.
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 indirectly by SHKP for the purpose of Part XV of the SFO.
5. Capital Group is deemed to have interest in 116,852,000 shares of the Company held by funds and accounts which have retained affiliates of Capital Group to serve as investment adviser and exercise discretionary voting power.

Save as disclosed above, as at 31 December 2019, 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.

### REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2019 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 is set out on page 20 of this report.

## Other Information

### 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 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 six months ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code in Appendix 10 to the Listing Rules as the code of conduct for the Directors and the relevant employees who are likely to possess inside information of the Group in their dealings in the securities of the Company. Upon the Company's specific enquiry, each Director has confirmed that during the six months ended 31 December 2019, he/she has fully complied with the Model Code and there is no event of non-compliance.

### CORPORATE GOVERNANCE CODE

Throughout the six months ended 31 December 2019, the Group has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except that the Chairman of the Board was unable to attend the annual general meeting of the Company held on 30 October 2019 due to other commitment.

On behalf of the Board

**Kwok Ping-luen, Raymond**

*Chairman*

Hong Kong, 21 February 2020

*As at the date of this report, the Board comprises six Executive Directors, being Kwok Ping-luen, Raymond, Fung Yuk-lun, Allen, Tong Kwok-kong, Raymond, Tung Chi-ho, Eric, Chan Man-yuen, Martin and Lau Yeuk-hung, Fiona; five Non-Executive Directors, being Cheung Wing-yui, Kwok Kai-wang, Christopher, David Norman Prince, Siu Hon-wah, Thomas and Chan Hong-ki, Robert; and six Independent Non-Executive Directors, being Li On-kwok, Victor, King Yeo-chi, Ambrose, Wong Kai-man, Kwok Kwok-chuen, Lee Wai-kwong, Sunny and Cheng Ka-lai, Lily.*

**SUNeVision Holdings Ltd.**  
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