SUNeVision Holdings Ltd.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8008

2016-2017
Annual Report

The technology arm of Sun Hung Kai Properties Limited

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

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

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

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

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

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Financial Highlights & Summary

FINANCIAL HIGHLIGHTS

	For the quarter ended 30 Jun 17 HK$'000	31 Mar 17 HK$'000	31 Dec 16 HK$'000	30 Sep 16 HK$'000	**Full year HK$'000**
Revenue	294,522	289,963	282,276	274,996	**1,141,757**
Cost of sales	(107,993)	(111,070)	(111,529)	(107,034)	**(437,626)**
Gross profit	186,529	178,893	170,747	167,962	**704,131**
Other income	6,514	6,435	11,729	6,134	**30,812**
	193,043	185,328	182,476	174,096	**734,943**
Operating expenditure *	(21,107)	(17,443)	(17,901)	(15,458)	**(71,909)**
Profit from operations	171,936	167,885	164,575	158,638	**663,034**

* *Selling, general and administrative expenses*

FINANCIAL SUMMARY

Results	**Year ended 30 June**				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**1,141,757**	998,970	918,123	846,189	764,617
Profit for the year	**631,435**	548,991	569,402	585,489	530,396

Assets and Liabilities	**As at 30 June**				
	2017	2016	2015	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**5,633,746**	4,622,951	4,207,989	4,092,450	3,880,154
Total liabilities	**(1,934,800)**	(1,044,618)	(691,631)	(671,401)	(627,931)
Total equity	**3,698,946**	3,578,333	3,516,358	3,421,049	3,252,223

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Kwok Ping-luen, Raymond *(Chairman)*
Yan King-shun, Peter *(Chief Executive Officer)*
Tung Chi-ho, Eric

Non-Executive Directors
Cheung Wing-yui *(Vice Chairman)*
Fung Yuk-lun, Allen *(Vice Chairman)*
Kwok Kai-wang, Christopher
David Norman Prince
Siu Hon-wah, Thomas
Chan Hong-ki

Independent Non-Executive Directors
Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man
Kwok Kwok-chuen
Lee Wai-kwong, Sunny

COMPANY SECRETARY
Lee Kok-ming

COMPLIANCE OFFICER
Yan King-shun, Peter

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

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

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

CORPORATE GOVERNANCE COMMITTEE
Cheung Wing-yui *(Committee Chairman)*
Yan King-shun, Peter

AUTHORISED REPRESENTATIVES UNDER THE GEM LISTING RULES
Yan King-shun, Peter
Lee Kok-ming

REGISTERED OFFICE
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
MEGATOP, MEGA-iAdvantage
399 Chai Wan Road, Chai Wan, Hong Kong

LEGAL ADVISERS
As to Hong Kong Law
Woo Kwan Lee & Lo

As to Cayman Islands Law
Maples and Calder

AUDITOR
Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTRAR IN RESPECT OF THE CONVERTIBLE NOTES
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
Industrial and Commercial Bank of China (Asia) Limited
Bank of Communications Co., Ltd. Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited
China Construction Bank Corporation Hong Kong Branch
Agricultural Bank of China Limited
The Bank of East Asia, Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mizuho Bank, Ltd.

STOCK CODE
8008

WEBSITE
www.sunevision.com

SUNeVision achieved a satisfactory performance for the financial year ended 30 June 2017, with a profit attributable to owners of the Company of HK$629.8 million. Underlying profit attributable to owners of the Company (excluding the effect of other gain and loss) was HK$554.4 million; an increase of HK$44.4 million.

FINANCIAL HIGHLIGHTS

The Group's revenue for the year rose 14% to HK$1,141.8 million, largely due to increased revenue from the Group's data centre operations. The Group's data centre business continued winning new contracts and renewing existing ones with healthy rental reversions during the year. A number of new contracts were with customers in high-growth segments, especially cloud services providers. Cost of sales increased 21% to HK$437.6 million for the year, mainly due to additional rental expenses for new floors taken up in the final phase of the revitalization of MEGA Two. Gross profit amount rose 10% to HK$704.1 million with gross margin for the year at 62%.

Operating expenditure for the year increased from HK$50.8 million to HK$71.9 million. This was mainly due to the expansion of sales and marketing resources including various marketing activities, in anticipation of the new data centre capacity resulting from the complete revitalization of MEGA Two and the newly constructed MEGA Plus (Tseung Kwan O) in the coming months.

Profit from operations for the year increased by HK$54.5 million to HK$663.0 million, representing a 9% growth compared with the previous financial year.

Other gain and loss for the year increased from HK$39.0 million to HK$75.4 million, mainly from an increase in fair value of investment properties of HK$131.0 million but partially offset by a decrease in fair value of a securities investment of HK$55.6 million. Taking these into account and allowing for taxation, profit attributable to owners of the Company for the year was HK$629.8 million, compared with HK$549.0 million for the previous financial year.

Shareholders' funds as of 30 June 2017 amounted to HK$3,684.4 million, or HK$0.91 per share accounted for the effect of bonus shares and convertible notes issued in November 2010. The Group's financial position remained healthy with approximately HK$887.6 million in cash and interest-bearing securities on hand at year end, despite medium-term bank borrowing of HK$996.5 million. The Group had approximately HK$108.9 million in net borrowing due to higher planned capital expenditure during the fiscal year. However, the gearing as at 30 June 2017 calculated as borrowing (net of cash only) to shareholders' funds remained low at 11%. The Group took advantage of favourable interest rates in August 2017 to refinance existing bank borrowing and obtained a long-term loan facility for various existing capital investment projects.

The Directors recommend the payment of a final dividend of HK13.70 cents per share for the year ended 30 June 2017, compared to HK12.60 cents per share for the previous financial year. The final dividend will be paid on 20 November 2017 following approval at the 2017 Annual General Meeting.

BUSINESS REVIEW

The Group's core data centre business, iAdvantage, continued to perform well as a leading carrier-neutral data centre operator in Hong Kong.

Construction of the Group's latest data centre in Tseung Kwan O, MEGA Plus, has completed and the Lands Department issued a compliance certificate in June 2017. MEGA Plus is the first purpose-built facility on land designated for data centre use by the Hong Kong government. The land was acquired through open tender at market rate. This distinguishes the site from neighbouring data centres in the Tseung Kwan O Industrial Estate, which are built on subsidised land that prohibit any form of subletting.

MEGA Two has seen high customer utilization. The transformation of the entire MEGA Two facility is in the final stage. This will ensure MEGA Two to become a dedicated top-tier data centre offering world-class security, network connectivity and facility management for customers.

MEGA-i continued to do well and is firmly established as a major connectivity hub in Hong Kong. An optimization project to upgrade its power capacity to meet increasing demand from customers has commenced.

SUNeVision's approach is to build a portfolio of data centres equipped with superior infrastructure and facilities at different locations with different price points. Fibre connections among the MEGA centres ensure speedy and stable connectivity. Our portfolio gives customers a broader choice of facilities to meet their needs.

SUNeVision aims to provide the highest quality data centre service in the region. But success is more than having superior infrastructure. It must rely on understanding and catering to customers' changing needs and providing premium service. SUNeVision will continue its pursuit of service excellence to serve customers better.

The Group's Super e-Technology and Super e-Network last-mile connectivity businesses continued to focus on a range of services covering design, build and maintenance of communications system and infrastructure providing quality service to corporate and residential customers.

FUTURE PROSPECTS

The completion of MEGA Plus and the revitalization of MEGA Two have put SUNeVision in a new stage of growth, substantially expanding its capacity to grow with customers' needs. The Group's existing operations will maintain its leading market position to meet market demand and achieve sustained profitability.

The surge of data usage driven by digitization and cloud computing has created different business opportunities for SUNeVision, but these trends have also attracted new players to invest in data centre facilities in Hong Kong, resulting in a substantial increase in the supply of data centre capacity. SUNeVision must continue to differentiate itself with superior infrastructure and service, as well as continue to invest in upgrading facilities to meet changing customer needs.

SUNeVision remains committed to maintaining high standards of corporate governance. There are a number of board committees established to effectively support the Board in carrying out its responsibilities.

APPRECIATION

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

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 5 September 2017

OVERVIEW

SUNeVision completed the financial year ended 30 June 2017 with HK$629.8 million profit attributable to owners of the Company, an increase of HK$80.8 million over the previous financial year.

Revenue for the year was HK$1,141.8 million; an improvement of HK$142.8 million over the previous financial year largely arising from the Group's data centre operations. Gross margin was 62%, translating into a gross profit of HK$704.1 million. Excluding the effect of other gain and loss, underlying profit attributable to owners of the Company for the year was HK$554.4 million; an increase of HK$44.4 million or year-on-year growth of 9%.

BUSINESS REVIEW

iAdvantage

iAdvantage secured new contracts from a leading global cloud service provider for MEGA Plus in Tseung Kwan O and MEGA Two in Sha Tin, which will be used as a base for its expansion. At the same time, iAdvantage continues to work on various major expansion and enhancement projects to maintain its market position as a major data centre service operator in Hong Kong.

Construction of the MEGA Plus flagship facility has completed and the compliance certificate was issued in June 2017. Fit-out work for the initial anchor customers commenced in August 2017. The facility was designed to exploit the Group's rich data centre operational experience with an understanding of the latest customer needs, and is built for flexibility to meet varying levels of resilience and power density requirements. It meets environmental requirements with high-efficiency power usage to achieve best-in-class energy saving. MEGA Plus is also the only data centre built on dedicated land in Tseung Kwan O without restrictions on usage. This distinguishes the site from neighbouring data centres in the Tseung Kwan O Industrial Estate, which are built on subsidised land that prohibit any form of subletting.

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

The optimization of the flagship MEGA-i facility, one of the most highly regarded data centres in the region, is underway and due for completion in 2018. It will enhance power capacity and density as well as connectivity in meeting the increasing demand from new and existing customers.

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

Super e-Technology and Super e-Network

Super e-Technology secured contracts for the installation of security surveillance, SMATV and IT systems totalling approximately HK$20 million for the year ended 30 June 2017. Super e-Technology maintains a positive outlook for the security surveillance and SMATV sectors for the coming year and is constantly pursuing opportunities to expand its service offerings.

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

OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group practises prudent financial management and has a healthy balance sheet with ample liquidity and financial resources. The Group's cash and interest-bearing securities on hand as of 30 June 2017 amounted to approximately HK$887.6 million, while it had medium-term bank borrowing of HK$996.5 million. As a result, the Group had an approximately HK$108.9 million in net borrowing due to higher planned capital expenditure during the fiscal year. However, the gearing as of 30 June 2017 calculated as borrowing (net of cash only) to shareholders' funds remained low at 11%. The Group obtained a long-term loan facility of HK$2 billion in August 2017 to refinance existing borrowing and fund various existing capital investment projects.

As of 30 June 2017, the Group had no contingent liability while the Company had an aggregate of HK$1,012.9 million contingent liabilities in respect of guarantees for general banking facilities utilized by the Group's subsidiaries for higher 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 30 June 2017 and there was no material acquisition or disposal of subsidiaries or affiliated companies during the year under review.

EMPLOYEES

The Group had 222 full-time employees as of 30 June 2017. The Group is keen to motivate and retain talent and continues to offer abundant career progression opportunities for staff retention and motivation. Periodical compensation reviews are conducted to ensure competitiveness in the employment market. Payroll costs increased during the financial year as the Group expanded its footprint of data centres, but the Group believes these are worthwhile investments. Bonuses were paid to selected employees to recognize outstanding performance. Various engagement initiatives were implemented during the year to enhance staff communication and team spirit.

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

OUTLOOK

Building on SUNeVision's performance record, the Group will continue to utilize its strong liquidity and financial resources to improve profitability and attain business growth for higher returns to shareholders in the medium to longer term. The Group maintains an optimistic outlook for its data centre operations as the demand from customers remains strong despite the potential increase in competition from new players. The Group will closely monitor the development of the competitive landscape and global economic developments, and adjust its business strategies accordingly. iAdvantage will continue evaluating new growth opportunities, including the expansion of its footprint with new data centre space, as well as the enhancement of existing data centre facilities. Super e-Technology and Super e-Network will further extend their quality service to new sites and enhance service offerings.

Directors' Profile

EXECUTIVE DIRECTORS

Kwok Ping-luen, Raymond (Age: 64)

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 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 Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

Mr. Kwok has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Mr. Kwok is entitled to receive a director's fee of HK$48,000 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.

Yan King-shun, Peter (Age: 56)

Chief Executive Officer, Compliance Officer and Authorised Representative

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

Mr. Yan has over 32 years of experience in the information technology industry and is a fellow of the Hong Kong Computer Society. He was an executive director and group chief executive officer of Computer And Technologies Holdings Limited ("C&T"). Prior to joining C&T in April 2000, he had held senior management positions in large consulting and information technology services companies including Accenture and Tradelink Electronic Commerce Limited. Mr. Yan also has extensive experience serving on a range of public services committees. He is a director of Hong Kong Data Centre Association Limited and a Honorary Advisor of the Hong Kong Computer Society.

Save as disclosed above, Mr. Yan (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other 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 GEM Listing Rules) of the Company.

Mr. Yan has entered into a service agreement with the Company commencing on 15 October 2013 which has no fixed term of director's service and shall continue unless and until terminated by either party giving to the other notice in writing, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Mr. Yan is entitled to receive a director's fee of HK$42,000 for being the Chief Executive Officer of the Company and other emoluments of approximately HK$6,434,015. 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.

Tung Chi-ho, Eric (Age: 58)
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 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

Mr. Tung has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Mr. Tung is entitled to receive a director's fee of HK$36,000 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.

NON-EXECUTIVE DIRECTORS

Cheung Wing-yui (Age: 67)

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 and Tianjin Development Holdings Limited and an independent non-executive director of Agile Group Holdings Limited and Hop Hing Group Holdings Limited. Mr. Cheung was a non-executive director of SRE Group Limited (November 1999 – December 2015). 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 a director of The Community Chest of Hong Kong. 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Cheung. Mr. Cheung received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Mr. Cheung is entitled to receive a director's fee of HK$216,000 for being the Vice Chairman 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

Fung Yuk-lun, Allen (Age: 49)
Vice Chairman
Mr. Fung is a Vice Chairman of the Company and has been a Non-Executive Director of the Company since 1 January 2014. He obtained an undergraduate degree (Modern History) from Oxford University and holds a doctoral degree in History and East Asian Languages from Harvard University. Mr. Fung was a recipient of a Guggenheim Fellowship in 1996. He was a Teaching Fellow at Harvard University in 1993-1994 and a visiting Assistant Professor of History at Brown University in 1996-1997.

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 and RoadShow Holdings Limited.

Mr. Fung joined McKinsey & Company ("McKinsey"), a global management consulting company, in 1997. He primarily served clients in China and Hong Kong, and also served institutions in Europe and Southeast Asia. Mr. Fung was the co-leader of the infrastructure practice for McKinsey. He was the managing partner of McKinsey Hong Kong from 2004 to 2010. In 2011, Mr. Fung became a director of McKinsey globally, being the first Hong Kong Chinese to become a director in McKinsey's history. He was also the head of recruiting for the Asia region in McKinsey.

Mr. Fung is 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 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 and a member of the Advisory Committee on Gifted Education of Education Bureau, The Government of the Hong Kong Special Administrative Region.

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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Fung. Mr. Fung received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Mr. Fung is entitled to receive a director's fee of HK$42,000 for being the Vice Chairman 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.

Directors' Profile

Kwok Kai-wang, Christopher (Age: 30)
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.

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

There is no service contract entered into between the Company and Mr. Kwok. Mr. Kwok received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. Mr. Kwok is entitled to receive a director's fee of HK$36,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) 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: 66)
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 chair of the audit 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited)) of the Company.

There is no service contract entered into between the Company and Mr. 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 articles of association of the Company. Mr. Prince is entitled to receive a director's fee of HK$120,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) 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: 64)
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 is also the managing director of Wilson group which is a major transport infrastructure services provider in Hong Kong and is wholly-owned by Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). Prior to joining Wilson group, Mr. Siu had more than 25 years of experience in telecommunications and IT sectors. His experience covers finance, business operations and development.

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

There is no service contract entered into between the Company and Mr. Siu. Mr. Siu received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Mr. Siu is entitled to receive a director's fee of HK$36,000 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 (Age: 53)
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 and is now a project director for various key residential, commercial, industrial and mixed developments both in Hong Kong and Mainland China. He is 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 Authorized Person under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong).

Mr. Chan has been a member of the Appeal Tribunal Panel (Buildings) since January 2007 and a director of BEAM Society Limited since 2014.

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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. 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 articles of association of the Company. Mr. Chan is entitled to receive a director's fee of HK$36,000 per annum (or a pro rata amount for the duration of his directorship for an incomplete year) 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: 62)
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 an independent non-executive director of Anxin-China Holdings Limited ("Anxin-China") (June 2013 – October 2015). Professor Li resigned as a director of Anxin-China on 1 October 2015. A petition for the winding-up of Anxin-China was presented to the High Court of the Hong Kong Special Administrative Region (the "Court") by Bloom Zone Limited on 29 September 2015 (the "Winding-up Petition") and provisional liquidators of Anxin-China were appointed on 2 October 2015. The Winding-Up Petition was subsequently dismissed by the Court and the provisional liquidators appointed were discharged on 20 January 2017.

Professor Li is the head of Department of the Electrical and Electronic Engineering Department ("EEED") at The University of Hong Kong ("HKU") and the Chair Professor of Information Engineering of the EEED at HKU. Prior to joining HKU, he was Professor of Electrical Engineering at the University of Southern California ("USC") and director of the USC Communication Sciences Institute. Professor Li has chaired various committees of international professional organisations such as the Technical Committee on Computer Communications of the Institute of Electrical and Electronic Engineers. He was awarded the Bronze Bauhinia Star by the Government of 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Professor Li. Professor Li received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Professor Li is entitled to receive a director's fee of HK$192,000 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.

King Yeo-chi, Ambrose (Age: 82)
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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Professor King. Professor King received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Professor King is entitled to receive a director's fee of HK$192,000 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: 67)
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 Securities and Futures Commission (May 2009 – May 2015) and an independent non-executive director of China Construction Bank Corporation (November 2007 – December 2013), Shangri-La Asia Limited (July 2006 – May 2015) and Great Wall Pan Asia Holdings Limited (formerly known as Armada Holdings Limited and SCMP Group Limited) (April 2007 – November 2016). He was a director of Fung (1906) Foundation Limited (until May 2016) and is currently a director of Victor and William Fung Foundation Limited and an honorary associate professor of the School of Business of The University of Hong Kong. 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.

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

There is no service contract entered into between the Company and Mr. Wong. Mr. Wong received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Mr. Wong is entitled to receive a director's fee of HK$192,000 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 (Age: 63)
Mr. Kwok has been an Independent Non-Executive Director of the Company since 5 May 2012. He holds a Bachelor of Social Sciences degree from The University of Hong Kong, a Master of Philosophy degree in Economics from The Chinese University of Hong Kong and a Master of Social Sciences degree in Public Administration from The University of Hong Kong.

Mr. Kwok is an independent non-executive director of DBS Bank (Hong Kong) Limited. He has been an honorary senior research fellow in the School of Economics & Finance, The University of Hong Kong since November 2008, after resigning from the job of Government Economist for the Hong Kong SAR Government (the "Government"), a post that he served from 2004 to 2008. Before joining the Government, Mr. Kwok was the regional chief economist of Standard Chartered Bank (Hong Kong) Limited for the East Asia region. He was also a senior economist of The Hongkong and Shanghai Banking Corporation Limited.

Mr. Kwok has served on numerous committees and boards in Hong Kong. He is now a member of the Hong Kong Maritime and Port Board, a member of the Competition Commission and the chairman of its Enforcement Committee, a member of the Aviation Development and Three-runway System Advisory Committee, and 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.

Mr. Kwok also served as the chairman of the Hong Kong Coalition of Service Industries, the vice chairman of the Economic Policy Committee of the Hong Kong General Chamber of Commerce, and the honorary economist of the British Chamber of Commerce in Hong Kong. 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Kwok. Mr. Kwok received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company. For the financial year ended 30 June 2017, Mr. Kwok is entitled to receive a director's fee of HK$120,000 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.

Lee Wai-kwong, Sunny (Age: 58)
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 a board director of The Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI), the board chairman of Hong Kong Education City, a council member of Hong Kong Management Association and an audit committee member of Hong Kong Housing Society. Mr. Lee is also a past president of Hong Kong Computer Society, a past chairman of the Hong Kong Institute of IT Professional Certification and a past council member of Vocational Training Council.

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

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

There is no service contract entered into between the Company and Mr. 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 articles of association of the Company. For the financial year ended 30 June 2017, Mr. Lee is entitled to receive a director's fee of HK$120,000 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.

SENIOR MANAGEMENT

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

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 30 June 2017.

PRINCIPAL ACTIVITIES

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

Revenue and contributions to operating results are principally derived from activities in Hong Kong. Segment information about the businesses of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2017 is set out in note 5 to the consolidated financial statements.

GROUP RESULTS

The results of the Group for the year ended 30 June 2017 are set out in the section headed "Consolidated Income Statement" on page 62.

DIVIDEND

The board of Directors (the "Board") recommended the payment of a final dividend of HK13.70 cents per share (2016: HK12.60 cents per share) to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Monday, 6 November 2017, making a total dividend of HK13.70 cents per share for the full year ended 30 June 2017 (2016: HK12.60 cents per share). The proposed final dividend will be paid on Monday, 20 November 2017 following the approval at the forthcoming annual general meeting of the Company (the "2017 AGM"). Shares of the Company will be traded ex-dividend as from Thursday, 2 November 2017.

In addition, subject to the resolution for declaring the aforesaid final dividend being duly passed at the 2017 AGM, pursuant to the deed poll constituting the convertible notes dated 25 November 2010 (the "Convertible Notes"), the Company will, on Monday, 20 November 2017, pay to the noteholders of the Company (the "Noteholders") whose names appear on the register of Noteholders on Monday, 6 November 2017, HK13.70 cents for each share which such Noteholders would have become holders of, had such Noteholders' Convertible Notes then outstanding been converted on Monday, 6 November 2017.

BUSINESS REVIEW

A review of the business of the Group for the financial year ended 30 June 2017, other important events, and the future business development of the Group are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 4 and 5 and pages 6 and 7 respectively.

A description of the principal risks and uncertainties facing the Group, its environmental policies and performance, relationships with stakeholders and compliance with applicable laws and regulations can be found in the paragraphs below.

Principal Risks and Uncertainties

The Directors are aware that the Group is exposed to various risks, including some that are specific to the Group or the industries in which the Group operates. The Directors have established a policy to ensure that significant risks that may adversely affect the Group's performance and ability to deliver on its strategies, as well as those that may present positive opportunities, are identified, reported on, monitored, and managed on a continuous basis.

The following are key risks that are considered to be of most significance to the Group at this time. They may have the potential to adversely impact the Group's businesses, financial conditions, results of operations and growth prospects if they are not managed effectively. These key risks are not comprehensive, and there may be other risks, in addition to those shown below, which are not known to the Group or which may not be material now but could turn out to be material in the future.

Key risks related to the Group's businesses and to the industries in which the Group operates include:

Competition – The Group operates in markets and industries with competition from the local and overseas rivals, which has led to pricing pressure and increased marketing costs. The Group has operated in this competitive landscape for a few years and has had to adapt its business strategies in light of the changed marketplace.

Technology – The Group's operations depend on its ability to innovate and the successful deployment of continuously evolving technologies, particularly its response to technological and industry developments, as well as its ability to foresee and/or rapidly adapt to the emergence of disruptive technologies.

The Group cannot be certain that technologies will be developed in time to meet changing market conditions, that they will perform according to expectations or that they will achieve commercial acceptance.

Economic Environment – The deterioration of global financial markets and a slowdown in global economies may result in a significant decline in demand for the Group's data centre services.

People – The Group's success and ability to grow depends largely on its ability to attract, train, retain, and motivate highly skilled and qualified managerial, sales, marketing, operating, and technical personnel. The loss of key personnel, or the inability to find additional qualified personnel, could adversely affect the Group's prospects and results of operations.

Environmental Policies and Performance

As a responsible corporate citizen, the Group recognises the importance of good environmental stewardship. In this connection, the Group has adopted the quality and environmental policy at its data centers. Environmental performance is analysed and reported to management on a regular basis.

The Group's data centers are designed and managed with consideration of effective environmental protection. Facilities such as uninterruptible power supply systems, air-conditioning systems, generators and electrical and mechanical services take into account the latest energy saving and environmental care technologies.

Relationships with Stakeholders

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including employees, suppliers and contractors.

The Group considers its employees the key to sustainable business growth. It is committed to providing all employees a safe and harassment-free working environment with equal opportunities in relation to employment, reward management, training and career development. This commitment is incorporated in its Employment Policy. Workplace safety is a priority of the Group, and with due awareness of all employees throughout the year, the Group was able to maintain a high standard of health and safety measures in all company activities.

The Group is committed to upholding the highest ethical and professional standards when dealing with suppliers and contractors. The Group has in place a Procurement Policy in order to monitor supplier performance better. The Group's procurement team conducts supplier and contractor performance review yearly targeting its major suppliers and contractors, and communicates with suppliers and contractors that have unsatisfactory ratings for rectification or improvements.

Compliance with Applicable Laws and Regulations

The Group and its activities are subject to requirements under various laws. These include, among others, the Employment Ordinance (Cap. 57), the Trade Descriptions Ordinance (Cap. 362), the Personal Data (Privacy) Ordinance (Cap. 486), the Competition Ordinance (Cap. 619), and the applicable regulations, guidelines, policies and licence terms issued or promulgated under or in connection with these statutes. In addition, the GEM Listing Rules apply to the Company. The Company seeks to ensure compliance with these requirements through various measures such as internal controls and approval procedures, training and oversight of various business units with the designated resources at different levels of the Group. While these measures require considerable internal resources and result in additional operational cost, the Group highly values the importance of ensuring compliance with applicable legal and regulatory requirements.

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for each of the five years ended 30 June 2017 is set out on page 2.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out on page 65 and in note 32 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

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

PROPERTIES

Particulars of properties held by the Group at 30 June 2017 are set out on page 104.

INVESTMENT PROPERTIES

The investment properties were revalued at 30 June 2017 and the resulting fair value change of HK$131,000,000 has been credited to the consolidated income statement.

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

BANK BORROWINGS

Details of bank borrowings as at 30 June 2017 are set out in note 23 to the consolidated financial statements.

INTEREST CAPITALISED

Interest capitalised during the year amounted to HK$10,024,000.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 24 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 30 June 2017 and up to the date of this report were:

Executive Directors:

Kwok Ping-luen, Raymond
Yan King-shun, Peter
Tung Chi-ho, Eric
Wong Chin-wah[1]

Non-Executive Directors:

Cheung Wing-yui
Fung Yuk-lun, Allen
Kwok Kai-wang, Christopher[2]
David Norman Prince[3]
Tsim Wing-kit, Alfred[4]
Siu Hon-wah, Thomas
Chan Hong-ki[5]

Independent Non-Executive Directors:

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

Notes:

1. retired on 1 May 2017
2. appointed on 1 February 2017
3. appointed on 29 October 2016
4. retired by rotation at the annual general meeting of the Company held on 28 October 2016 (the "2016 AGM")
5. appointed on 7 August 2017

In accordance with Article 95 of the articles of association of the Company (the "Articles of Association"), Mr. Kwok Kai-wang, Christopher and Mr. Chan Hong-ki, who were appointed as additional Directors by the Board after the 2016 AGM, will hold office until the 2017 AGM and, being eligible, have offered themselves for re-election thereat.

In addition, in accordance with Article 116 of the Articles of Association, Mr. Kwok Ping-luen, Raymond, Mr. Siu Hon-wah, Thomas, Professor Li On-kwok, Victor and Professor King Yeo-chi, Ambrose will retire from office by rotation and, being eligible, have offered themselves for re-election at the 2017 AGM.

1. Directors' Service Contracts

Executive Directors

Each of the Executive Directors has entered into a service agreement with the Company. Each agreement is for a period of three years commencing on 1 March 2003 and shall continue thereafter unless and until terminated by either party giving to the other not less than six months' notice in writing (save the one for Mr. Yan King-shun, Peter, which commenced on 15 October 2013, and which shall continue unless and until terminated by either party giving to the other notice in writing).

Non-Executive Directors

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

None of the Directors being proposed for re-election at the 2017 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

2. Directors' Interests in Transactions, Arrangements and Contracts

During the year, the Group had certain transactions with Sun Hung Kai Properties Limited ("SHKP") and its affiliates other than members of the Group. Details of these transactions are set out in the section headed "Connected Transactions and Continuing Connected Transactions" on pages 30 to 35. Certain Directors, namely Mr. Kwok Ping-luen, Raymond, Mr. Tung Chi-ho, Eric, Mr. Cheung Wing-yui, Mr. Fung Yuk-lun, Allen and Mr. Kwok Kai-wang, Christopher are also directors of SHKP, its subsidiaries and/or associates from time to time, but excluding the Group (the "SHKP Group"), and they are materially interested in these transactions.

Other than as disclosed above, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or his connected entity had a material interest, whether directly or indirectly, were entered into or subsisted at the end of the year or at any time during the year ended 30 June 2017.

3. Independent Non-Executive Directors

Confirmation of Independence

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

DIRECTORS' PROFILE

The Directors' profile is set out on pages 8 to 17.

DIRECTORS' INTERESTS

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

	Number of shares held						
Name of Director	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests	Sub-total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2017
Kwok Ping-luen, Raymond	–	–	3,485,000[1]	3,485,000	–	3,485,000	0.15
Yan King-shun, Peter	–	–	–	–	4,000,000[2]	4,000,000	0.17
Fung Yuk-lun, Allen	–	–	–	–	4,000,000[2]	4,000,000	0.17
Kwok Kai-wang, Christopher	–	–	13,272,658[1&3]	13,272,658	–	13,272,658	0.57
King Yeo-chi, Ambrose	1,000	–	–	1,000	–	1,000	0.00

Notes:

1. 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.

2. 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 year ended 30 June 2017 are set out in the section headed "Share Option Schemes".

3. Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 9,787,658 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

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

(a) *SHKP*

Name of Director	Number of shares held					Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2017
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	188,743	–	–	514,093,186[1]	514,281,929	–	514,281,929	17.76
Tung Chi-ho, Eric	–	–	–	–	–	100,000[2] (personal interests in share options)	100,000	0.00
Kwok Kai-wang, Christopher	110,000[3]	60,000[4]	–	641,046,601[1&5]	641,216,601	–	641,216,601	22.14
David Norman Prince	2,000	–	–	–	2,000	–	2,000	0.00
Siu Hon-wah, Thomas	–	–	–	7,000[6]	7,000	–	7,000	0.00
Kwok Kwok-chuen	–	–	–	16,942[7]	16,942	–	16,942	0.00

Notes:

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

2. These underlying shares of SHKP held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by SHKP under its share option scheme. Particulars of these share options and their movements during the year ended 30 June 2017 were as follows:

Name of Director	Date of grant	Exercise price per share	Exercise period	Number of share options				
				Balance as at 01.07.2016	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2017
		HK$						
Tung Chi-ho, Eric	11.07.2014	106.80	11.07.2015 to 10.07.2019	100,000	–	–	–	100,000

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

3. These shares in SHKP were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.

4. These shares in SHKP were held by the spouse of Mr. Kwok Kai-wang, Christopher.

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

6. These shares in SHKP were held jointly with the spouse of Mr. Siu Hon-wah, Thomas.

7. These shares in SHKP were held jointly with the spouse of Mr. Kwok Kwok-chuen.

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

	Number of shares held					
Name of Director	**Personal interests (held as beneficial owner)**	**Other interests**	**Sub-total**	**Number of underlying shares held under equity derivatives**	**Total**	**% of shares in issue as at 30.06.2017**
Kwok Ping-luen, Raymond	–	4,833,749[1]	4,833,749	–	4,833,749	0.44
Fung Yuk-lun, Allen	413,554	–	413,554	–	413,554	0.04
Kwok Kai-wang, Christopher	–	11,246,956[1&2]	11,246,956	–	11,246,956	1.02

Notes:

1. Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 4,833,749 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.

2. Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 6,413,207 shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

(c) *Each of Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher had the following interests in shares of the following associated corporations of the Company:*

Name of associated corporation	**Attributable shares held through corporation**	**Attributable % of shares in issue through corporation as at 30.06.2017**	**Actual shares held through corporation**	**Actual % of interests in issued shares as at 30.06.2017**
Splendid Kai Limited	2,500	25.00	1,500[1]	15.00
Hung Carom Company Limited	25	25.00	15[1]	15.00
Tinyau Company Limited	1	50.00	1[1]	50.00
Open Step Limited	8	80.00	4[1]	40.00

Note:

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

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SHARE OPTION SCHEMES

1. Share Option Schemes of the Company

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

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

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

During the year ended 30 June 2017, no share options have been granted under the 2012 Scheme. Particulars of the outstanding share options granted under the 2012 Scheme and their movements during the year ended 30 June 2017 were as follows:

				Number of share options					
Grantees	**Date of grant**	**Exercise price per share**	**Exercise period[1]**	**Balance as at 01.07.2016**	**Granted during the year**	**Exercised during the year**	**Cancelled/ Lapsed during the year**	**Balance as at 30.06.2017**	**Closing price per share**
		HK$							*HK$*
(i) Directors									
Yan King-shun, Peter	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	–	–	–	4,000,000	N/A
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	–	–	–	4,000,000	N/A
(ii) Other employees	08.03.2016	2.45	08.03.2017 to 07.03.2021	6,600,000	–	(241,000)	(200,000)	6,159,000	4.92[2]
Total				14,600,000	–	(241,000)	(200,000)	14,159,000	

Notes:

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

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

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

2. Major Terms of the Share Option Scheme

The major terms of the 2012 Scheme are as follows:

1. The purpose of the 2012 Scheme is to attract, retain and motivate talented participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and for such other purposes as the Board may approve from time to time.

2. The participants of the 2012 Scheme include (i) any executive or non-executive directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the Group; (ii) any consultants, professional and other advisers to each member of the Group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any chief executives or substantial shareholders of the Company; (iv) any associates of a director, chief executive or substantial shareholder of the Company; and (v) any employees of the substantial shareholder of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within the above categories.

3. The total number of shares of the Company which may be issued upon exercise of all options to be granted under the 2012 Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the 2012 Scheme by the Shareholders. The 10% limit may be refreshed with the approval of the Shareholders in general meeting. The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2012 Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares of the Company in issue from time to time (or such higher percentage as may be allowed under the GEM Listing Rules). As at 5 September 2017, being the date of this report, the number of shares of the Company available for issue under the 2012 Scheme is 231,981,953 shares, representing approximately 9.99% of the issued shares of the Company.

4. The total number of shares of the Company issued and to be issued upon exercise of the share options granted under the 2012 Scheme and any other share option schemes of the Company to each participant (including exercised and outstanding share options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

5. A share option granted under the 2012 Scheme may be exercised at any time during the option period after the share option has been granted by the Board. A share option period is a period to be determined by the Board at its absolute discretion and notified by the Board to each grantee as being the period during which a share option may be exercised, such period shall not be longer than ten years from the date of grant of the share option.

6. Unless otherwise determined by the Board and specified in the offer letter at the time of the offer, there is neither any performance target that needs to be achieved by the grantee before a share option can be exercised nor any minimum period for which a share option must be held before the share option can be exercised.

7. The acceptance of an offer of the grant of the share options must be made within 28 days from the date of grant with a non-refundable payment of HK$1.00 from the grantee.

8. The exercise price of a share option to subscribe for shares of the Company shall be at least the highest of:
   - the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;
   - the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made to a participant; and
   - the nominal value of the shares of the Company.

9. The 2012 Scheme shall be valid and effective for a period of ten years commencing on the day on which the 2012 Scheme takes effect.

3. Arrangement to Purchase Shares or Debentures

Other than the share option schemes as mentioned above, at no time during the year ended 30 June 2017 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Other than the share option schemes of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

CONVERTIBLE NOTES

During the year ended 30 June 2017, no Convertible Notes have been issued and Convertible Notes in the amount of HK$300 were converted into 3,000 shares of the Company upon the exercise of the conversion rights attached to the Convertible Notes at the conversion price of HK$0.10 per share.

Save as aforesaid, none of the Company or any of its subsidiaries had any outstanding convertible securities, options, warrants or similar rights as at 30 June 2017. Save as disclosed above, there has been no issue or exercise of any convertible securities, options, warrants or similar rights during the year.

GROUP'S EMOLUMENT POLICY

1. General Description of the Emolument Policy and Long Term Incentive Schemes of the Group

(a) *Emolument Policy*

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

- The Group conducts benchmarking study periodically with the market to ensure the competitiveness of the overall package
- The Group adopts a performance driven policy so that each individual is motivated to perform to the best he can
- Individual competence, contribution and responsibility are taken into account when considering the remuneration level for each staff
- Different remuneration elements are adopted for different functions, such as commission schemes for sales and special allowances for staff working on shift, to meet the special characteristics of each function
- The Group also offers provident fund, medical and leave benefits to provide basic coverage to staff for sickness, retirement, rest and relaxation reasons
- Share option grants are made from time to time to better link the corporate performance as reflected in the share price performance and the contributions made by the senior staff in the intermediate to longer time frame
- The economic factors and the affordability of the Group are taken into account in coming up with the overall remuneration budget for the Group

(b) *Incentive Scheme*

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

2. Basis of Determining Emolument to Directors

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

PERMITTED INDEMNITY

The Articles of Association provides that every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. In addition, the liabilities in respect of legal action against the Directors is insured and covered by the existing directors and officers liability insurance policy of SHKP, the holding company of the Company.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2017
Sunco Resources Limited ("Sunco")[1]	1,719,427,500	1,719,427,500[2]	3,438,855,000	148.06
SHKP[3]	1,719,427,500	1,719,427,500[2]	3,438,855,000	148.06

Notes:

1. Sunco is the beneficial owner of the 1,719,427,500 shares of the Company and the derivative interests referred to in Note 2 below.

2. These represented the interests in the underlying shares of the Company in respect of the convertible notes (which are unlisted, non-transferable, irredeemable and physically settled equity derivatives) in the amount of HK$171,942,750 convertible into 1,719,427,500 shares of the Company at the conversion price of HK$0.10 per share (subject to adjustment in accordance with the deed poll constituting the convertible notes dated 25 November 2010) upon the exercise of the conversion rights attached to the convertible notes.

3. As Sunco is a wholly-owned subsidiary of SHKP, SHKP is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by Sunco for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERESTS OF OTHER PERSONS

During the year ended 30 June 2017, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive and the substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERESTS IN COMPETING BUSINESS

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

Save as disclosed above, none of the Directors or the controlling shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) have any business or interest which competes or may compete with the business of the Group or any other conflicts of interest with the Group during the year ended 30 June 2017.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 30 June 2017 are disclosed in note 26 to the consolidated financial statements. Some of these transactions also constituted connected transactions or continuing connected transactions under the GEM Listing Rules, as identified below.

CONNECTED TRANSACTIONS

I. Project Management Agreement

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

II. Building Contract

On 22 May 2015, Wealth Up entered into the Building Contract (as defined and as more particularly described in the announcement of the Company dated 22 May 2015) with Sanfield Engineering Construction Limited (the "Main Contractor", a wholly-owned subsidiary of SHKP), pursuant to which the Main Contractor has agreed to carry out, take full responsibility for the care of, and complete the construction of a high-tier data centre consisting of two towers on the Lot from pile cap upwards with an estimated maximum gross floor area of approximately 44,000 square metres and certain fitting-out works and all external works (the "Project") at a contract sum of HK$1,038,800,000, subject to adjustments. The entering into of the Building Contract constituted a major and connected transaction of the Company under Chapters 19 and 20 of the GEM Listing Rules. Further particulars of the Building Contract were set out in the announcement of the Company dated 22 May 2015.

At the extraordinary general meeting of the Company held on 3 July 2015, an ordinary resolution approving the Building Contract and the transactions contemplated thereunder (as more particularly described in the circular of the Company to its Shareholders dated 15 June 2015) was duly passed by the then independent Shareholders.

III. Building Works and Managed Services Agreement

On 25 November 2016, Wealth Up further entered into a building works and managed services agreement (more particularly described in the announcement of the Company dated 25 November 2016) (the "Building Works and Managed Services Agreement") with the Main Contractor, pursuant to which the Main Contractor has agreed to supply, construct and complete the builder's works for the enhancement of the Project in order to meet the builder's works requirement arising from the newly enhanced design of the Project with reference to the Building Contract for increasing capacities of the Project and addressing the latest demand requirements from the market at a contract sum of HK$124,380,000 (subject to adjustments). The entering into of the Building Works and Managed Services Agreement constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Further particulars of the Building Works and Managed Services Agreement were set out in the announcement of the Company dated 25 November 2016.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 June 2017, the Group conducted the following transactions which constituted continuing connected transactions under the GEM Listing Rules.

I. Continuing Connected Transactions 2014-2017

On 16 May 2014, the Company renewed and entered into new agreements (the "Agreements") governing the Transactions Requiring Approval and the Transactions Exempt from Approval (both as defined and as more particularly described in the announcement of the Company dated 16 May 2014) with SHKP, a substantial shareholder of the Company, or Sun Hung Kai Properties Insurance Limited ("SHKI", a wholly-owned subsidiary of SHKP) (as the case may be), each for a term of three years commencing from 1 July 2014. The Agreements expired on 30 June 2017.

Details of the Transactions Requiring Approval and the Transactions Exempt from Approval (together the "Continuing Connected Transactions 2014-2017") are as follows:

1. Transactions Requiring Approval

At the extraordinary general meeting of the Company held on 24 June 2014, ordinary resolutions approving the Transactions Requiring Approval (as defined and as more particularly described in the circular of the Company to its Shareholders dated 6 June 2014) were duly passed by the then independent Shareholders in respect of the following continuing connected transactions subject to the caps for the respective periods as stated below:

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

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

The annual cap for service fees in respect of the Networking Arrangement receivable by the Group during each of the three financial years ended 30 June 2017 is HK$65,000,000.

During the year ended 30 June 2017, the aggregate amount of service fees in respect of the Networking Arrangement received/receivable by the Group from the SHKP Group was HK$64,495,000.

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

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

The annual cap for service fees in respect of the Maintenance Arrangement receivable by the Group during each of the three financial years ended 30 June 2017 is HK$64,400,000.

During the year ended 30 June 2017, the aggregate amount of service fees in respect of the Maintenance Arrangement received/receivable by the Group from the SHKP Group was HK$63,249,000.

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

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

The annual cap for service fees in respect of the Networking Sub-contracting Arrangement payable by the Group to the SHKP Group during each of the three financial years ended 30 June 2017 is HK$12,000,000.

During the year ended 30 June 2017, the aggregate amount of service fees in respect of the Networking Sub-contracting Arrangement paid/payable by the Group to the SHKP Group was HK$9,394,000.

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

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

The annual cap for service fees in respect of the Maintenance Sub-contracting Arrangement payable by the Group to the SHKP Group during each of the three financial years ended 30 June 2017 is HK$5,900,000.

During the year ended 30 June 2017, the aggregate amount of service fees in respect of the Maintenance Sub-contracting Arrangement paid/payable by the Group to the SHKP Group was HK$3,205,000.

(e) *The HK Lease Arrangements*

Members of the Group have leased and licensed from members of the SHKP Group certain premises in Hong Kong for the purpose of providing data centres and related services to the customers of the Group (the "HK Lease Arrangements"). The relevant members of the SHKP Group have charged the relevant members of the Group rental, license fee, management fee and other charge for the leasing and licensing of the premises in Hong Kong which the relevant members of the Group leased or licensed from the SHKP Group.

The annual cap for the aggregate amount of rental, license fee, management fee and other charge in respect of the HK Lease Arrangements payable by the Group to the SHKP Group during each of the three financial years ended 30 June 2017 is HK$74,970,000.

During the year ended 30 June 2017, the aggregate amount of rental, license fee, management fee and other charge in respect of the HK Lease Arrangements paid/payable by the Group to the SHKP Group was HK$67,442,000.

2. Transactions Exempt from Approval

(a) *Space and rack rental*

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

The annual cap for the rental and license fees in respect of the Space and Rack Rental Arrangement receivable by the Group during each of the three financial years ended 30 June 2017 is HK$6,230,000.

During the year ended 30 June 2017, the aggregate amount of rental and license fees in respect of the Space and Rack Rental Arrangement received/receivable by the Group from the SHKP Group was HK$3,422,000.

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

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

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

The annual cap for service fees in respect of the Property Management Arrangement payable by the Group to the SHKP Group during each of the three financial years ended 30 June 2017 is HK$13,860,000.

During the year ended 30 June 2017, the aggregate amount of service fees in respect of the Property Management Arrangement paid/payable by the Group to the SHKP Group was HK$11,000,000.

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

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

The annual cap for insurance premiums in respect of the Insurance Arrangement payable by the Group to SHKI during each of the three financial years ended 30 June 2017 is HK$4,410,000.

During the year ended 30 June 2017, the aggregate amount of insurance premiums in respect of the Insurance Arrangement paid/payable by the Group to SHKI was HK$1,521,000.

The Independent Non-Executive Directors have reviewed the Continuing Connected Transactions 2014-2017 for the year ended 30 June 2017 and confirmed that the Continuing Connected Transactions 2014-2017 for the year ended 30 June 2017 have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company has performed procedures in respect of the Continuing Connected Transactions 2014-2017 for the year ended 30 June 2017 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and has confirmed that the Continuing Connected Transactions 2014-2017 for the year ended 30 June 2017 (a) were approved by the Board; (b) were, on a sample basis, in accordance with the pricing policies of the Group; (c) were, on a sample basis, in accordance with the relevant agreements governing the transactions; and (d) did not exceed their respective caps as disclosed in the relevant announcements of the Company.

The Company confirms that the Continuing Connected Transactions 2014-2017 for the year ended 30 June 2017 as disclosed above fall under the definition of continuing connected transactions in Chapter 20 of the GEM Listing Rules and that the Company has complied with the relevant disclosure requirements.

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

As the Agreements in respect of the Transactions Requiring Approval and the Transactions Exempt from Approval as disclosed above expired on 30 June 2017 and it is expected that the Group and the SHKP Group will from time to time continue to enter into transactions of a nature similar to the Transactions Requiring Approval and the Transactions Exempt from Approval, on 2 May 2017, the Company entered into new agreements (the "New Agreements"), which are in essence of substantially the same terms as the Agreements, with SHKP or SHKI (as the case may be) each for a term of three years from 1 July 2017 to 30 June 2020 (both days inclusive). The New Agreements are master agreements which set out the principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the respective arrangements. These principles include, among other things, that the provision of the services involved shall be negotiated on an arm's length basis and on normal commercial terms.

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

	Annual cap for each of the three financial years ending 30 June 2020
	HK$
Category of the Transactions Requiring Approval:	
(a) Networking Arrangement	109,300,000
(b) Maintenance Arrangement	77,700,000
(c) Networking Sub-contracting Arrangement	20,100,000
(d) Maintenance Sub-contracting Arrangement	8,600,000
(e) HK Lease Arrangements	91,900,000
Category of the Transactions Exempt from Approval:	
(a) Space and Rack Rental Arrangement	3,600,000
(b) Property Management Arrangement	18,600,000
(c) Insurance Arrangement	4,900,000

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

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

SIGNIFICANT CONTRACTS

During the year ended 30 June 2017, the Group had certain transactions with SHKP and its affiliates other than members of the Group. Details of these transactions are set out in the section headed "Connected Transactions and Continuing Connected Transactions" on pages 30 to 35 and in note 26 "Related Party Transactions and Balances" to the consolidated financial statements. There was no other contract of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year. Furthermore, there was no other contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year.

MANAGEMENT CONTRACTS

No contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest suppliers of the Group accounted for about 47% of the Group's total operating costs and the largest supplier, being the SHKP Group, accounted for about 33% of the total operating costs.

During the year, the five largest customers of the Group accounted for about 36% of the Group's total revenue from sales of goods or rendering of services and the largest customer, being the SHKP Group, accounted for about 12% of the total revenue from sales of goods or rendering of services.

As at 30 June 2017, certain Directors had maintained equity interests in the SHKP Group as stated in detail in the section headed "Directors' Interests".

Save as disclosed above, none of the Directors, their respective close associates and Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in any of the five largest suppliers or customers of the Group for the financial year ended 30 June 2017.

AUDITOR

A resolution will be proposed at the 2017 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor and to authorise the Directors to fix its remuneration.

PENSION SCHEME

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

On top of the mandatory contributions, employees who have served for one year or more may elect to make voluntary contribution at 5% on their salaries less the amount of mandatory contribution. For employees making such an election, the Group will match an equal amount of contribution. Contributions of the Group to the MPF Scheme are charged to consolidated income statement as incurred. During the year, the retirement benefit scheme contributions borne by the Group amounted to approximately HK$3,346,229.

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

Forfeited contributions amounted to HK$8,935 is used to offset the MPF contributions for the year 2017. There is no forfeited contributions available at the balance sheet date to reduce the contributions payable in the future years.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 38 to 51.

The Compliance Officer is Mr. Yan King-shun, Peter, whose biographical details are set out on page 8. The Company Secretary is Mr. Lee Kok-ming, being the Head of Finance, who is a Chartered Financial Analyst, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.

SUFFICIENCY OF PUBLIC FLOAT

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

On behalf of the Board

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 5 September 2017

INTRODUCTION

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

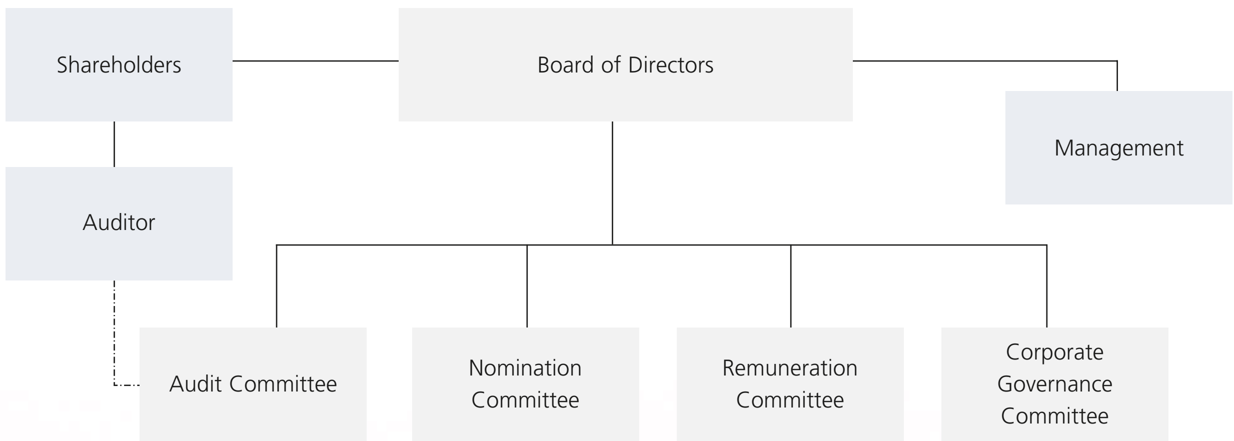
CORPORATE GOVERNANCE PRACTICES

By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved and further instill confidence into shareholders of the Company (the "Shareholders") and the public in the Group. Throughout the year ended 30 June 2017, the Group has complied with the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except that the Chairman of the board of Directors of the Company (the "Board") was unable to attend the annual general meeting held on 28 October 2016 (the "2016 AGM") due to other commitment.

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

Governance Structure

Set out below is the governance structure of the Group.



THE BOARD OF DIRECTORS

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

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

Composition

The Board currently comprises fourteen Directors, including the Chairman (being an Executive Director), the other two Executive Directors, six Non-Executive Directors (two of them are Vice Chairmen) and five Independent Non-Executive Directors. An updated list of Directors identifying their roles and functions and whether they are Independent Non-Executive Directors has been published on the websites of the Company and the Stock Exchange respectively. Biographical details of the Directors are set out in the section headed "Directors' Profile" on pages 8 to 17.

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

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

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

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

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

Mr. Kwok Ping-luen, Raymond (being the Chairman) is the father of Mr. Kwok Kai-wang, Christopher (being a Non-Executive Director). Save as disclosed above, there are no family or other material relationships among the members of the Board.

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

The liabilities in respect of legal action against the Directors is insured and covered by the existing directors and officers liability insurance policy of Sun Hung Kai Properties Limited ("SHKP", being the holding company of the Company).

Materials setting out the duties and responsibilities of directors of a listed company under the GEM Listing Rules, the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") and other regulatory requirements are provided to each newly appointed Director, if any. Updates on legal and regulatory changes are delivered to the Directors from time to time for their information when necessary. All Directors give sufficient time and attention to the affairs of the Group. Directors also disclose to the Company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments together with the identities of these public companies or organisations and the time involved. The Company also confirms with the Directors regularly in respect of any offices which they may hold in other public companies or organisations.

Board Meetings

The Board held four regular meetings during the year ended 30 June 2017. At least 14 days' formal notice of regular Board meetings were given to all Directors, who were all given an opportunity to attend and include matters in the agenda for discussion. The finalised agenda and accompanying Board papers were sent to all Directors at least 3 days prior to the regular Board meetings or Board Committees meetings. For the other Board meetings (if any), Directors would be given reasonable notice. The Board papers and related materials were in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. The Directors received prompt and full response whenever they raised any queries.

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

The attendance records of the Directors at the Board meetings held during the year ended 30 June 2017 are as follows:

Directors	Number of meetings Attended/Total
Executive Directors	
Kwok Ping-luen, Raymond *(Chairman)*	4/4
Yan King-shun, Peter	4/4
Tung Chi-ho, Eric	4/4
Wong Chin-wah[1]	2/4
Non-Executive Directors	
Cheung Wing-yui *(Vice Chairman)*	4/4
Fung Yuk-lun, Allen *(Vice Chairman)*	3/4
Kwok Kai-wang, Christopher[2]	1/1
David Norman Prince[3]	2/3
Tsim Wing-kit, Alfred[4]	1/1
Siu Hon-wah, Thomas	4/4
Independent Non-Executive Directors	
Li On-kwok, Victor	4/4
King Yeo-chi, Ambrose	4/4
Wong Kai-man	4/4
Kwok Kwok-chuen	4/4
Lee Wai-kwong, Sunny	3/4

Notes:

1. retired on 1 May 2017
2. appointed on 1 February 2017
3. appointed on 29 October 2016
4. retired by rotation at the 2016 AGM held on 28 October 2016

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

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

Chairman of the Company

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

Responsibilities of the Chairman

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

Responsibilities of the Chief Executive Officer

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

Training and Support for Directors

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

During the year ended 30 June 2017, the Directors provided their training records to the Company in respect of their participation in training activities such as attending seminars and/or conferences and/or forums and/or briefings, giving talks at seminars and/or conferences and/or forums, or reading newspapers, journals and updates relevant to the Group's businesses or to various topics including corporate governance matters and the statutory and regulatory obligations of a director of a listed company, particulars of which are as follows:–

Directors	Types of training
Executive Directors	
Kwok Ping-luen, Raymond	A, B, C
Yan King-shun, Peter	A, B, C
Tung Chi-ho, Eric	A, C
Non-Executive Directors	
Cheung Wing-yui	A, B, C
Fung Yuk-lun, Allen	A, B, C
Kwok Kai-wang, Christopher	C
David Norman Prince	A, B, C
Siu Hon-wah, Thomas	A, C
Independent Non-Executive Directors	
Li On-kwok, Victor	A, B, C
King Yeo-chi, Ambrose	C
Wong Kai-man	A, C
Kwok Kwok-chuen	A, B, C
Lee Wai-kwong, Sunny	A, B, C

A: attending seminars and/or conferences and/or forums and/or briefings
B: giving talks at seminars and/or conferences and/or forums
C: reading newspapers, journals and updates relevant to the businesses of the Group or to the Directors' duties and responsibilities

Compliance with the Required Standard of Dealings in Securities Transactions by Directors of Listed Issuers

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in the securities of the Company. Upon the Group's specific enquiry, each Director has confirmed that during the year ended 30 June 2017, he has fully complied with the required standard of dealings and there is no event of non-compliance. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

DELEGATION BY THE BOARD

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

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

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

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

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

AUDIT COMMITTEE AND ACCOUNTABILITY

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors acknowledge their responsibility for preparing the accounts, which give a true and fair view of the financial position of the Group on a going concern basis, and for presenting a balanced, clear and understandable assessment in its annual, half-year and quarterly reports, and other financial disclosures required by the GEM Listing Rules. The Management provides sufficient explanation and all relevant information and record to the Board enabling the Board to make the above assessment and to prepare the accounts and other financial disclosures. The Management also provides the Board with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. In addition, an explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for delivering the Company's objectives is included in the section headed "Management Discussion and Analysis" on pages 6 and 7. A statement by the external auditor of the Company in respect of their reporting responsibilities is set out in the section headed "Independent Auditor's Report" on pages 57 to 61.

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

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

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

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

During the year ended 30 June 2017, the Audit Committee held six meetings. The attendance records of the members at the Audit Committee meetings are as follows:

Committee Members	**Number of meetings Attended/Total**
Wong Kai-man *(Committee Chairman)*	6/6
Cheung Wing-yui	6/6
Li On-kwok, Victor	6/6
King Yeo-chi, Ambrose	6/6

During the year ended 30 June 2017, the Audit Committee reviewed the final, half-year and quarterly results of the Group as well as discussed and reviewed financial and other reports for the year. The Audit Committee also reviewed and discussed the Group's internal audit activities and audit plans for the upcoming year. Details of the relevant review are set out in the section headed "Risk Management and Internal Control" on pages 48 and 49.

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

The Audit Committee monitors the audit and non-audit services rendered to the Group by its external auditor and ensures their engagement in other non-audit services, if any, will not impair their audit independence or objectivity. An independence confirmation has been obtained from Messrs. Deloitte Touche Tohmatsu which confirms that for the year ended 30 June 2017 and thereafter to the date of this report, they are independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

The fees in respect of audit and non-audit services provided by the external auditor to the Group for the year ended 30 June 2017 amounted to approximately HK$1,090,000 and HK$1,014,000 respectively. The non-audit services represented consultancy, advisory and other review services.

REMUNERATION COMMITTEE

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

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, determining and reviewing the remuneration of the Executive Directors and members of senior management of the Company, as well as reviewing and making recommendations on the grant of share options, if any, under the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. Details of remuneration paid to members of senior management is set out on page 82. The Remuneration Committee consults the Chairman and/or Chief Executive Officer on its proposals and recommendations, and also has access to independent professional advice if deemed necessary. The Remuneration Committee is also provided with sufficient resources enabling it to perform its duties. The specific terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange respectively.

During the year ended 30 June 2017, the Remuneration Committee held three meetings. The attendance records of the members at the Remuneration Committee meetings are as follows:

Committee Members	Number of meetings Attended/Total
King Yeo-chi, Ambrose *(Committee Chairman)*	3/3
Cheung Wing-yui	3/3
Li On-kwok, Victor	3/3
Wong Kai-man	3/3

During the year ended 30 June 2017, the Remuneration Committee reviewed matters relating to the remuneration packages and emoluments of the Directors and senior management, as well as discussed the level of the Directors' fees of the Company. The Group's emolument policy is set out on page 28.

NOMINATION COMMITTEE AND APPOINTMENT OF DIRECTORS

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

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

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

During the year ended 30 June 2017, the Nomination Committee held four meetings. The attendance records of the members at the Nomination Committee meetings are as follows:

Committee Members	Number of meetings Attended/Total
Li On-kwok, Victor *(Committee Chairman)*	4/4
Cheung Wing-yui	4/4
King Yeo-chi, Ambrose	4/4
Wong Kai-man	4/4

During the year ended 30 June 2017, the Nomination Committee has discussed and reviewed the structure, size and composition of the Board, as well as other related matters, including, among other things, the re-election of retiring Directors at the 2016 AGM and the extraordinary general meeting of the Company held on 23 June 2017 (the "2017 EGM"), the retirement of an Executive Director and a Non-Executive Director, the appointment of two Non-Executive Directors and the change of the Company Secretary. The Nomination Committee also established a board diversity policy, which was adopted by the Board on 7 May 2013. The board diversity policy sets out the approach to achieve diversity on the Board and the factors (including but not limited to age, gender, cultural and educational background, professional experience, skill and knowledge) to be considered in determining the optimum composition of the Board so as to contribute to the achievement of the Group's corporate goals and strategic objectives. The Nomination Committee will review the board diversity policy when appropriate to ensure its effectiveness and will discuss any revisions that may require further consideration and approval by the Board.

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

Term of Appointment and Re-election

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

According to the Articles of Association, Directors who are appointed to fill casual vacancies shall hold office only until the next following general meeting after their appointment, and are subject to re-election by Shareholders. Mr. David Norman Prince ("Mr. Prince"), who was appointed as a Non-executive Director with effect from 29 October 2016 following the retirement of Mr. Tsim Wing-kit, Alfred on 28 October 2016, held office as a Director until the conclusion of the 2017 EGM. Mr. Prince had offered himself for re-election at the 2017 EGM and was duly re-elected by the then Shareholders.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established in February 2012. The Chairman of the Corporate Governance Committee is Mr. Cheung Wing-yui, a Non-Executive Director, and the other member is Mr. Yan King-shun, Peter, an Executive Director.

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

During the year ended 30 June 2017, the Corporate Governance Committee held one meeting. The attendance records of the members at the Corporate Governance Committee meetings are as follows:

Committee Members	Number of meetings Attended/Total
Cheung Wing-yui *(Committee Chairman)*	1/1
Yan King-shun, Peter	1/1

During the year ended 30 June 2017, the Corporate Governance Committee reviewed and discussed each of the code provisions of the Code to make sure that the Group has complied with the code provisions of the Code. In addition, the Corporate Governance Committee established a disclosure policy, which was adopted by the Board with effect from 1 January 2013. The disclosure policy sets out the procedures to ensure that any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective systems of risk management and internal control, which include financial, operational and compliance controls to safeguard the Group's assets and Shareholders' interests, as well as for reviewing the effectiveness of such systems. Sound and effective systems of risk management and internal control are designed to identify and manage the risk of failure to achieve business objectives.

The Group has formulated and adopted a risk management policy (the "Policy") that depicts the systems to effectively identify, assess, mitigate, report and monitor key business risks across all business units. The "Top-Down" approach is adopted in the Policy, which is facilitated by strong oversight exercised by the Board, the Audit Committee, the Risk Management Taskforce (the "RMTF") and senior management in the establishment and maintenance of the Policy, framework and program. At least on an annual basis, the RMTF identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk owners are assigned for different risks and mitigation plans are then formulated by risk owners for those risks considered to be significant.

The risk management process is embedded into the day-to-day operations of the Group and is an on-going process carried out by everyone in the Group. Key procedures are being established and implemented to ensure that there are appropriate and effective risk management and internal control systems which includes (a) setting core values and beliefs which form the basis of the Group's overall risk philosophy and appetite; (b) having an organisational structure in place with defined lines of responsibility and delegation of authority which hold individuals accountable for their risk management and internal control responsibilities; (c) imposing an organisational structure which provides necessary information flow for risk analysis and management decision-making; (d) imposing budgetary and management accounting controls to efficiently allocate resources and providing timely financial and operational performance indicators to manage business activities and risks; (e) ensuring effective financial reporting controls to record complete, accurate and timely accounting and management information; and (f) expanding the roles and responsibilities of the Audit Committee to include the review of risk management and internal control systems.

In addition, the Group has an Internal Audit Department which is responsible for performing independent reviews on the effectiveness of the Group's risk management and internal control systems. Deficiencies in the design and implementation of such systems are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the RMTF, the Audit Committee and the Board on a timely basis to ensure prompt remedial actions are taken.

The Audit Committee, as delegated by the Board, discussed the risk management and internal control systems for the financial year under review with Management to ensure that Management has performed its duty to have an effective risk management and internal control systems in place. The Board ensured that the resources, staff qualifications and experience, training programmes and the budget of the Group's accounting, internal control and financial reporting functions were adequate. The Board concluded that in general, the Group had set up control environment and installed necessary control mechanisms to monitor and correct non-compliance or material internal control defects, if any.

The Board, through the Audit Committee and with the assistance of the Internal Audit Department, has conducted an annual review on the effectiveness of the risk management and internal control systems of the Group for the financial year ended 30 June 2017 and considers that the Group's risk management and internal control systems for the financial year was effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified. The systems are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Procedures and internal controls for the handling and dissemination of inside information

The Group has complied with the relevant applicable requirements of the SFO and the GEM Listing Rules in respect of dissemination of inside information. The Group has disclosed inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided for in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements and other public disclosures are not false or misleading as to a material fact or as a result of the omission of a material fact by presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

SHAREHOLDERS RELATIONS

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

The Board strives to encourage and maintain constant dialogue with the Shareholders through various means. The Chairman (with the assistance of the Company Secretary and the other Directors) has established a shareholders' communication policy to ensure that appropriate steps are taken to provide effective communication with the Shareholders. The annual general meetings and other general meetings, if any, of the Company are good communication channels for the Board to meet and exchange views with the Shareholders. The Directors use their best endeavour to attend the general meetings so that they may answer any questions from the Shareholders.

The chairmen of each of the Board Committees and the external auditor attended the 2016 AGM and were available to answer questions that were raised by the Shareholders. The Chairman of the Board was not able to attend the 2016 AGM due to other commitment.

Members of the independent board committee, except Professor King Yeo-chi, Ambrose, attended the 2017 EGM and were available to answer questions.

The attendance records of the Directors at the general meetings held during the year ended 30 June 2017 are as follows:

Directors	Number of meetings Attended/Total
Executive Directors	
Kwok Ping-luen, Raymond *(Chairman)*	0/2
Yan King-shun, Peter	2/2
Tung Chi-ho, Eric	2/2
Wong Chin-wah[1]	1/1
Non-Executive Directors	
Cheung Wing-yui *(Vice Chairman)*	1/2
Fung Yuk-lun, Allen *(Vice Chairman)*	2/2
Kwok Kai-wang, Christopher[2]	0/1
David Norman Prince[3]	0/1
Tsim Wing-kit, Alfred[4]	0/1
Siu Hon-wah, Thomas	2/2
Independent Non-Executive Directors	
Li On-kwok, Victor	2/2
King Yeo-chi, Ambrose	1/2
Wong Kai-man	2/2
Kwok Kwok-chuen	2/2
Lee Wai-kwong, Sunny	1/2

Notes:

1. retired on 1 May 2017
2. appointed on 1 February 2017
3. appointed on 29 October 2016
4. retired by rotation at the 2016 AGM held on 28 October 2016

The 2016 AGM circular (incorporating the notice of annual general meeting and setting out details in relation to each resolution proposed, information on voting arrangement and other relevant information) was sent to all Shareholders at least 20 clear business days prior to the 2016 AGM. Separate resolutions for each substantially separate issue (including the re-election of each of the retiring Directors) were proposed at the 2016 AGM. For the 2017 EGM, the relevant circular (incorporating the notice of extraordinary general meeting and setting out details in relation to the resolution proposed, information on voting arrangement and other relevant information) was sent to all Shareholders at least 10 clear business days prior to the 2017 EGM. The procedures for conducting a poll were clearly explained at the general meetings. All resolutions put to Shareholders at the general meetings were voted by way of poll and passed; and the results were published on the websites of the Company and the Stock Exchange.

The Company also communicates to its Shareholders through its annual, half-year and quarterly reports. All such reports can also be accessed via the websites of the Company and the Stock Exchange. The Directors, the Company Secretary or other appropriate members of Management, and the branch share registrar and transfer office of the Company also respond to inquiries from Shareholders and investors promptly.

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

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

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

INVESTOR RELATIONS

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

As a channel to further enhance communications, the Company will disseminate announcements, corporate notice, and other financial and non-financial information through the Company's website in a timely manner. During the year ended 30 June 2017, there has been no change in the Company's memorandum and articles of association.

Environmental, Social and Governance Report

SUNeVision Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group" or "we") are pleased to present our first environmental, social and governance report ("ESG report"). This ESG Report provides a summary of our environmental, social and governance performance during the financial year ended 30 June 2017.

The scope of this ESG Report covers our key business operations in providing data centre and IT facilities. Being one of the largest data centre services providers in Hong Kong, our data centre premises are located across Hong Kong Island, Kowloon and the New Territories.

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

As a professional practitioner in data centre industry, we are committed to maintaining higher standards of sustainable development. The Group strives to create long-term value for our stakeholders. Our corporate responsibility is intrinsically connected to our dialogue with our stakeholders, including customers, employees, suppliers, shareholders, regulators, and the communities. Hence we place great importance in maintaining ongoing dialogue and engage with our stakeholders to understand their expectations and address their concerns. We reach out to our stakeholders through a range of channels such as meetings and interviews on an on-going basis to collect their views and act on their feedback. The disclosures in this ESG Report reflect and prioritise the key interests and concerns of our stakeholders obtained from the stakeholder engagement activities during the reporting period.

We have attained the following awards, recognitions and certifications for our achievements in sustainable development during the reporting period:

Awards

- Best Data Centre of the Year awarded by Mediazone Group
- Best Data Centre Services Provider awarded by Computerworld Hong Kong
- Best Data Centre Facility for Cloud Excellence (MEGA-i) awarded by Computerworld Hong Kong
- Best Data Centre Gold Award awarded by Communication Association of Hong Kong

Certifications

- ISO27001 Information Security Management System
- ISO14001 Environmental Management System
- ISO9001 Quality Management System
- ISO20000 IT Service Management System

ENVIRONMENTAL PROTECTION

Being a corporate citizen, we endeavour to operate our businesses and support our customers with minimal environmental impacts, through actively managing emissions and improving resources efficiency.

A quality and environmental policy is implemented at our data centres. Environmental performance is tracked and managed by designated representatives under the facility management department. Environmental performance is analysed and key results are reported to the management on a regular basis.

We adopt environmental management systems which are in line with internationally recognised standards, for example, ISO14001 in our data centre operations. Annual review is conducted to identify updates in relevant regulatory requirements that may potentially affect our operations. Objectives, metrics, targets and measures are defined to facilitate continuous improvement.

Electricity is the key source of energy for our business and our major source of greenhouse gas ("GHG") emissions. While our electricity consumption is largely reliant on our clients' servers, we make every effort to reduce energy consumption in other areas. We consider improving operational efficiency as our key priorities.

The Group incorporates energy efficiency in building design and operation. Interior architectures including high density zone, raised floor and return air plenum, and the computer room air conditioning ("CRAC") units with hot and cold aisles are installed to enhance cooling and energy efficiency in the operation of data centres. The Water Leak Detection System adopted provides leakage detection to maintain high performance of the CRAC system and optimises operational efficiency. Non-chlorofluorocarbon (CFC)-based refrigerants is used at our newly constructed data centre to help reduce the overall GHG emissions.

As a business committed to high operational efficiency and value creation for our stakeholders, we continue to explore best practices and apply them where feasible in our new construction as well as operation and retrofitting of existing data centres. Our measures include installing high-efficiency water cooling systems for the newly built data centre to minimise energy consumption for cooling. We adopt high frequency fluorescent/LED luminaires at our existing data centres to reduce our carbon footprint and improve electricity cost-effectiveness in the long run.

Responsible waste management practices are adopted to promote the reduction, reuse and recycling of various types of waste. Waste generated from our operations such as fluorescent light tubes, replaced batteries from the uninterruptible power supply system ("UPS"), obsolete computers and monitors and terminated cables are collected by licenced vendors for proper recycling and disposal. Recycling bins are provided at the premises to facilitate waste sorting and recycling.

Environmentally responsible practices are adopted at the office. Our employees would switch off idle electrical appliances to avoid wastage and promote energy saving. Employees are encouraged to avoid unnecessary business travels for GHG reduction by using alternative measures such as videoconferencing. Paper products from sustainable sources such as those certified by Forest Stewardship Council are preferred.

The Group is committed to minimising impacts on the environment by identifying and mitigating potential impacts from design, construction and operation of data centres. Our newly commissioned data centre, MEGA Plus, is certified with the green building standards including LEED and BEAM Plus.

CASE STUDY – MEGA PLUS DATA CENTRE

MEGA Plus, launched in mid-2017, is our iconic new data centre and a strategic initiative to foster Hong Kong as the prime location for data centres in Asia Pacific. MEGA Plus boasts a 470,000 square feet gross data centre space and is designed to be a Tier 4 ready facility, with environmental considerations incorporated from the project design and certified with green building standards of LEED and BEAM Plus. MEGA Plus has attained a low power usage effectiveness ("PUE") of 1.5, indicating better energy efficiency of non-IT equipment (e.g. air conditioning). In addition, MEGA Plus is certifying for ISO 20000 – IT Service Management System, ISO 27001 – Information Security Management System as well as Threat and Vulnerability Risk Assessment ("TVRA").

The environmentally friendly and low-impact design of MEGA Plus not only helps improve the quality of the indoor environment, benefits the health, wellbeing and productivity of the occupants, but also minimises emissions to the external environment and promotes energy and resources efficiency.

Highlights of some designs are as follows:

- Carbon monoxide sensor has been installed in the car park area to control the operation of the ventilation system based on indoor air quality.
- High-performance air conditioning equipment has been applied at data centre areas, offices and main entrances to save electricity.
- Automatic lighting control is provided at the data centre areas and plant rooms, corridors and offices, which helps reduce electricity wastage.

- An energy-efficient lift system has been installed to reduce energy usage.
- Installed green walls on the facades and development of green roof on the data centre to insulate heat and save energy.
- Water-efficient flow devices such as faucets and shower heads have been installed for water saving.
- Make-up water tank can cater for more than 24 hours cooling water consumption with continuous chilled water supply to data halls.

EMPLOYMENT AND LABOUR PRACTICES

Employment

We recognise the important roles each and every employee plays to help deliver our services and solutions to the customers reliably and securely. As a responsible employer, the Group hires, supports, trains and retains our people and equips them with the skill set needed to suit the evolving business environment.

Putting people first is at the heart of the philosophy of Group's human capital management. To attract the most suitable talent in providing excellent data centre services, our wholly-owned subsidiary, iAdvantage Limited, collaborated with the Hong Kong Institute of Vocational Education on the Extended Industrial Attachment Scheme. The purpose of the Scheme is to provide workplace attachment opportunities and industrial supervision to the students and help the Company in identifying qualified young talents to support their business ambitions.

The Group's human resources policies cover recruitment, promotion, working hours, equal opportunities and compensation benefits. Our employees are rewarded based on their competence, contribution and responsibility. Individual performance is reviewed based on a performance driven policy. Remuneration package is benchmarked with the market periodically to maintain competitiveness. Employees are also provided with other benefits including provident fund, discretionary bonus, retention bonus, medical insurance and leave entitlements. Shift allowance is available for employees who need to take shifts to serve clients in different time zones. As an additional measure to enhance staff retention, the Group established the Travel Allowance for technical and frontline employees to address their concerns about traveling to and from MEGA-i, our data centre located in Chai Wan.

The Group embraces diversity and equal opportunity and strives to provide a nurturing and collaborative workplace for all of its employees. We have zero tolerance to harassment and discrimination of any form. Employees are assessed and hired based on their capabilities, regardless of their age, gender, nationality, cultural background, religious belief, etc.

As part of our continuous efforts in improving productivity, retention, and overall engagement of our people, we invest in human capital through various employee engagement activities. The Group's social club regularly organises outings and other recreational events to engage employees, which create a harmonious working environment and promote a sense of belonging. During the past year, a number of employee engagement activities such as birthday party, movies, hiking, Christmas party and annual dinner have been organised, widely participated and well received. To improve the level of engagement, employees are also welcome to submit activity ideas that they are passionate about to the social club for consideration.

Health and Safety

The health, safety and wellbeing of our employees is our first priority. The Group embraces and promotes a culture of safety by adopting safety-oriented operational procedures at our premises. Although our business operation is not typically associated with high health and safety risks as compared to other more labour-intensive industries, our safety performance is monitored, tracked and followed up at each data centre by a designated representative. Periodic review on safety performance and regulatory updates is conducted to prepare for changing safety standards and requirements.

Additionally, we advocate the concept of healthy living and encourage work-life balance. Occupational health and safety talks on topics such as ergonomics and stress management are introduced to our employees to raise awareness of safe work practices.

Development and Training

As a company in the technology industry, the competency and skills of our employees is a key differentiator. We believe that continuous training and upskilling of our people is key to maintaining our strategic competitiveness. Employees are encouraged to take part in various self-development training courses tailored for general-grade and management-grade employees. These courses, aimed to enhance employees' technical knowledge and soft skills, cover a wide range of topics including business knowledge, communication skills, personal development, IT skills, business conduct and ethics, health and safety, as well as sustainable development. The courses are offered under the SHKP Quality Academy, a training programme operated by the parent company. On boarding and orientation are available to help the new joiners settle into their positions.

Labour Standards

The Group adheres to applicable labour standards and strictly prohibits the use of child or forced labour in its operations. Our suppliers and contractors are expected to follow similar standards of labour practices when collaborating with us.

OPERATING PRACTICES

Supply Chain Management

As our business grows, so does our supply chain. We are well aware of the potential environmental, health, safety, social and other risks associated with our supply chain. In an effort to mitigate such risks in a supply chain of this scale, we work closely with our suppliers and service providers towards responsible and sustainable growth as a shared objective.

Our procurement policies and procedures set out the requirements and expectations to our suppliers. Our procurement policy required the consideration of the "4R" environmental principles (i.e. Reduce, Reuse, Recycle and Replace) in the purchasing requirements. Environmental criteria are incorporated with other assessment criteria as much as possible, including performance, maintenance requirements, life expectancy, and quality. For example, when purchasing computer equipment, we favour models that are more energy efficient and conform to other green standards such as Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment ("RoHS").

Supplier/contractor performance review is carried out at least annually, covering various areas including quality and timeliness product/service delivery and environmental performance. Suppliers/contractors who fail to meet our standards may lose future opportunities to participate in our procurement processes.

Product Responsibility

We are committed to delivering high connectivity, reliability and excellent customer services. As the leader in data centre services in Hong Kong, we have over 10,000 cross-connects for high-speed and reliable interconnectivity to provide cutting-edge solutions to our customers. In particular, our MEGA Campus, comprised of MEGA-i, MEGA Two and Mega Plus data centres, are connected by high-performance dedicated fibers, providing high connectivity and scalability to our customers to support their business growth.

Reliable power supply and a high level of safety and security is critical for preventing data centre outage and loss of data and minimising potential business disruptions to our customers. Our data centres are installed with the Power Monitoring Module ("PMM") which is connected to the Building Management System to monitor undisrupted power. Built with multiple-redundancy power supply, our data centres are equipped with power facilities that are readily supported by UPS and backup generators, to ensure resilience and deliver a high level of uptime availability. Fuel tanks connected to the generators are designed to have sufficient capacity for disaster recovery, whilst refuelling services are in place with a pre-determined response lead time. In addition, preventative maintenance such as regular on-load test is carried out for the backup power generators to make sure that the generators are fully dependable and capable of handling the highest possible load at any critical point of time. Fire protection and suppression systems are installed across data halls to detect and respond to potential fire hazards.

In addition to the state-of-the-art infrastructure, the Group strives to offer its customers an enhanced customer experience. Our highly trained professionals provide 24/7 customer support and handle technical and other enquiries in an efficient manner. Customer relationship management mechanisms and procedures are in place to help understand customers' business needs, drive performance improvement, facilitate change management and enhance complaint handling. Service-related enquiries and complaints received are recorded, responded to and resolved by dedicated, highly skilled frontline manager-level staff in a timely manner.

Protecting customer data privacy is a priority in our relationship with customers. The Group is committed to preventing customer data leakage or loss by adopting stringent physical security measures and good industry practices. Accredited with ISO27001 Information Security Management System, we adopt stringent security measures at data centre premises to ensure around-the-clock security. A sophisticated Building Management System has been implemented to monitor the access of people, goods and vehicles in and out of the data centres. Closed circuit television surveillance system is installed at all common areas, plant rooms and equipment rooms; the 24-hour armed guards are ready for on-site support. Data centre access is only granted to authorised individuals, and technicians who need to access controlled areas must use custom-configured identity cards. Secure customer data disposal procedures are implemented and monitored to ensure proper deletion/destruction of data and minimise the risk of sensitive information leakage. Additionally, cybersecurity measures such as the latest anti-hacker firewall and a regularly-updated anti-virus programme has been applied to safeguard customer data integrity.

Anti-corruption

The Group upholds high standards of conduct and integrity. Every one of our employees is obliged and encouraged to report concerns about any malpractices and impropriety which come to their attention. These include but are not limited to breach of legal or regulatory requirements, malpractice, impropriety or fraud that may adversely affect the reputation and the image of the Group, and violation of codes of conduct or internal protocols.

We implement policies and procedures to minimise risks of fraud, corruption and bribery. Our whistleblowing policy in place allows our employees to report suspected irregularities to high level, including direct reporting to the Chairman or Chief Executive Officer ("CEO"). Reporting can be conducted through various channels such as hotline and email. For reported cases where an investigation is warranted, the outcomes and recommendations of the investigation will be reported to the Chairman and CEO; and major issues of the case will be further reported to the Audit Committee for review. Our policies and practices aim at treating all disclosures in a confidential and sensitive manner and protecting our employees from any form of intimidation and retaliation.

Our principle on conduct and integrity, consistent with that of our parent company, is well conveyed to our employees through daily communication, seminars and training. Employees are encouraged to attend business ethics seminars given by Hong Kong Independent Commission Against Corruption, arranged by the human resources department of the Company under the anti-corruption training programme of the parent company. Our requirements on conduct and integrity are also communicated to our contractors and service providers who are expected to comply with the same.

Community Investment

Our community engagement initiatives are centred on promoting a healthier lifestyle in the community. As an advocate of healthy living, the Group endeavours to support not only its own employees but also talents in the IT industry. In advocating for a healthier lifestyle, we participate in various sports events. Donations raised from these sports events allow us to support the non-profit organisers to tackle existing social problems and help others in need.

In January 2017, our employees participated in the 10-km run and half marathon races organised by The Community Chest of Hong Kong (the "Community Chest"), a non-governmental organisation that raises funds to support its member social welfare agencies in addressing social challenges. The race not only promoted public awareness in healthy living, but also raised funds to enhance the "Services for the Mentally & Multiple Handicapped" supported by the Community Chest.

In addition, during the reporting period, we supported Innothon 10km 2016, organised by the Hong Kong Information Technology Joint Council and Hong Kong Science and Technology Parks Corporation. We provided cash donation and sponsorship to our employees to encourage participation in the race. The activity was aimed to promote a healthier lifestyle to the IT industry workers and the community, and increase awareness of technology.

Regulatory Compliance

The Group was not aware of any non-compliance with relevant laws and regulations that has a significant impact on the Group relating to environmental protection, employment and labour practices, and operating practices during the reporting period.

德勤

TO THE MEMBERS OF SUNEVISION HOLDINGS LTD.
新意網集團有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of SUNeVision Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 62 to 103, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Key audit matter

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the significance of the Group's investment properties in the context of the Group's consolidated financial statements as a whole and because significant judgment is involved in determining the inputs used in the valuation.

As at 30 June 2017, the Group's investment properties, which are located in Hong Kong, amounted to HK$1,527,000,000, which represented 27% of the Group's total assets. Increase in fair values of investments properties of HK$131,000,000 was recognised in the consolidated income statement for the year then ended.

The Group's investment properties are carried at fair value based on valuation performed by independent qualified professional surveyors ("Valuers"). The valuations are dependent on certain key inputs that involve the management's and Valuers' judgments, including market price per square foot, using direct comparison approach and taking into account of the adjustments on the differences in the nature, location and condition, as well as the highest and best use of the properties. Details of the valuation techniques and key inputs used in the valuations are disclosed in note 13 to the consolidated financial statements.

How our audit addressed the key audit matter

Our procedures in relation to the valuation of investment properties included:

- Evaluating the competence, capabilities and objectivity of the Valuers;
- Obtaining an understanding from the Valuers about the valuation techniques, the performance of the property markets, significant assumptions adopted, critical judgmental areas, key inputs and data used in the valuations;
- Evaluating the appropriateness and reasonableness of the significant assumptions and methodology adopted in the valuations based on our knowledge of the property industry in Hong Kong; and
- Evaluating the reasonableness of the key inputs used in the valuations with reference to market prices of comparable properties and our knowledge of the nature, location and condition of the properties.

KEY AUDIT MATTERS (continued)

Key audit matter – continued

Capitalisation and measurement of costs of property, plant and equipment

We identified the capitalisation and measurement of costs of property, plant and equipment as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgments required in applying the criteria for capitalisation in accordance with HKAS 16 "Property, Plant and Equipment" and HKAS 23 "Borrowing Costs".

The judgment involved includes assessing the costs whether it is probable that future economic benefits associated with the items will flow to the Group in accordance with HKAS16.

The Group's properties in the course of construction for production, supply or administrative purposes (i.e. construction in progress) are carried at costs, less any recognised impairment loss. Costs include construction costs, professional fees, and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

As disclosed in note 14 to the consolidated financial statements, the addition of the Group's property, plant and equipment amounted to HK$1,196,891,000, including addition of construction in progress amounted to approximately HK$819,960,000.

How our audit addressed the key audit matter – continued

Our procedures in relation to the capitalisation and measurement of costs of property, plant and equipment included:

- Understanding the management processes relating to the approval of purchases of, construction contracts and construction payments for property, plant and equipment, management's review of capitalisation of construction costs and borrowing costs, and determination of budgeted costs to complete and estimated accruals for the construction costs at the end of the reporting period;

- Reviewing the progress of construction in progress by referencing to the project time table, independent architect/engineers' reports (if applicable) and the latest budgets and discussing with management the current status of the construction, including the costs incurred to date, the remaining critical milestones and estimated costs to complete including contract claims, and the assessment of the financial implications to the Group;

- Reassessing the appropriateness and reperforming the calculations of borrowing costs eligible for capitalisation into construction in progress with reference to HKAS 23; and

- Checking the amounts of acquisition costs and construction costs incurred for property, plant and equipment during the year and reassessing the nature of the costs incurred and their future economic benefits associated with the costs, on a sample basis, by reference to the suppliers' invoices, interim certificates certifying the value of work performed and other supporting documents.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Sze Ching Yiu.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
5 September 2017

Consolidated Income Statement

For the year ended 30 June 2017

	Notes	2017 *HK$'000*	2016 *HK$'000*
Revenue	4	**1,141,757**	998,970
Cost of sales		**(437,626)**	(360,577)
Gross profit		**704,131**	638,393
Other income	6	**30,812**	20,945
Selling expenses		**(18,055)**	(7,559)
Administrative expenses		**(53,854)**	(43,278)
		663,034	608,501
Other gain and loss	7	**75,440**	39,000
Profit before taxation		**738,474**	647,501
Income tax expense	8	**(107,039)**	(98,510)
Profit for the year	9	**631,435**	548,991
Attributable to:			
Owners of the Company		**629,801**	548,991
Non-controlling interests		**1,634**	–
		631,435	548,991
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)	12(a)		
Basic (Remark (i))		**15.57 cents**	13.58 cents
Diluted (Remarks (i) and (ii))		**15.56 cents**	13.58 cents
Earnings per share excluding the effect of other gain and loss (underlying earnings per share)	12(b)		
Basic (Remark (i))		**13.71 cents**	12.61 cents
Diluted (Remarks (i) and (ii))		**13.69 cents**	12.61 cents

Remarks:

(i) Upon completion of the bonus issue of shares (with a convertible note ("Convertible Note(s)"), which were constituted by the deed poll dated 25 November 2010) alternative) on 25 November 2010, the Company had 2,342,675,478 ordinary shares in issue and outstanding Convertible Notes which could be converted into 1,720,292,188 fully paid ordinary shares, representing a total of 4,062,967,666 ordinary shares which form the basis for the calculation of basic and diluted earnings per share. Adjustments are made in respect of shares repurchased.

(ii) The calculation of diluted earnings per share for the year ended 30 June 2017 has been taken into account of potential ordinary shares of 5,125,167 (2016: 95,633) shares in existence arising from the share options granted on 8 March 2016. The dilutive effect of the potential ordinary share to Group's basic earnings per shares for the year ended 30 June 2016 was insignificant.

Details of earnings per share calculation and the Company's share capital are set out in notes 12 and 24 respectively.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	2017 *HK$'000*	2016 *HK$'000*
Profit for the year	**631,435**	548,991
Other comprehensive (expense) income for the year		
Items that may be reclassified subsequently to the consolidated income statement:		
Change in fair value of available-for-sale investments	**(4,942)**	7,122
Exchange differences arising from translation of operations outside Hong Kong	**–**	(44)
	(4,942)	7,078
Total comprehensive income for the year	**626,493**	556,069
Total comprehensive income (expense) attributable to:		
Owners of the Company	**625,002**	557,000
Non-controlling interests	**1,491**	(931)
	626,493	556,069

Consolidated Statement of Financial Position

At 30 June 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Non-current assets			
Investment properties	13	**1,527,000**	1,396,000
Property, plant and equipment	14	**3,071,660**	1,975,999
Investments	15	**144,651**	249,544
		4,743,311	3,621,543
Current assets			
Investments	15	**142,353**	208,693
Inventories	16	**9,499**	7,578
Trade and other receivables	17	**125,681**	124,842
Amounts due from customers for contract works	18	**8,599**	8,075
Bank balances and deposits	19	**604,303**	652,220
		890,435	1,001,408
Current liabilities			
Trade and other payables	20	**616,521**	485,271
Deferred revenue	21	**34,769**	36,557
Tax payables		**86,691**	121,761
		737,981	643,589
Net current assets		**152,454**	357,819
Total assets less current liabilities		**4,895,765**	3,979,362
Non-current liabilities			
Deferred tax liabilities	22	**98,414**	76,555
Deferred revenue	21	**101,947**	130,516
Bank borrowing	23	**996,458**	193,958
		1,196,819	401,029
		3,698,946	3,578,333
Capital and reserves			
Share capital	24	**232,261**	232,237
Reserve arising from issuance of convertible notes	24	**172,003**	172,003
Other reserves		**3,280,120**	3,161,022
Equity attributable to owners of the Company		**3,684,384**	3,565,262
Non-controlling interests		**14,562**	13,071
Total equity		**3,698,946**	3,578,333

The consolidated financial statements on pages 62 to 103 were approved and authorised for issue by the Board of Directors on 5 September 2017 and are signed on its behalf by:

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Attributable to owners of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Reserve arising from issuance of convertible notes** *HK$'000* (Note)	**Share option reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Investments revaluation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 July 2015	232,237	2,315,239	172,003	–	1,487	1,123	780,267	3,502,356	14,002	3,516,358
Exchange differences arising from translation of operations outside Hong Kong	–	–	–	–	887	–	–	887	(931)	(44)
Profit for the year	–	–	–	–	–	–	548,991	548,991	–	548,991
Change in fair value of available-for-sale investments	–	–	–	–	–	7,122	–	7,122	–	7,122
Total comprehensive income (expense) for the year	–	–	–	–	887	7,122	548,991	557,000	(931)	556,069
Conversion of Convertible Notes (note 24)	–	–	–	–	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	1,100	–	–	–	1,100	–	1,100
Final dividend and distribution paid (note 11)	–	–	–	–	–	–	(495,194)	(495,194)	–	(495,194)
At 30 June 2016	232,237	2,315,239	172,003	1,100	2,374	8,245	834,064	3,565,262	13,071	3,578,333
Exchange differences arising from translation of operations outside Hong Kong	–	–	–	–	143	–	–	143	(143)	–
Profit for the year	–	–	–	–	–	–	629,801	629,801	1,634	631,435
Change in fair value of available-for-sale investments	–	–	–	–	–	(4,942)	–	(4,942)	–	(4,942)
Total comprehensive income (expense) for the year	–	–	–	–	143	(4,942)	629,801	625,002	1,491	626,493
Exercise of share options (note 24)	24	665	–	(99)	–	–	–	590	–	590
Conversion of Convertible Notes (note 24)	–	–	–	–	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	2,872	–	–	–	2,872	–	2,872
Final dividend and distribution paid (note 11)	–	–	–	–	–	–	(509,342)	(509,342)	–	(509,342)
At 30 June 2017	**232,261**	**2,315,904**	**172,003**	**3,873**	**2,517**	**3,303**	**954,523**	**3,684,384**	**14,562**	**3,698,946**

Note:

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

Reserve arising from issuance of convertible notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the Convertible Notes. This reserve balance represented the aggregate amount of the Convertible Notes outstanding at the year end. The Convertible Notes in the amount of HK$300.00 (2016: HK$150.00) were exercised and converted into 3,000 (2016: 1,500) ordinary shares by noteholders during the year ended 30 June 2017. As a result, the Convertible Notes in the amount of HK$172,002,383.30 (2016: HK$172,002,683.30) remained outstanding as at 30 June 2017.

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	738,474	647,501
Adjustments for:		
Allowance for doubtful debts	236	110
Equity-settled share-based payments	2,872	1,100
Depreciation of property, plant and equipment	100,881	99,626
Loss (gain) on disposal of property, plant and equipment	86	(1)
Interest income	(24,704)	(19,569)
Investment income	(4,819)	(404)
Increase in fair value of investment properties	(131,000)	(39,000)
Decrease in fair value of investment at fair value through profit or loss	55,560	–
Operating cash flows before movements in working capital	737,586	689,363
Increase in inventories	(1,921)	(5,625)
Increase in trade and other receivables	(5,977)	(42,359)
Increase in investment at fair value through profit or loss	(99,304)	–
(Increase) decrease in amounts due from customers for contract works	(524)	860
Increase in trade and other payables	17,139	10,601
Decrease in deferred revenue	(30,357)	(18,251)
CASH GENERATED FROM OPERATIONS	616,642	634,589
Hong Kong Profits Tax paid	(120,250)	(90,165)
NET CASH FROM OPERATING ACTIVITIES	496,392	544,424
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,068,944)	(410,271)
Purchase of investments	–	(126,229)
Proceeds from redemption of investments	205,375	149,607
Interest received	32,954	29,804
Investment income received	4,819	404
Proceeds from disposal of property, plant and equipment	263	9
NET CASH USED IN INVESTING ACTIVITIES	(825,533)	(356,676)
FINANCING ACTIVITIES		
New bank loan raised	800,000	192,500
Proceeds from issuance of shares	590	–
Dividends and distribution paid	(509,342)	(495,194)
Interest paid	(10,024)	(1,292)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	281,224	(303,986)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47,917)	(116,238)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	652,220	768,515
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	–	(57)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and deposits	604,303	652,220

1. GENERAL

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

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

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

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

(a) HKFRSs applied in the current year

In the current year, the Group has applied HKFRSs (a collective term for accounting standards, amendments and interpretations) that were issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and are mandatorily effective for the Group's financial year beginning 1 July 2016, as follows:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations

The application of the above HKFRSs has had no material impact on the consolidated financial statements of the Group for the current and prior years.

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

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

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

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[3]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 9	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[3]
HKFRS 16	Leases[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for annual periods beginning on or after a date to be determined

The Group has already commenced an assessment of the impact of these new and revised HKFRSs to the Group and not yet in a position to state whether these would have a significant impact on the Group's results and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

The significant accounting policies are set out below.

(a) Basis of consolidation

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

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

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

(b) Investments in subsidiaries

A subsidiary is an entity controlled by the Company.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

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

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

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

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

(iii) Rental income

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

(iv) Building management service income

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

(v) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(d) Property, plant and equipment

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment properties

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

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

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

(f) Construction contracts

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leasing

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

(i) The Group as lessor

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

(ii) The Group as lessee

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

(iii) Leasehold land and building

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

(h) Foreign currencies

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

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

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

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated income statement in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Retirement benefit costs

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

(k) Taxation

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

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

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

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

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

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

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

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

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

(l) Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments

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

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

(i) Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis.

Loans and receivables

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

Available-for-sale financial assets

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

Debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the year end date. Changes in the carrying amount of available-for-sale financial assets relating to interest income calculated using the effective interest method, and changes in foreign exchange rates, if applicable, are recognised in profit or loss. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the consolidated income statement (see accounting policy on impairment of financial assets below).

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

(i) Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is (i) held for trading or (ii) it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in consolidated income statement. The net gain or loss recognised in consolidated income statement excludes any dividend or interest earned on the financial assets and is included in the other gain and loss line item. Fair value is determined in the manner described in notes 15 and 28(c).

Impairment of financial assets

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

(ii) Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

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

(iii) Derecognition

The Group derecognises a financial asset when, and only when the contractual rights to the cash flows from the asset expire.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Deferred revenue

Upfront lump sum amounts received from customers in respect of data centre and IT facilities are treated as deferred revenue which is taken to the consolidated income statement ratably over the terms of the respective agreements.

(o) Equity-settled share-based payment transactions

Share options granted to directors and employees of the Group

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

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

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

(p) Impairment losses on non-financial assets

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

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

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

4. REVENUE

Revenue was generated from the following activities:

	2017 *HK$'000*	2016 *HK$'000*
Income from data centre and IT facilities (including income of HK$284,924,000 (2016: HK$234,398,000) from other value-added services)	**942,379**	819,798
Installation and maintenance fee of SMATV, CABD, structural cabling and security systems (including installation fee of HK$68,653,000 (2016: HK$55,519,000))	**138,965**	119,058
Property rentals and building management services	**60,413**	60,114
	1,141,757	998,970

5. SEGMENT INFORMATION

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' emoluments, decrease in fair value of investment at fair value through profit or loss, interest income and investment income. This is the measure reported to the Group's management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment.

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

(a) Data centre and IT facilities cover the provision of data centre, facilities management and value added services.

(b) SMATV, CABD, structural cabling and security systems comprise installation and maintenance services for the respective systems.

(c) Properties holding refers to the Group's interests in investment properties which generate rental and other related income.

Segment revenue and results

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

For the year ended 30 June 2017

	Data centre and IT facilities *HK$'000*	SMATV, CABD, structural cabling and security systems *HK$'000*	Properties holding *HK$'000*	Elimination *HK$'000*	Consolidated total *HK$'000*
REVENUE					
External	942,379	138,965	60,413	–	1,141,757
Inter-segment	513	352	2,435	(3,300)	–
Total	942,892	139,317	62,848	(3,300)	1,141,757
RESULTS					
Segment results	586,044	23,221	178,817	–	788,082
Unallocated corporate expenses					(23,571)
Decrease in fair value of investment at fair value through profit or loss					(55,560)
Interest income					24,704
Investment income					4,819
Profit before taxation					738,474

5. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 30 June 2016

	Data centre and IT facilities *HK$'000*	SMATV, CABD, structural cabling and security systems *HK$'000*	Properties holding *HK$'000*	Elimination *HK$'000*	Consolidated total *HK$'000*
REVENUE					
External	819,798	119,058	60,114	–	998,970
Inter-segment	1,485	352	2,387	(4,224)	–
Total	821,283	119,410	62,501	(4,224)	998,970
RESULTS					
Segment results	540,729	20,566	88,467	–	649,762
Unallocated corporate expenses					(22,234)
Interest income					19,569
Investment income					404
Profit before taxation					647,501

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.

Other segment information

For the year ended 30 June 2017

	Data centre and IT facilities ***HK$'000***	**SMATV, CABD, structural cabling and security systems** ***HK$'000***	**Properties holding** ***HK$'000***	**Unallocated** ***HK$'000***	**Consolidated total** ***HK$'000***
Amounts included in the measure of segment results:					
Depreciation of property, plant and equipment	**100,605**	**259**	**–**	**17**	**100,881**
Increase in fair value of investment properties	**–**	**–**	**131,000**	**–**	**131,000**

5. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 30 June 2016

	Data centre and IT facilities *HK$'000*	SMATV, CABD, structural cabling and security systems *HK$'000*	Properties holding *HK$'000*	Unallocated *HK$'000*	Consolidated total *HK$'000*
Amounts included in the measure of segment results:					
Depreciation of property, plant and equipment	99,339	262	–	25	99,626
Increase in fair value of investment properties	–	–	39,000	–	39,000

Geographical information

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

Information about major customer

The largest customer accounted for about 12% (2016: 11%) of the total revenue.

6. OTHER INCOME

	2017 *HK$'000*	2016 *HK$'000*
Interest income	**24,704**	19,569
Investment income (Note)	**4,819**	404
Miscellaneous	**1,289**	972
	30,812	20,945

Note: Included in the investment income for the year ended 30 June 2017 was a non-recurring income amounting to approximately HK$4,368,000 (2016: nil) as a result of the recognition of distributions from an unlisted equity investment.

7. OTHER GAIN AND LOSS

	2017 *HK$'000*	2016 *HK$'000*
Increase in fair value of investment properties (note 13)	**131,000**	39,000
Decrease in fair value of investments at fair value through profit or loss	**(55,560)**	–
	75,440	39,000

8. INCOME TAX EXPENSE

	2017 **HK$'000**	2016 *HK$'000*
Current tax		
– Hong Kong Profits Tax	**85,180**	101,202
Deferred tax charge (credit) (note 22)	**21,859**	(2,692)
	107,039	98,510

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

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

	2017 **HK$'000**	2016 *HK$'000*
Profit before taxation	**738,474**	647,501
Tax at Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	**121,848**	106,838
Tax effect of expenses not deductible for tax purpose	**12,439**	1,403
Tax effect of tax losses not recognised	**629**	424
Tax effect of income not taxable for tax purpose	**(26,649)**	(8,490)
Tax effect of utilisation of tax losses previously not recognised	**(1,068)**	(1,485)
Others	**(160)**	(180)
Income tax expense	**107,039**	98,510

Details of deferred tax liabilities are set out in note 22.

9. PROFIT FOR THE YEAR

	2017 **HK$'000**	2016 *HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments (note 10)	**104,113**	82,292
Retirement benefit scheme contributions	**2,975**	2,947
Total staff costs	**107,088**	85,239
Auditor's remuneration	**1,095**	1,055
Depreciation of property, plant and equipment	**100,881**	99,626
Loss (gain) on disposal of property, plant and equipment	**86**	(1)
Interest on bank borrowing	**10,024**	1,292
Other finance costs	**2,500**	1,458
Less: amounts capitalised	**(12,524)**	(2,750)
Total finance costs	**–**	–
Minimum lease payments paid under operating leases in respect of land and buildings	**62,399**	37,912
Rental income from investment properties, net of outgoings of HK$4,239,000 (2016: HK$3,356,000)	**(49,243)**	(50,077)

10. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The total emoluments, pension and compensation arrangements paid/payable to the directors of the Company of their services for the years ended 30 June 2017 and 2016 were as follows:

Name of director	Fees HK$'000 (Note (i))	Basic salaries and allowances HK$'000 (Note (ii))	Discretionary bonuses HK$'000 (Notes (ii) and (iii))	Retirement benefit scheme contributions HK$'000 (Note (ii))	Equity-settled share-based payments HK$'000 (Note (ii))	2017 Total emoluments HK$'000	2016 Total emoluments HK$'000
Executive Directors							
Kwok Ping-luen, Raymond	48	–	–	–	–	48	48
Yan King-shun, Peter (Note (iv))	42	3,564	2,692	178	802	7,278	7,041
Tung Chi-ho, Eric	36	12*	–	–	–	48	48
Wong Chin-wah (Note (v))	30	10*	–	–	–	40	48
So Wai-kei, Godwin (Note (vi))	–	–	–	–	–	–	21
Non-Executive Directors							
Cheung Wing-yui	216	–	–	–	–	216	216
Fung Yuk-lun, Allen	42	–	–	–	802	844	343
Kwok Kai-wang, Christopher (Note (vii))	15	–	–	–	–	15	–
David Norman Prince (Note (viii))	81	–	–	–	–	81	–
Siu Hon-wah, Thomas	36	–	–	–	–	36	36
Tsim Wing-kit, Alfred (Note (ix))	12	–	–	–	–	12	36
Independent Non-Executive Directors							
Li On-kwok, Victor	192	–	–	–	–	192	192
King Yeo-chi, Ambrose	192	–	–	–	–	192	192
Wong Kai-man	192	–	–	–	–	192	192
Kwok Kwok-chuen	120	–	–	–	–	120	120
Lee Wai-kwong, Sunny	120	–	–	–	–	120	120
Total 2017	1,374	3,586	2,692	178	1,604	9,434	8,653
Total 2016	1,323	3,466	3,090	172	602	8,653	

Notes:

(i) The fees were mainly for their services as directors of the Company and its subsidiaries.

(ii) The other emoluments were mainly for their services in connection with the management of the affairs of the Group.

(iii) The discretionary bonus are determined by the Board from time to time with reference to directors' duties and responsibilities and the Group's performance and profitability.

(iv) Mr. Yan King-shun, Peter is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive Officer.

(v) Mr. Wong Chin-wah retired as an Executive Director of the Company on 1 May 2017.

(vi) Mr. So Wai-kei, Godwin resigned as an Executive Director of the Company on 1 December 2015.

(vii) Mr. Kwok Kai-wang, Christopher was appointed as a Non-Executive Director of the Company on 1 February 2017.

(viii) Mr. David Norman Prince was appointed as a Non-Executive Director of the Company on 29 October 2016.

(ix) Mr. Tsim Wing-kit, Alfred retired as a Non-Executive Director of the Company on 28 October 2016.

* Paid/payable to SHKP Group

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

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2016: one) is a director of the Company whose emoluments are included above. The emoluments of the remaining four (2016: four) individuals were as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries and allowances	**6,324**	5,386
Discretionary bonus	**1,942**	1,891
Retirement benefit scheme contributions	**258**	220
Share-based payments	**682**	317
	9,206	7,814

Their emoluments were within the following bands:

	2017 **Number of employees**	2016 Number of employees
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	–
	4	4

11. DIVIDENDS

	2017 **HK$'000**	2016 HK$'000
Dividend paid and recognised as distribution during the year		
– Final dividend to ordinary shareholders in respect of the immediately preceding financial year of HK12.60 cents (2016: HK12.25 cents) per share	**292,619**	284,491
– Payments to convertible noteholders in respect of the immediately preceding financial year of HK12.60 cents (2016: HK12.25 cents) for each share which such registered noteholders would have become holders of, had such registered noteholders' convertible notes then outstanding been converted on 3 November 2016 (2016: 5 November 2015)	**216,723**	210,703
	509,342	495,194
Dividend proposed		
– Final dividend to ordinary shareholders in respect of the current financial year of HK13.70 cents (2016: HK12.60 cents) per share	**318,199**	292,619
– Payments to convertible noteholders in respect of the current financial year of HK13.70 cents (2016: HK12.60 cents) for each share which such registered noteholders would have become holders of, had such registered noteholders' convertible notes then outstanding been converted on 6 November 2017 (2016: 3 November 2016)	**235,643**	216,723
	553,842	509,342

11. DIVIDENDS (continued)

At a meeting held on 5 September 2017, the Directors recommend the declaration of a final dividend of HK13.70 cents per share for the year ended 30 June 2017. This proposed dividend is not included as a dividend payable in the consolidated statement of financial position as at 30 June 2017.

12. EARNINGS PER SHARE

(a) Reported earnings per share

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

	2017 **HK$'000**	2016 HK$'000
Earnings for the purposes of basic and diluted earnings per share	**629,801**	548,991

	2017 **Number of shares**	2016 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,042,412,567**	4,042,399,666
Effect of dilutive potential ordinary shares:		
Share options	**5,125,167**	95,633
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,047,537,734**	4,042,495,299

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 24.

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

12. EARNINGS PER SHARE (continued)

(b) Underlying earnings per share

For the purposes of assessing the underlying performance of the Group, underlying earnings per share is calculated based on the underlying profit attributable to owners of the Company of HK$ 554,361,000 (2016: HK$509,991,000), excluding the effect of other gain and loss. A reconciliation of profit is as follows:

	2017 *HK$'000*	2016 *HK$'000*
Profit attributable to owners of the Company as shown in the consolidated income statement	**629,801**	548,991
Other gain and loss (note 7)	**(75,440)**	(39,000)
Underlying profit attributable to owners of the Company	**554,361**	509,991

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

13. INVESTMENT PROPERTIES

	HK$'000
At 1 July 2015	1,357,000
Increase in fair value recognised in the consolidated income statement (note 7)	39,000
At 30 June 2016	1,396,000
Increase in fair value recognised in the consolidated income statement (note 7)	131,000
At 30 June 2017	**1,527,000**

The fair value of the Group's investment properties, which are located in Hong Kong at 30 June 2017 and 2016 has been determined with reference to a valuation on market value basis carried out by DTZ Cushman & Wakefield Limited, independent qualified professional surveyors not connected with the Group. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties. The key input used in valuing the Group's investment properties was the market price per square foot, using direct comparison approach and taking into account of the adjustments on the differences in the nature, location and condition, as well as the highest and best use of the properties, which ranged from HK$5,600 to HK$9,800 (2016: HK$5,300 to HK$8,600). The increase in the market price per square foot would result in an increase in fair value of the investment properties, and vice versa.

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

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

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Data centre facilities	SMATV equipment	Computers, networks and related equipment	Office equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 July 2015	675,461	1,396,365	14,561	6,900	13,478	1,239	530,208	2,638,212
Additions	–	142,396	–	46	270	–	428,656	571,368
Disposals/write-off	–	(235)	(469)	(213)	(588)	–	–	(1,505)
At 30 June 2016	675,461	1,538,526	14,092	6,733	13,160	1,239	958,864	3,208,075
Additions	–	375,591	–	81	1,259	–	819,960	1,196,891
Disposals/write-off	–	(2,858)	–	(96)	(158)	–	–	(3,112)
At 30 June 2017	**675,461**	**1,911,259**	**14,092**	**6,718**	**14,261**	**1,239**	**1,778,824**	**4,401,854**
DEPRECIATION AND IMPAIRMENT								
At 1 July 2015	327,856	770,971	14,561	6,546	12,956	1,057	–	1,133,947
Provided for the year	14,027	85,082	–	141	298	78	–	99,626
Eliminated on disposals/write-off	–	(235)	(469)	(213)	(580)	–	–	(1,497)
At 30 June 2016	341,883	855,818	14,092	6,474	12,674	1,135	–	1,232,076
Provided for the year	14,027	86,362	–	138	288	66	–	100,881
Eliminated on disposals/write-off	–	(2,510)	–	(96)	(157)	–	–	(2,763)
At 30 June 2017	**355,910**	**939,670**	**14,092**	**6,516**	**12,805**	**1,201**	**–**	**1,330,194**
CARRYING VALUE								
At 30 June 2017	**319,551**	**971,589**	**–**	**202**	**1,456**	**38**	**1,778,824**	**3,071,660**
At 30 June 2016	333,578	682,708	–	259	486	104	958,864	1,975,999

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

Leasehold properties	Over the prevailing lease term
Data centre facilities	2% – $33\frac{1}{3}$%
SMATV equipment	10%
Computers, networks and related equipment	20% – $33\frac{1}{3}$%
Office equipment, furniture and fixtures	20% – $33\frac{1}{3}$%
Motor vehicles	30% – $33\frac{1}{3}$%

15. INVESTMENTS

	2017 **HK$'000**	2016 *HK$'000*
Available-for-sale investments:		
Listed debt securities, at fair value		
– outside Hong Kong	**98,275**	247,461
– in Hong Kong	**140,941**	207,066
Unlisted equity technology investments, at cost less impairment	**3,710**	3,710
	242,926	458,237
Investment at fair value through profit or loss		
Listed debt security		
– outside Hong Kong	**44,078**	–
	287,004	458,237

	2017 **HK$'000**	2016 *HK$'000*
Carrying amount analysed for reporting purposes as:		
Non-current assets	**144,651**	249,544
Current assets (debt securities maturing within one year)	**142,353**	208,693
	287,004	458,237

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

The debt securities carry interest at fixed rates ranging from 4% to 9% per annum (2016: 3% to 9% per annum). The debt securities mature between 2017 and 2019 (2016: 2016 and 2019). At the year end date, all debt securities are denominated in United States dollars ("US$").

16. INVENTORIES

	2017 **HK$'000**	2016 *HK$'000*
Raw materials	**982**	3,061
Work in progress	**8,517**	4,517
	9,499	7,578

17. TRADE AND OTHER RECEIVABLES

	2017 *HK$'000*	2016 *HK$'000*
Trade receivables	**64,071**	61,114
Less: allowance for doubtful debts	**(878)**	(642)
	63,193	60,472
Other receivables, prepayments and deposits	**62,488**	64,370
	125,681	124,842

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

	2017 *HK$'000*	2016 *HK$'000*
0 – 60 days	**52,738**	57,352
61 – 90 days	**3,455**	1,457
> 90 days	**7,000**	1,663
	63,193	60,472

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

Included in the Group's trade receivable balances are debtors with an aggregate carrying amount of HK$42,259,000 (2016: HK$29,600,000) which are past due at the year end date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2017 *HK$'000*	2016 *HK$'000*
0 – 60 days	**31,804**	26,480
61 – 90 days	**3,455**	1,457
> 90 days	**7,000**	1,663
	42,259	29,600

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$878,000 (2016: HK$642,000) for which the counterparties have delayed payments.

18. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	2017 **HK$'000**	2016 HK$'000
Contracts in progress at the year end date:		
Contract costs incurred plus recognised profits less recognised losses	**67,736**	48,900
Less: progress billings	**(59,137)**	(40,825)
	8,599	8,075
Analysed for reporting purposes as:		
Amounts due from customers for contract works	**8,599**	8,075

At 30 June 2017, retentions held by customers for contract works amounted to HK$8,676,000 (2016: HK$5,753,000) included in trade and other receivables.

19. BANK BALANCES AND DEPOSITS

Bank balances and deposits comprise cash and short-term deposits held by the Group. The Group's deposits carry interest at approximately 0.1% to 2% (2016: 0.1% to 1.3%) per annum and mature within 3 months (2016: within 3 months) at the year end date.

20. TRADE AND OTHER PAYABLES

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

	2017 **HK$'000**	2016 HK$'000
Trade payables aged within 60 days	**56,557**	39,368
Trade payables aged over 60 days	**–**	7,220
Other payables	**33,168**	103,516
Deposits received and accruals	**526,796**	335,167
	616,521	485,271

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

21. DEFERRED REVENUE

Deferred revenue represents upfront lump sum amounts received from customers in respect of data centre and IT facilities.

The carrying amount of deferred revenue is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current liabilities (release to the consolidated income statement within one year)	**34,769**	36,557
Non-current liabilities	**101,947**	130,516
	136,716	167,073

22. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation
	HK$'000
At 1 July 2015	79,247
Credit to the consolidated income statement	(2,692)
At 30 June 2016	76,555
Charge to the consolidated income statement	21,859
At 30 June 2017	**98,414**

At the year end date, the Group has unrecognised tax losses and other deductible temporary differences of HK$581,671,000 (2016: HK$584,578,000), of which HK$8,121,000 (2016: HK$7,936,000) of the unrecognised tax losses will expire at various dates up to 31 December 2020. Other tax losses can be carried forward indefinitely. Recognition of these unrecognised tax losses depends on future taxable profits available and losses eventually agreed with the relevant tax authorities.

23. BANK BORROWING

At the year end date, the Group's unsecured bank loan was denominated in HK$ with the carrying amount of HK$996,458,000 (2016: HK$193,958,000). The loan carries interest at the Hong Kong Interbank Offered Rate plus a specific margin and is wholly repayable in December 2018. The proceeds are used to finance the development of the data centre project – construction in progress.

Subsequent to the year end date, the Group obtained another long-term banking facility of HK$2,000,000,000 to refinance its existing unsecured bank loan and to fund various existing data centre projects.

24. SHARE CAPITAL

	Number of ordinary shares	Amount *HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2015, 30 June 2016 and **30 June 2017**	**10,000,000,000**	**1,000,000**
Issued and fully paid:		
At 1 July 2015	2,322,371,333	232,237
Conversion of Convertible Notes (Note (i))	1,500	–
At 30 June 2016	2,322,372,833	232,237
Conversion of Convertible Notes (Note (i))	3,000	–
Exercise of share options (Note (ii))	241,000	24
At 30 June 2017	**2,322,616,833**	**232,261**

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the years ended 30 June 2017 and 2016.

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 year ended 30 June 2017, Convertible Notes in the amount of HK$300.00 (2016: HK$150.00) were exercised and converted into 3,000 (2016: 1,500) ordinary shares of the Company.

	Number of fully paid ordinary shares to be issued (issued) upon conversion	Amount *HK$'000*
At 1 July 2015	1,720,028,333	172,003
Conversion of Convertible Notes	(1,500)	–
At 30 June 2016	1,720,026,833	172,003
Conversion of Convertible Notes	(3,000)	–
At 30 June 2017	**1,720,023,833**	**172,003**

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,042,640,666 (2016: 4,042,399,666) fully paid ordinary shares of HK$0.1 each.

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

24. SHARE CAPITAL (continued)

(ii) During the year ended 30 June 2017, 241,000 (2016: nil) shares were issued on exercise of share options.

25. SHARE OPTION SCHEMES

The share option scheme of the Company which was adopted on 3 December 2002 and became effective on 5 December 2002 (the "Old Scheme") had expired on 3 December 2012. Due to the expiry of the Old Scheme, the adoption of a new share option scheme (the "2012 Scheme") and the termination of the Old Scheme were approved by the shareholders of the Company on 1 November 2012, and became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the then shareholders of SHKP at its annual general meeting held on 15 November 2012. No share options can be granted under the Old Scheme upon its termination.

During the years ended 30 June 2017 and 2016, there were no share options outstanding under the Old Scheme. During the year ended 30 June 2016, 14,600,000 share options were granted to certain directors and employees under the 2012 Scheme. Particulars of the share options granted under the 2012 Scheme and their movements during the years ended 30 June 2017 and 2016 were as follows:

For the year ended 30 June 2017

				Number of share options				
Grantees	**Date of grant**	**Exercise price per share** *HK$*	**Exercise period**	**Balance as at 1.07.2016**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Balance as at 30.06.2017**
Directors	08.03.2016	2.45	08.03.2017 to 07.03.2021	**8,000,000**	**–**	**–**	**–**	**8,000,000**
Employees	08.03.2016	2.45	08.03.2017 to 07.03.2021	**6,600,000**	**–**	**(241,000)**	**(200,000)**	**6,159,000**
Total				**14,600,000**	**–**	**(241,000)**	**(200,000)**	**14,159,000**

For the year ended 30 June 2016

				Number of share options				
Grantees	Date of grant	Exercise price per share *HK$*	Exercise period	Balance as at 1.07.2015	Granted during the year	Exercised during the year	Cancelled during the year	Balance as at 30.06.2016
Directors	08.03.2016	2.45	08.03.2017 to 07.03.2021	N/A	8,000,000	–	–	8,000,000
Employees	08.03.2016	2.45	08.03.2017 to 07.03.2021	N/A	6,600,000	–	–	6,600,000
Total				N/A	14,600,000	–	–	14,600,000

The above 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.

Share options exercised during the year resulted in 241,000 (2016: nil) shares being issued. The related weighted average share price at the time of exercise was HK$4.96 per share.

25. SHARE OPTION SCHEMES (continued)

The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$2.44 per share.

The fair values of the share options granted by the Company were determined by using the Black-Scholes model which is one of the models to estimate the fair value of a share option. The total value of the share options granted during the year ended 30 June 2016 under the 2012 Scheme amounting to approximately HK$5,988,000 was estimated based on the following variables and assumptions:

Risk-free interest rate	1.14%[1]
Expected volatility	28.27%[2]
Expected dividend yield	5.02%[3]
Expected life of the share options	5 years[4]

Notes:

1. This represented the approximate yield of 5-year Exchange Fund Note traded on 8 March 2016.
2. This represented the annualised volatility of the closing price of the shares of the Company in the year preceding the date of grant.
3. This represented the yield of the expected dividend, being the historical dividend of the shares of the Company in the year preceding the date of grant.
4. This was based on the assumption that there was no material difference between the expected volatility over the whole life of the share options and the historical volatility of the shares of the Company in the year preceding the date of grant.

The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option.

26. RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Transactions with the SHKP Group

	2017 ***HK$'000***	2016 *HK$'000*
Income from maintenance and repair of network infrastructure and security systems	**63,249**	55,348
Income from installation, operation and provision of cable networking	**64,495**	51,614
Space and rack rental income	**3,422**	3,390
Lease, licence and management fee charges	**68,775**	41,815
Property management service fees paid	**11,000**	10,494
Maintenance and repair charges of network infrastructure and security system	**3,205**	3,548
Network infrastructure and security system installation charges	**9,394**	9,293
Management fee charges	**2,000**	2,000
Insurance service charges paid	**1,521**	1,604
Estate agency fees paid	**1,622**	1,579
Cable and network rental charges	**795**	795
Technical service charges paid	**1,004**	719
Project management fee charges	**1,620**	1,080
Construction work charges	**572,437**	394,988

26. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with the SHKP Group

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

	2017	2016
	HK$'000	*HK$'000*
Trade and other receivables	**46,077**	43,280
Amounts due from customers for contract works	**7,971**	7,547
Trade and other payables	**118,218**	161,448

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

(c) Transaction with a director

During the year, professional fees of HK$429,000 (2016: HK$57,000) were paid by the Group to Messrs. Woo Kwan Lee & Lo, a firm of solicitors which provided professional services to the Group. Mr. Cheung Wing-yui, a director of the Company, is a consultant of Messrs. Woo Kwan Lee & Lo.

(d) Compensation of key management personnel

The directors' emoluments set out in note 10 represent the compensation paid/payable to the key management personnel.

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

27. CAPITAL RISK MANAGEMENT

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

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

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

28. FINANCIAL INSTRUMENTS

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

	2017 *HK$'000*	2016 *HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**681,105**	726,985
Available-for-sales investments	**242,926**	458,237
Investment at fair value through profit or loss	**44,078**	–
Financial liabilities		
Amortised cost	**1,092,125**	346,116

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and deposits, available-for-sale investments, investment at fair value through profit or loss, trade and other payables and bank borrowing. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

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

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

	2017 *HK$'000*	2016 *HK$'000*
Assets		
US$		
– Investments	**283,294**	454,527
– Trade and other receivables	**7,951**	16,653
– Bank balances and deposits	**346,437**	125,532
	637,682	596,712
Liabilities		
US$		
– Trade and other payables	**3,996**	3,901

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

28. FINANCIAL INSTRUMENTS (continued)

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

Market risk – continued (continued)

Interest rate risk

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

The Group is exposed to cash flow interest rate risk in relation to the impacts of rate changes on interest-bearing bank balances and deposits (see note 19 for details of bank balances and deposits) and interest-bearing bank borrowing (see note 23 for details of bank borrowing).

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk in relation to variable-rate bank borrowing is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For variable-rate bank borrowing, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points (2016: 25 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's interest on bank borrowing would increase/decrease by approximately HK$2,500,000 (2016: HK$500,000) but the profit before taxation would remained unchanged for both years ended 30 June 2017 and 2016, after taking into effect of capitalisation of borrowing costs. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowing.

Other price risk

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

Sensitivity analysis

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

If the prices of the respective investments had been 5% higher/lower, the investments revaluation reserve and profit before taxation would increase/decrease by approximately HK$11,961,000 (2016: HK$22,726,000) and HK$2,204,000 (2016: nil) respectively as a result of the changes in fair value of investments.

Credit risk

As at 30 June 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

Other than the concentration risk on investment at fair value through profit or loss, the Group does not have any other significant concentration of credit risk. Trade receivables/available-for-sale investments consist of a number of customers/issuers and spread across diverse industries.

28. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk

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

Liquidity risk tables

	Weighted average interest rate %	Less than 1 month HK$'000	1 – 3 months HK$'000	3 months – 1 year HK$'000	More than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 30 June 2017							
Trade and other payables	–	91,948	–	3,719	–	95,667	95,667
Bank borrowing	1.46%	1,217	2,433	10,950	1,006,083	1,020,683	996,458
		93,165	2,433	14,669	1,006,083	1,116,350	1,092,125

	Weighted average interest rate %	Less than 1 month HK$'000	1 – 3 months HK$'000	3 months – 1 year HK$'000	More than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 30 June 2016							
Trade and other payables	–	149,818	179	2,161	–	152,158	152,158
Bank borrowing	1.22%	203	407	1,830	203,660	206,100	193,958
		150,021	586	3,991	203,660	358,258	346,116

(c) Fair values

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

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

Fair value measurement recognised in the consolidated statement of financial position

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

	2017 HK$'000	2016 HK$'000
Debt securities investments (Level 1)	**283,294**	454,527

29. OPERATING LEASE AND SERVICE COMMITMENTS

As lessee

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

	2017 **HK$'000**	2016 HK$'000
Within one year	**57,018**	37,975
In the second to fifth year inclusive	**37,630**	31,385
	94,648	69,360

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

As service provider/lessor

Service income from data centre and IT facilities and rental income from properties holding under operating leases, earned during the year were HK$672,198,000 (2016: HK$603,131,000). All of the date centre and IT facilities and properties holding under operating leases have committed customers/tenants for one to twelve years (2016: one to ten years).

At the year end date, the Group had contracted with customers/tenants for the following future minimum payments for services for date centre and IT facilities and operating leases for properties holding:

	2017 **HK$'000**	2016 HK$'000
Within one year	**478,146**	440,771
In the second to fifth year inclusive	**1,119,715**	1,081,703
Over five years	**411,232**	517,691
	2,009,093	2,040,165

Included in the above operating lease and service commitments of HK$2,009,093,000 (2016: HK$2,040,165,000) at 30 June 2017 was future minimum lease payments amounting to HK$48,109,000 (2016: HK$46,990,000) within one year and HK$47,886,000 (2016: HK$47,424,000) in the second to fifth year inclusive for the Group's properties holding under operating leases as lessor.

30. CAPITAL COMMITMENTS

	2017 **HK$'000**	2016 HK$'000
At the year end date:		
Capital expenditure in respect of acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	**157,815**	112,947
Capital expenditure in respect of development of construction in progress contracted for but not provided in the consolidated financial statements	**291,149**	835,434

31. RETIREMENT BENEFITS SCHEMES

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

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

During the year, the retirement benefit scheme contributions incurred by the Group amounted to approximately HK$2,975,000 (2016: HK$2,947,000), after forfeited contributions of HK$9,000 (2016: nil).

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of the financial position of the Company:

	2017 **HK$'000**	2016 HK$'000
Non-current assets		
Investments in subsidiaries	**1,148,297**	1,042,228
Amounts due from subsidiaries	**2,080,000**	2,080,000
	3,228,297	3,122,228
Current assets		
Amounts due from subsidiaries	**562,216**	516,119
Bank balance	**651**	60
	562,867	516,179
Current liability		
Accruals	**1,484**	1,506
Net current assets	**561,383**	514,673
	3,789,680	3,636,901
Capital and reserves		
Share capital	**232,261**	232,237
Reserve arising from issuance of convertible notes	**172,003**	172,003
Other reserves	**3,385,416**	3,232,661
Total equity	**3,789,680**	3,636,901

DIRECTORS:

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

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

(b) Movement of share capital and reserves of the Company:

	Share capital HK$'000	Share premium HK$'000	Reserve arising from issuance of convertible notes HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2015	232,237	2,315,239	172,003	–	797,309	3,516,788
Profit and total comprehensive income for the year	–	–	–	–	614,207	614,207
Conversion of Convertible Notes	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	1,100	–	1,100
Final dividend and distribution paid	–	–	–	–	(495,194)	(495,194)
At 30 June 2016	232,237	2,315,239	172,003	1,100	916,322	3,636,901
Profit and total comprehensive income for the year	–	–	–	–	658,659	658,659
Exercise of share options	24	665	–	(99)	–	590
Conversion of Convertible Notes	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	2,872	–	2,872
Final dividend and distribution paid	–	–	–	–	(509,342)	(509,342)
At 30 June 2017	**232,261**	**2,315,904**	**172,003**	**3,873**	**1,065,639**	**3,789,680**

The Company's reserves available for distribution represent the aggregate of share premium and retained profits of HK$3,381,543,000 (2016: HK$3,231,561,000). Under the Companies Law of the Cayman Islands (2013 Revision), the share premium of the Company is available for paying distributions or dividends to the Company's shareholders subject to the provisions, if any, of its amended and restated memorandum and articles of association and provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. In accordance with Article 142 of the Company's amended and restated articles of association, no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution, including share premium.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2017 and 2016 are as follows:

Name of subsidiary	Issued and fully paid share capital	Attributable equity interest held by the Company	Principal activities
iAdvantage Limited*	Ordinary shares – HK$2 Non-voting deferred shares – HK$2	100%	Data centre services provision and operation
SUNeVision Super e-Technology Services Limited*	Ordinary shares – HK$11,000,002 Non-voting deferred shares – HK$2	100%	Design, installation, operation, laying, cabling of SMATV/CABD and security surveillance system, and building access, voice, data, power supply systems and network, and other infrastructure networks, and provision of related repair and maintenance services
Riderstrack Development Limited	US$1	100%	Property holding
Splendid Sharp Limited*	Ordinary shares – HK$2 Non-voting deferred shares – HK$2	100%	Property holding
SUNeVision Super e-Network Limited*	Ordinary shares – HK$2 Non-voting deferred shares – HK$2	100%	Provision of IT and optical fibre network and related maintenance services
Cherington Assets Limited	US$1	100%	Holding of trademark
Express Spirit Investment Limited	US$1	100%	Provision of treasury services
Huge Profit Investments Ltd.	US$7	100%	Investment holding
SUNeVision Investments Limited	US$5	100%	Investment holding
SUNeVision (Management Services) Limited*	HK$2	100%	Provision of management services
SUNeVision Secretarial Services Limited*	HK$2	100%	Provision of company secretary services
Top Merchant Investments Limited	US$1	100%	Property holding
Wealth Up Development Limited*	HK$1	100%	Property holding
Weelek Company Limited*	Ordinary shares – HK$762,000,200 Non-voting deferred shares – HK$200	100%	Property holding

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Notes:

(i) Other than Huge Profit Investments Ltd., all subsidiaries are held by the Company indirectly.

(ii) All subsidiaries were incorporated in the British Virgin Islands, except those identified with "*" which were incorporated in Hong Kong.

(iii) Unless otherwise stated, the issued and fully paid share capital of the subsidiaries are ordinary shares.

(iv) The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any of the respective companies' general meetings or to participate in any distribution on their winding up.

(v) All subsidiaries are private limited companies with their principal place of operation in Hong Kong.

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

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

Particulars of Properties held by the Group

At 30 June 2017

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

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

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