



SUNeVision Holdings Ltd.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1686

2020/21
INTERIM REPORT
中期報告



The technology arm of Sun Hung Kai Properties Limited



CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

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

If registered shareholders/noteholders, who have received or chosen to receive or are deemed to have consented to receive this interim report by electronic means, wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this interim report on the Company's website, they may obtain the same free of charge by sending a request to (a) in the case of registered shareholders, the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited ("Computershare"), by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at sunevision@computershare.com.hk; or (b) in the case of noteholders, the Company's registrar in respect of the convertible notes, Tricor Investor Services Limited ("Tricor"), by post to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at sunevision-ecom@hk.tricorglobal.com.

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



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Financial Highlights

FINANCIAL HIGHLIGHTS

For the period	1 Jul 20- 31 Dec 20 HK\$'000	1 Jan 20- 30 Jun 20 HK\$'000	1 Jul 19- 31 Dec 19 HK\$'000	1 Jan 19- 30 Jun 19 HK\$'000
Continuing operations				
Revenue	923,154	895,224	818,620	832,227
Cost of sales	(379,203)	(363,093)	(358,914)	(363,402)
Gross profit	543,951	532,131	459,706	468,825
Other income	3,699	5,936	6,337	14,020
Operating expenditure*	(77,172)	(76,273)	(65,036)	(73,242)
Profit from operations	470,478	461,794	401,007	409,603
Finance costs	(11,082)	(15,659)	(20,447)	(17,577)
Profit before taxation	459,396	446,135	380,560	392,026
Income tax expense	(70,735)	(72,624)	(59,748)	(63,526)
Profit for the period from continuing operations	388,661	373,511	320,812	328,500
Discontinued operations				
Profit for the period from discontinued operations	–	–	88,926	125,207
Profit for the period attributable to owners of the Company	388,661	373,511	409,738	453,707
Underlying profits for the period attributable to owners of the Company**	388,661	373,511	335,486	348,707
EBITDA***				
Continuing operations				
Data centre business	669,984	623,973	566,456	542,581
ELV system business and unallocated corporate expenses	(7,974)	(2,802)	(1,301)	(63)
	662,010	621,171	565,155	542,518

* Selling, general and administrative expenses

** Excluding increase in fair value on investment properties (associated with discontinued operations)

*** Earnings before interest, tax, depreciation and amortization

Chairman's Statement

FINANCIAL HIGHLIGHTS

(in HK\$ million, unless specified)

For the 6 months ended 31 December	2019	2020	% Change
Continuing operations			
– Revenue	819	923	+13%
– EBITDA	565	662	+17%
Underlying profit attributable to owners of the Company ¹	335	389	+16%

¹ Excluding the increase in fair value on investment properties (associated with discontinued operations)

RESULTS

During the period under review, the Group's revenue from continuing operations increased 13% year on year to HK\$923 million, driven mainly by the continuing expansion of hyperscale and cloud customers in the data centre business. EBITDA from continuing operations rose 17% year on year to HK\$662 million. Underlying profit for the period attributable to owners of the Company increased 16% year on year to HK\$389 million.

BUSINESS REVIEW

COVID-19's impact on society and businesses has not shown any signs of abating over the past six months. We continued to see sustained acceleration of digitisation and the adoption of technologies that enabled remote productivity and engagement, including video-conferencing, e-learning, e-commerce, solutions for remote work, gaming, etc. This has enabled a substantial growth in data traffic, which in turn has resulted in unlocking demand for higher quality data centres, especially because many online tasks are now mission critical. These trends are expected to play into SUNeVision's strengths as SUNeVision focuses on servicing top-tier cloud and enterprise customers who are highly demanding in quality. The Group expects these trends to continue beyond the pandemic and drive growth for data centres services.

The pandemic brought with it operational challenges as well. There is a strong need for us to ensure "business as usual" for ourselves and for our customers even as strict social distancing was in place. As a result, we took a number of measures to minimize the risk of operational disruption, and to protect the health and safety of our employees and customers. We are happy to report that the network connectivity across our data centre campus has remained fully operational during this critical time.

SUNeVision's data centre business is driven by the following two different sets of demand, both of which saw strong growth over the past six months.

Firstly, the demand for "connectivity" has accelerated as the need for video conferencing, e-commerce, gaming and other online applications increased during COVID-19. Our MEGA-i has been a major connectivity hub in Asia for many years, with virtually every significant player in the digital industry included among its tenants. The recent uptake in demand for connectivity due to the pandemic has further strengthened this business.

Secondly, the demand from enterprises and cloud/hyperscale players has increased. As businesses require increasingly more capacity to house their growing data needs, they need to procure more data centre space directly and/or move to cloud. Cloud adoption has certainly started to take off in Hong Kong, similar to other parts of the world. During the last six months, we saw a particularly strong demand from the cloud players. We now provide services for the majority of the leading global and Asian cloud players. Our customers like the fact that we provide superior infrastructure, as both MEGA Two and MEGA Plus are designed to meet the demand for high power density and to provide resilience against any power disruption. They also like the fact that we provide first-rate service in ensuring there is no disruption. We pride ourselves on having built strong working relationships with the leading cloud players, and we expect to grow with them as cloud adoption ramps up further in its next phase.

Chairman's Statement

SUNeVision believes that the growth of the data centre industry in Hong Kong is beneficial to every participant. We are committed to providing the best infrastructure and services to our customers. At the same time, we also strongly believe in "fair" competition. In April 2020, SUNeVision lodged an appeal against the judgment on the judicial review case regarding alleged breach of the lease restrictions by data centre operators within Tseung Kwan O Industrial Estate (TKOIE) in subletting and sharing occupation of heavily subsidised land. SUNeVision would like to stress that some TKOIE data centre operators had been operating in a way that allegedly involves subletting or permitting third parties to occupy the leased premises. This is particularly problematic because the premium paid by data centre operators within TKOIE is substantially below market price. Take for instance, the land premium charged by the Hong Kong Science and Technology Parks Corporation (HKSTPC) in 2019 was at HK\$600 to HK\$700 per square foot range, which was significantly lower than public tendered market prices in other parts of Hong Kong. SUNeVision's data centres in Tseung Kwan O, on the other hand, are built on open tender sites with no restrictions on subletting and customer usage. SUNeVision can hence serve our customers more effectively and flexibly, and our customers will enjoy a higher degree of protection and privacy.

PROSPECTS

The outlook of SUNeVision is positive with the accelerated pace of digitisation, and the world's increasing need for high quality data centres. The launching of 5G (together with the related applications) will further increase data traffic and demand for data centre services. Hong Kong is well positioned to remain as one of the major hubs for international connectivity, given its strong subsea cable connections, well-established connections in the region and geographical location. The Group will invest to ensure we have best-in-class infrastructures, and will also commit to high standards in Environmental Health & Safety ("EHS"), so as to provide a safe, healthy and sustainable environment for our customers and staff.

SUNeVision has strong confidence in Hong Kong, and is expanding its space and power capacity to meet the growing demand for data centre services. Our MEGA-i, which is already a major connectivity hub in Asia, has just completed a project that increased its power capacity by 40% (in the data centre industry, operators are paid by power capacity, not physical space). In 2022, we will see two new data centres being completed, namely Tsuen Wan TWTL 428 and Phase 1 of Tseung Kwan O TKOTL 131. In particular, the TKOTL 131 data centre will be a state-of-the-art data centre with superior infrastructure and ultra-high power capacity. The addition of these two new data centres will increase the physical footprint of SUNeVision by 100%, from 1.4 million square feet to 2.8 million square feet in gross floor area ("GFA"). This pipeline will provide our customers the room to grow and invest, and it also enables us to grow with them. In terms of power capacity, the new data centres will help increase our total power capacity by 200%, from around 70MW to over 200MW. This is also critical as our customers have progressively increased their power capacity requirements.

APPRECIATION

Mr. Kwok Kwok-chuen has resigned as an Independent Non-Executive Director of the Group with effect from 18 January 2021. I would like to thank him for his valuable contribution to the Group during his tenure of office. I would like to welcome Mr. Lincoln Leong who joined us as an Independent Non-Executive Director.

I would like to close by thanking all the Directors and management, and every member of our committed staff for their dedication and hard work to support our customers during the challenging time, as well as our shareholders for their continued confidence and support.

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 24 February 2021

Management Discussion and Analysis

BUSINESS REVIEW

iAdvantage

The Group operates data centre business via iAdvantage. It currently has five data centres under operation in Hong Kong, and two new sites that are under construction. Being the largest, most connected, carrier-neutral and cloud-neutral data centre operator in Hong Kong, with world-class facilities built around the MEGA Campus (consisting of MEGA-i, MEGA Plus and MEGA Two), iAdvantage is recognised as the preferred data centre operator to partner with in Hong Kong.

Customers of iAdvantage include global and regional cloud service providers, new economy players, telcos, Internet Service Providers (ISPs), large multinationals and local enterprises. During the period under review, the Group secured contracts from customers, in particular hyperscale and cloud customers, to further expand their operations especially at the MEGA Campus. Among these three MEGA data centres, MEGA-i has been a major connectivity hub in Asia for many years, with more than 14,000 cross-connects in an ecosystem interconnecting hundreds of telcos, ISPs, large enterprises, cloud service providers and new economy players. The upgrade of the facility to enhance its power capacity by 40% was completed during the period under review and will help significantly boost the future growth in the Group's connectivity business. MEGA Two is strategically located in Shatin the New Territories, preferred by customers with connections to China market. Revitalisation work on multiple floors of MEGA Two to serve the increasing high power-density needs of the Group's hyperscale and cloud customers was completed during the period under review. MEGA Plus, located in Tseung Kwan O, being the newest high-tier flagship data centre of the Group, has commissioned a number of global cloud service providers and new economy players, and continues to attract strong interest from these players.

Construction of new projects has advanced well on schedule. The new site TWTL 428 in Tsuen Wan has a GFA of approximately 200,000 square feet and is located near the Group's existing facilities JUMBO. The greenfield site TKOTL 131 in Tseung Kwan O, which is adjacent to MEGA Plus, has a GFA of approximately 1.2 million square feet and will support an ultra-high power of at least 120MW power capacity. TWTL 428 and Phase 1 of TKOTL 131 are targeted to complete in 2022. Upon completion of these two new sites, the total GFA of the Group's data centres in Hong Kong will increase by 100%, from 1.4 million square feet to 2.8 million square feet. The total power capacity of the Group will increase by 200%, from around 70MW to over 200MW. TKOTL 131 will be the highest power density data centre in Hong Kong and will provide our customers with capacity to expand. With the timely supply of the two new data centres and revitalisation of existing ones, the Group is well positioned to meet the upcoming growth in demand for high-end data centre facilities in Hong Kong.

The Group was pleased to receive the "2020 China IDC Industry Best Data Centre Provider (Overseas)" Award in the 15th China IDC Industry Annual Ceremony (IDCC2020) and the Renewable Energy Contribution Award presented by CLP. These awards are a recognition of the Group's leading position in the data centre industry in the region, as well as recognising the Group's contribution to environmental sustainability. The Group will continue to provide world-class data centre infrastructure, enrich the ecosystem and enhance the connectivity while implementing green initiatives.

Super e-Technology and Super e-Network

Super e-Technology secured contracts for the installation of Extra Low Voltage ("ELV") and IT systems totalling HK\$23 million during the period under review. Super e-Technology is seeking new opportunities to enhance its service offerings and maintains a positive outlook for the ELV sector for the second half of the current financial year.

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

FINANCIAL REVIEW

Review of operating results

During the period under review, the Group's revenue from continuing operations increased 13% year on year to HK\$923 million, driven mainly by the continuing expansion of hyperscale and cloud customers in the data centre business, as well as the full period impact of new contracts signed in the second half of financial year 2019/20. The cost of sales increased by 6% year on year to HK\$379 million, primarily due to higher depreciation charges and operating costs attributable to the expansion of the Group's data centre facilities. Operating expenditure increased 19% year on year to HK\$77 million, as more resources were deployed in selling and administration of the data centre services. Operating profit from continuing operations rose 17% year on year to HK\$470 million.

EBITDA from continuing operations increased 17% year on year to HK\$662 million, driven mainly by EBITDA from the data centre business. The EBITDA margin from continuing operations rose to 72% from 69% in the previous period.

Finance costs reduced 46% year on year to HK\$11 million mainly due to the lower interest rate as a result of the reduction in HIBOR.

Underlying profit attributable to owners of the Company increased 16% year on year to HK\$389 million. With the effect from the increase in fair value of investment properties of HK\$74 million (associated with discontinued operations) in the same period last year, profit attributable to owners of the Company decreased 5% year on year to HK\$389 million.

Management Discussion and Analysis

Capital Investment

The revitalisation of MEGA-i and multiple floors of MEGA Two, as well as the new site developments of TWTL 428 and TKOTL 131, will enhance and expand the Group's high-tier data centre capacity to meet the increasing data demands and operational requirements of the Group's customers. The data centre business is a capital-intensive industry, requiring long-term capital investment. The Group is committed to continuing investment in existing and new infrastructure for new business development and regularly reviews its investment profile to take into account of the changing customer and market environment.

Other financial discussion and analysis

The Group had HK\$303 million cash on hand as of 31 December 2020, while long-term bank borrowings were HK\$7,184 million. Total net bank borrowings increased 27% to HK\$6,881 million compared to HK\$5,414 million as at 30 June 2020. The increase was mainly due to financing of capital expenditure to upgrade data centre facilities, build up new sites and general working capital requirements. The shareholder's loan was HK\$3,300 million as at 31 December 2020, which was an unsecured 6-year fixed interest rate term loan from SHKP Group at a fixed interest rate of 3% per annum, maturing in 2025. Effective from 1 August 2020, the interest rate was amended from 4% per annum to 3% per annum. SHKP Group will continue to support the Group's development in long term.

The gearing ratio as of 31 December 2020 was 254%; if excluding the long-term unsecured shareholder's loan of HK\$3,300 million from SHKP Group, such ratio was 171%.

The Group has strong liquidity to fund its growth plans in the medium term, taking into account the financial resources available including internally generated funds, available banking facilities and the shareholder's loan from SHKP Group. The Group's intention is to continue its current dividend policy.

As of 31 December 2020, the Group had no contingent liability while the Company had an aggregate of HK\$7,269 million contingent liabilities in respect of guarantees for general banking facilities utilised by the Group's subsidiaries and other guarantees. The Group's core operations are based in Hong Kong and its assets are primarily in Hong Kong or US dollars. It had no significant exposure to foreign exchange rate fluctuations. The Group had not pledged any of its assets as of 31 December 2020.

EMPLOYEES

The Group employed 387 full-time employees as of 31 December 2020. The health and safety of employees were taken as top priority. As the COVID-19 situation developed, the Group implemented measures to safeguard the well-being of its employees, including flexible working hour and special work arrangements and online meetings, while ensuring the highest service standards to customers are maintained.

To support business growth, the Group has been encouraging continuous learning. It is dedicated to fostering lifelong learning and organisational development through staff training. Extensive opportunities for learning, attractive career prospects and competitive remuneration are offered, in order to help enhance the careers and personal lives of its employees.

Competitiveness in the employment market was maintained through periodic reviews of the fringe benefits, including Mandatory Provident Fund contributions and medical insurance. Selected directors and employees are granted share options to recognize their contributions and to retain talents. Besides, different engagement programs were carried out regularly to improve team spirit and staff communication.

Directors' Profile

EXECUTIVE DIRECTORS

Kwok Ping-luen, Raymond (Age: 67)

Chairman

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

Mr. Kwok is the chairman and managing director and a member of the executive committee of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). Prior to the appointment as chairman of SHKP, Mr. Kwok had acted as vice chairman of SHKP. He is also the chairman and a non-executive director of SmarTone Telecommunications Holdings Limited, and a non-executive director of Transport International Holdings Limited and Wing Tai Properties Limited.

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

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

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

Mr. Kwok has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Kwok received a director's fee of HK\$60,000 for being the Chairman of the Company. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Directors' Profile

Fung Yuk-lun, Allen (Age: 52)

Vice Chairman

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

Mr. Fung is an executive director and a member of the executive committee of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as well as the chief executive officer of the SHKP group's non-property related portfolio investments. He is also a director of certain subsidiaries of SHKP. Mr. Fung is a deputy chairman and an executive director of SmarTone Telecommunications Holdings Limited. He is also a non-executive director of Transport International Holdings Limited.

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 secretary of The Hong Kong Federation of Youth Groups, and a council member and an executive committee member of The Hong Kong Management Association. Mr. Fung is also a council member of Sir Edward Youde Memorial Fund. He is a member of the board of the Asian Youth Orchestra, a board member of the Hong Kong Tourism Board, a member of the board of the Hong Kong Philharmonic Society Limited, and a member of the Museum Advisory Committee of the Leisure and Cultural Services Department of 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 Listing Rules) of the Company.

Mr. Fung has entered into a service agreement with the Company for a period of three years commencing on 2 April 2018 and shall continue thereafter until terminated by either party giving written notice to the other, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Fung received a director's fee of HK\$52,500 for being the Vice Chairman of the Company and a member of each of the Remuneration Committee and Corporate Governance Committee of the Board. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Tong Kwok-kong, Raymond (Age: 46)

Chief Executive Officer

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

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

Mr. Tong is a member of the Young Presidents' Organisation (YPO), China Pearl River Delta (PRD) Chapter. He is also a member of the advisory council of Infrastructure Masons.

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

Mr. Tong has entered into a service agreement with the Company for a period of three years commencing on 19 June 2018 and shall continue thereafter until terminated by either party giving written notice to the other, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Tong received a director's fee of HK\$52,500 for being the Chief Executive Officer of the Company and other emoluments of approximately HK\$9,245,000. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time mainly with reference to market pay level and his contributions and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Directors' Profile

Tung Chi-ho, Eric (Age: 61)

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

Mr. Tung is the chairman of iAdvantage Limited, a subsidiary of the Company and a director of certain subsidiaries of the Company. He has been with the Sun Hung Kai Properties group for more than 30 years and has been an executive director of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), since December 2013. Mr. Tung is a member of the executive committee of SHKP and an executive director of Sun Hung Kai Real Estate Agency Limited, a subsidiary of SHKP. He served as project director for various large-scale residential, commercial and mixed developments and oversaw the completion of data centres for major tenants such as JP Morgan and ING Barings.

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

Mr. Tung has entered into a service agreement with the Company for a period of three years commencing on 1 March 2003 and shall continue thereafter until terminated by either party giving to the other not less than six months' prior written notice, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Tung received a director's fee of HK\$45,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Chan Man-yuen, Martin (Age: 64)

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

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

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

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

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

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

Directors' Profile

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

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

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

Lau Yeuk-hung, Fiona (Age: 39)

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

Ms. Lau joined Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), since June 2017, as the Assistant Director of the non-property related portfolio investments. She was appointed as the Head of Business Development and Investor Relations at the Company and its subsidiaries in July 2017, and has subsequently taken on an expanded role as Commercial Director, responsible for sales and marketing, business development and product development in 2018. Prior to SHKP, Ms. Lau was a director at BlackRock Asset Management (North Asia), where she held various senior positions across the chairman's office, corporate strategy, and retail and private banking functions during 2010-2017. From 2005 to 2010 she worked in McKinsey & Company and held the position of engagement manager.

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

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

Directors' Profile

NON-EXECUTIVE DIRECTORS

Cheung Wing-yui (Age: 71)

Vice Chairman

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

Mr. Cheung is a deputy chairman and a non-executive director of SmarTone Telecommunications Holdings Limited. He is also a non-executive director of Tai Sang Land Development Limited, Tianjin Development Holdings Limited and Transport International Holdings Limited. Mr. Cheung was a non-executive director of SRE Group Limited (November 1999 – December 2015), an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. (May 2003 – June 2009), Hop Hing Group Holdings Limited (November 1989 – August 2017) and Agile Group Holdings Limited (October 2005 – February 2018). He is a non-executive director of Sun Hung Kai Properties Insurance Limited, which is a wholly-owned subsidiary of Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Mr. Cheung is currently a member of Sponsorship & Development Fund Committee and a court member of The Open University of Hong Kong, and an honorary council member of The Hong Kong Institute of Directors Limited. He had held the positions of deputy chairman of the council and a co-deputy chairman of Sponsorship & Development Fund Committee 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, a member of the Board of Review (Inland Revenue Ordinance) and the fourth vice president & Admissions, Budgets and Allocations Committee chairman and a director of The Community Chest of Hong Kong.

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

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

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

There is no service contract entered into between the Company and Mr. Cheung. Mr. Cheung received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Cheung received a director's fee of HK\$270,000 for being the Vice Chairman of the Company and a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Board. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Directors' Profile

Kwok Kai-wang, Christopher (Age: 34)

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 primarily responsible for the leasing of residential, retail and commercial properties of the SHKP group in Hong Kong and mainland China. Besides, he assumes the overall responsibilities for the property business in Northern China. He also 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 non-property businesses of the SHKP group. Mr. Kwok is a son of Mr. Raymond Kwok.

In addition, Mr. Kwok is a member of the General Committee of the Employers' Federation of Hong Kong and a convenor of the Development Committee of the Hong Kong Chronicles Institute under Our Hong Kong Foundation. He is also a member of the Beijing Municipal Committee of the Chinese People's Political Consultative Conference and a vice-chairman of Greater Bay Area Homeland Youth Community Foundation.

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

There is no service contract entered into between the Company and Mr. Kwok. Mr. Kwok received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Kwok received a director's fee of HK\$45,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

David Norman Prince (Age: 69)

Mr. Prince has been a Non-Executive Director of the Company since 29 October 2016. He is a member of the Chartered Institute of Management Accountants (UK) and the Chartered Institute of Purchasing and Supply (UK). Mr. Prince has been a non-executive director of SmarTone Telecommunications Holdings Limited since 2005. He is also a director of Wilson Group Limited, a wholly-owned subsidiary of Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as well as a consultant of Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP.

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

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

Directors' Profile

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

There is no service contract entered into between the Company and Mr. Prince. Mr. Prince received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Prince received a director's fee of HK\$150,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Siu Hon-wah, Thomas (Age: 67)

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

Mr. Siu is a non-executive director of SmarTone Telecommunications Holdings Limited. He was the managing director of Wilson group (until June 2018), which is a major transport infrastructure services provider in Hong Kong and is wholly-owned by Sun Hung Kai Properties Limited, the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), and is currently a senior consultant of Wilson group. Prior to joining Wilson group, Mr. Siu had more than 25 years of experience in telecommunications and IT sectors. His experience covers finance, business operations and development.

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

There is no service contract entered into between the Company and Mr. Siu. Mr. Siu received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Siu received a director's fee of HK\$45,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Chan Hong-ki, Robert (Age: 56)

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

Mr. Chan joined Sun Hung Kai Properties Limited ("SHKP"), the substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), in 1993. He is a member of the executive committee of SHKP and an executive director of Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHKP. Mr. Chan is a project director for various key residential, commercial, industrial and mixed developments both in Hong Kong and Mainland China. He is also an executive director of Sun Hung Kai Architects and Engineers Limited, a wholly-owned subsidiary of SHKP, and is responsible for design aspects including architectural, structural, electrical and mechanical, landscape and interior design of various development projects.

Directors' Profile

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

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

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

There is no service contract entered into between the Company and Mr. Chan. Mr. Chan received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Chan received a director's fee of HK\$45,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li On-kwok, Victor (Age: 66)

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

Professor Li was the head (until 28 February 2018) of the Department of Electrical and Electronic Engineering ("EEED") at The University of Hong Kong ("HKU"), and is Chair Professor of Information Engineering and Cheng Yu-Tung Professor in Sustainable Development of the EEED at HKU. Prior to joining HKU, he was Professor of Electrical Engineering at the University of Southern California ("USC") and director of the USC Communication Sciences Institute. Professor Li has chaired various committees of international professional organisations such as the Technical Committee on Computer Communications of the Institute of Electrical and Electronic Engineers. He was awarded the Bronze Bauhinia Star by the Government of Hong Kong in 2002.

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

There is no service contract entered into between the Company and Professor Li. Professor Li received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Professor Li received a director's fee of HK\$240,000 for being a director of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Directors' Profile

King Yeo-chi, Ambrose (Age: 86)

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

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

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

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

There is no service contract entered into between the Company and Professor King. Professor King received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Professor King received a director's fee of HK\$240,000 for being a director of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Wong Kai-man (Age: 70)

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

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

Directors' Profile

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 Stock Exchange of Hong Kong Limited) of the Company.

There is no service contract entered into between the Company and Mr. Wong. Mr. Wong received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Wong received a director's fee of HK\$240,000 for being a director of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Lee Wai-kwong, Sunny (Age: 61)

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

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

Prior to joining HKJC, Mr. Lee served at The Hong Kong and China Gas Company Limited (Towngas) where he was an executive committee member and held a number of key positions thereat, including chief information officer of the group and chief executive officer of two strategic diversification businesses, iCare.com Limited and Towngas Telecommunications Company Limited.

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

Mr. Lee takes time to serve in many high level governing and advisory committees in the academic, professional and community arena. He is the board chairman of Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI) and a council member of Hong Kong Management Association. Mr. Lee is also a past president of Hong Kong Computer Society, a past chairman of the Hong Kong Institute of IT Professional Certification, a past council member of Vocational Training Council, a past audit committee member of Hong Kong Housing Society and a past board chairman of Hong Kong Education City.

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

Directors' Profile

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

There is no service contract entered into between the Company and Mr. Lee. Mr. Lee received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. For the financial year ended 30 June 2020, Mr. Lee received a director's fee of HK\$150,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Cheng Ka-lai, Lily (Age: 42)

Ms. Cheng has been an Independent Non-Executive Director of the Company since 31 October 2019. She is a member of the Corporate Governance Committee of the Board with effect from 18 January 2021. Ms. Cheng has served in the technology and internet industry for over 18 years both as an entrepreneur and as a corporate executive. Ms. Cheng previously served as the president, Asia Pacific at TripAdvisor, Inc. until 2016 and held a number of executive roles at Expedia and TripAdvisor across London, Singapore, Beijing and Hong Kong between 2008 to 2016. Prior to Expedia, she worked for the Boston Consulting Group in Greater China from 2006 to 2008. Currently, she is the founder and executive director of Hubel Labs Limited, a virtual R&D software lab focusing on AI-related applications.

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

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

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

There is no service contract entered into between the Company and Ms. Cheng. Ms. Cheng received an appointment letter from the Company for her appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. Ms. Cheng is entitled to receive a director's fee of HK\$150,000 per annum (or a pro rata amount for the duration of her directorship for an incomplete year) for being a director of the Company. Her director's fee is fixed by the Board while her annual salary, if any, is determined by the Board from time to time with reference to her contribution in terms of time, effort and her expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Directors' Profile

Leong Kwok-kuen, Lincoln (Age: 60)

Mr. Leong has been an Independent Non-Executive Director of the Company since 18 January 2021. He is a chartered accountant and has extensive experience in the accountancy and investment banking industries. Mr. Leong is a non-executive director of Jardine Strategic Holdings Limited and Mandarin Oriental International Limited. He was previously an executive director and the chief executive officer of MTR Corporation Limited.

Mr. Leong is a vice-patron of The Community Chest of Hong Kong and a member of the Supervisory Board of The Hong Kong Housing Society. He was the chairman of the Quality Assurance Council of the University Grants Committee.

Mr. Leong qualified as a chartered accountant in England in 1985 and in British Columbia, Canada in 1987. He is a chartered fellow of The Chartered Institute of Logistics and Transport in Hong Kong and holds a Bachelor of Arts degree (subsequently a Master of Arts degree) from the University of Cambridge in the United Kingdom.

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

There is no service contract entered into between the Company and Mr. Leong. Mr. Leong received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company for a period not exceeding three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the amended and restated articles of association of the Company. Mr. Leong is entitled to receive a director's fee of HK\$150,000 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.

SENIOR MANAGEMENT

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

Report on Review of Condensed Consolidated Financial Statements



TO THE BOARD OF DIRECTORS OF SUNEVISION HOLDINGS LTD.

新意網集團有限公司

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SUNeVision Holdings Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 22 to 44, which comprise the consolidated statement of financial position as of 31 December 2020 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 February 2021

Consolidated Statement of Profit or Loss

For the six months ended 31 December 2020

	NOTES	Six months ended 31 December	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Continuing operations			
Revenue	3	923,154	818,620
Cost of sales		(379,203)	(358,914)
Gross profit		543,951	459,706
Other income	4	3,699	6,337
Selling expenses		(14,548)	(14,486)
Administrative expenses		(62,624)	(50,550)
Profit from operations		470,478	401,007
Finance costs		(11,082)	(20,447)
Profit before taxation		459,396	380,560
Income tax expense	5	(70,735)	(59,748)
Profit for the period from continuing operations		388,661	320,812
Discontinued operations			
Profit for the period from discontinued operations	19	–	88,926
Profit for the period attributable to owners of the Company	6	388,661	409,738
Earnings per share based on profit from continuing and discontinued operations attributable to owners of the Company (reported earnings per share)			
Basic (Remark (i))	8(a)	9.59 cents	10.12 cents
Diluted (Remarks (i) and (ii))		9.58 cents	10.11 cents
Earnings per share excluding the effect of increase in fair value of investment properties (underlying earnings per share)			
Basic (Remark (i))	8(b)	9.59 cents	8.29 cents
Diluted (Remarks (i) and (ii))		9.58 cents	8.28 cents
Earnings per share based on profit from continuing operations attributable to owners of the Company (earnings per share from continuing operations)			
Basic (Remark (i))	8(c)	9.59 cents	7.93 cents
Diluted (Remarks (i) and (ii))		9.58 cents	7.92 cents

Remarks:

- (i) Upon completion of the bonus issue of shares (with a convertible note ("Convertible Note(s)", which were constituted by the deed poll dated 25 November 2010) alternative) on 25 November 2010, the Company had 2,342,675,478 ordinary shares in issue and outstanding Convertible Notes which could be converted into 1,720,292,188 fully paid ordinary shares, representing a total of 4,062,967,666 ordinary shares which form the basis for the calculation of basic and diluted earnings per share. Adjustments are made in respect of shares repurchased.
- (ii) The calculation of diluted earnings per share for the six months ended 31 December 2020 has been taken into account of 3,852,937 (2019: 4,772,880) potential ordinary shares in existence arising from certain share options granted.

Details of earnings per share calculation and the Company's share capital are set out in notes 8 and 17 respectively.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2020

	Six months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit for the period	388,661	409,738
Other comprehensive (expense) income for the period		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Change in fair value of debt instruments measured at fair value through other comprehensive income ("FVTOCI")	–	(567)
Exchange differences arising from translation of operations outside Hong Kong	(30)	2
	(30)	(565)
Total comprehensive income for the period	388,631	409,173
Total comprehensive income (expense) attributable to:		
Owners of the Company	387,585	409,362
Non-controlling interests	1,046	(189)
	388,631	409,173

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	31 December 2020 HK\$'000 (unaudited)	30 June 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	15,327,161	14,419,009
Equity instrument at FVTOCI	10	3,710	3,710
		15,330,871	14,422,719
Current assets			
Inventories		6,801	6,750
Trade and other receivables	11	303,108	257,492
Contract assets and unbilled revenue	12	93,629	92,840
Bank balances and deposits		303,176	401,951
		706,714	759,033
Current liabilities			
Trade and other payables	13	1,059,764	1,258,032
Contract liabilities	14	79,683	83,501
Lease liabilities		2,140	1,771
Tax payables		62,084	111,937
		1,203,671	1,455,241
Net current liabilities		(496,957)	(696,208)
Total assets less current liabilities		14,833,914	13,726,511
Non-current liabilities			
Contract liabilities	14	24,545	31,372
Lease liabilities		3,405	1,751
Deferred tax liabilities		292,388	251,671
Bank borrowings	15	7,184,092	5,816,494
Shareholder's loan	16	3,300,000	3,300,000
		10,804,430	9,401,288
Net assets		4,029,484	4,325,223
Capital and reserves			
Share capital	17	233,521	232,919
Reserve arising from issuance of convertible notes	17	172,002	172,002
Other reserves		3,608,961	3,906,348
Equity attributable to owners of the Company		4,014,484	4,311,269
Non-controlling interests		15,000	13,954
Total equity		4,029,484	4,325,223

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2020

	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 2020 (audited)	232,919	2,334,287	172,002	22,338	3,117	-	1,546,606	4,311,269	13,954	4,325,223
Profit for the period	-	-	-	-	-	-	388,661	388,661	-	388,661
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	(1,076)	-	-	(1,076)	1,046	(30)
Total comprehensive income (expense) for the period	-	-	-	-	(1,076)	-	388,661	387,585	1,046	388,631
Exercise of share options (note 17)	602	19,548	-	(3,142)	-	-	-	17,008	-	17,008
Recognition of equity-settled share-based payments	-	-	-	8,174	-	-	-	8,174	-	8,174
Final dividend and distribution paid (note 7)	-	-	-	-	-	-	(709,552)	(709,552)	-	(709,552)
At 31 December 2020 (unaudited)	233,521	2,353,835	172,002	27,370	2,041	-	1,225,715	4,014,484	15,000	4,029,484

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Reserve arising from issuance of convertible notes HK\$'000 (Note)	Share option reserve HK\$'000	Exchange reserve HK\$'000	Investments revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2019 (audited)	232,658	2,326,982	172,002	10,500	2,673	567	1,431,370	4,176,752	14,393	4,191,145
Profit for the period	-	-	-	-	-	-	409,738	409,738	-	409,738
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	191	-	-	191	(189)	2
Change in fair value of debt instrument measured at FVTOCI	-	-	-	-	-	(567)	-	(567)	-	(567)
Total comprehensive income (expense) for the period	-	-	-	-	191	(567)	409,738	409,362	(189)	409,173
Exercise of share options (note 17)	197	5,525	-	(829)	-	-	-	4,893	-	4,893
Recognition of equity-settled share-based payments	-	-	-	6,555	-	-	-	6,555	-	6,555
Final dividend and distribution paid (note 7)	-	-	-	-	-	-	(668,013)	(668,013)	-	(668,013)
At 31 December 2019 (unaudited)	232,855	2,332,507	172,002	16,226	2,864	-	1,173,095	3,929,549	14,204	3,943,753

Note:

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

Reserve arising from issuance of the Convertible Notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the Convertible Notes. This reserve balance represented the aggregate amount of the Convertible Notes outstanding at the period end. No Convertible Notes were exercised and converted into ordinary shares by noteholders during the six months ended 31 December 2020 and 2019. As a result, the Convertible Notes in the amount of HK\$172,001,633.30 (31 December 2019: HK\$172,001,683.30) remained outstanding as at 31 December 2020.

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2020

	Six months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	574,631	650,282
NET CASH USED IN INVESTING ACTIVITIES	(1,255,295)	(878,854)
NET CASH FROM FINANCING ACTIVITIES	581,888	249,268
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(98,776)	20,696
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	401,951	467,810
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1	(1)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and deposits	303,176	488,505

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

1. BASIS OF PREPARATION

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

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$496,957,000 as at 31 December 2020. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations, including internal resources, available unutilised facility from Sun Hung Kai Properties Limited and its subsidiaries, other than members of the Group (“SHKP Group”), available unutilised banking facility or obtaining additional financing from financial institutions taking into account the current value of the Group’s assets which have not been pledged. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 19	Covid-19 – Related Rent Concessions

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

2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and accounting policies on application of Amendments to HKFRS 3 “Definition of a Business”

2.2.1 Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 July 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

2.2.2 Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

3. SEGMENT INFORMATION

Disaggregation of revenue

For the six months ended 31 December 2020

Segments	Data centre and IT facilities HK\$'000	ELV and IT systems HK\$'000	Total HK\$'000
Types of services recognised over time			
Income from data centre and information technology (“IT”) facilities	855,917	–	855,917
Installation and maintenance fee of extra-low voltage (“ELV”) and IT systems	–	67,237	67,237
Revenue from contract with customers	855,917	67,237	923,154

For the six months ended 31 December 2019

Segments	Data centre and IT facilities HK\$'000	ELV and IT systems HK\$'000	Total HK\$'000
Types of services recognised over time			
Income from data centre and IT facilities	729,300	–	729,300
Installation and maintenance fee of ELV and IT systems	–	89,320	89,320
Revenue from contract with customers	729,300	89,320	818,620

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

3. SEGMENT INFORMATION (continued)

Segment revenue and results

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

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

- (a) Data centre and IT facilities cover the provision of data centre, facilities management and value added services.
- (b) ELV and IT systems comprise installation and maintenance services for the respective systems.

An operating segment regarding the properties holding was discontinued upon the disposal of subsidiaries during the period ended 31 December 2019. The segment information reported as below does not include any amounts for these discontinued operations, which are described in more details in note 19.

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

For the six months ended 31 December 2020

Continuing operations

	Data centre and IT facilities HK\$'000	ELV and IT systems HK\$'000	Elimination HK\$'000	Consolidated total HK\$'000
REVENUE				
External	855,917	67,237	–	923,154
Inter-segment	–	95	(95)	–
Total	855,917	67,332	(95)	923,154
RESULTS				
Segment results	478,820	20,068	–	498,888
Unallocated corporate expenses				(28,899)
Interest income				489
Finance costs				(11,082)
Profit before taxation from continuing operations				459,396

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

3. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the six months ended 31 December 2019

Continuing operations

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

Inter-segment sales are charged at prevailing market rates.

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

4. OTHER INCOME

	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Interest income	489	4,724
Investment income	–	142
Miscellaneous	3,210	1,471
	3,699	6,337

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

5. INCOME TAX EXPENSE

	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Continuing operations		
Current tax		
– Hong Kong Profits Tax	30,018	48,158
Deferred tax charge	40,717	11,590
	70,735	59,748

Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) on the estimated assessable profits for the period.

6. PROFIT FOR THE PERIOD

	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Profit for the period from continuing operations has been arrived at after charging (crediting):		
Staff costs including directors' emoluments	100,207	86,972
Retirement benefit scheme contributions	3,363	2,672
Total staff costs	103,570	89,644
Depreciation of property, plant and equipment (including depreciation of right-of-use assets of HK\$1,135,000 (2019: HK\$26,160,000))	192,021	168,872
Interest on bank borrowings	29,763	61,974
Interest on shareholder's loan	52,709	66,542
Other finance costs	9,182	8,001
Less: amounts capitalised	(80,626)	(117,763)
	11,028	18,754
Interest on lease liabilities	54	1,693
Total finance costs	11,082	20,447

7. DIVIDENDS

During the period, a final dividend of HK17.50 cents per share in respect of the year ended 30 June 2020 (2019: a final dividend of HK16.50 cents per share in respect of the year ended 30 June 2019) was declared and paid to the owners and convertible noteholders of the Company. The aggregate amount of the final dividend declared and paid in the period amounted to HK\$709,552,000 (2019: HK\$668,013,000).

The board of directors does not recommend the payment of an interim dividend for the six months ended 31 December 2020 (2019: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

8. EARNINGS PER SHARE

(a) Reported earnings per share

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

	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	388,661	409,738
	2020 Number of shares	2019 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,052,198,030	4,047,811,715
Effect of dilutive potential ordinary shares: Share options	3,852,937	4,772,880
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,056,050,967	4,052,584,595

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 17.

The computation of diluted earnings per share does not assume the exercise of certain Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 31 December 2020 and 2019. Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the six months ended 31 December 2020 and 2019.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

8. EARNINGS PER SHARE (continued)

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, underlying earnings per share is calculated based on the underlying profit attributable to owners of the Company of HK\$388,661,000 (2019: HK\$335,486,000), excluding the effect of increase in fair value of investment properties (included in profits from discontinued operations for the six months ended 31 December 2019). A reconciliation of profit is as follows:

	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Profit attributable to owners of the Company as shown in the consolidated statement of profit or loss	388,661	409,738
Less: increase in fair value of investment properties (note 19)	–	(74,252)
Underlying profit attributable to owners of the Company	388,661	335,486

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

(c) Earnings per share from continuing operations

	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Profit attributable to owners of the Company as shown in the consolidated statement of profit or loss	388,661	409,738
Less: profit from discontinued operations (note 19)	–	(88,926)
Earnings for the purpose of basic and diluted earnings per share from continuing operations	388,661	320,812

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

(d) Earnings per share from discontinued operations

Basic and diluted earnings per share for the discontinued operations for the period ended 31 December 2019 were both HK2.19 cents per shares, based on the profit for the period from discontinued operations of HK\$88,926,000 and the denominators detailed above for both basic and diluted reported earnings per share.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

9. PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment including right-of-use assets amounted to approximately HK\$1,100,173,000 (2019: HK\$2,881,978,000). Excluding additions to property, plant and equipment through acquisition of subsidiaries during the period ended 31 December 2019 as disclosed in note 18, HK\$1,255,881,000 (2019: HK\$432,777,000) was paid for the purchase of property, plant and equipment during the period.

During the period, the Group entered into a new lease agreement for office usage (2019: data centre operation) for 3 years (2019: 3 years). The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognised HK\$3,157,000 (2019: HK\$3,173,000) of right-of-use asset and HK\$3,157,000 (2019: HK\$3,173,000) of lease liability.

During the period ended 31 December 2019, the Group derecognised the right-of-use assets which the Group leased them from the SHKP Group of HK\$142,610,000 after acquisition of leased properties through acquisition of a subsidiary from the SHKP Group. For details, please refer to note 18(a).

10. EQUITY INSTRUMENT AT FVTOCI

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
Equity instrument at FVTOCI:		
Unlisted equity instrument	3,710	3,710
Carrying amount analysed for reporting purposes as:		
Non-current asset	3,710	3,710

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

11. TRADE AND OTHER RECEIVABLES

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
Trade receivables	199,161	152,009
Less: allowance for credit losses	(1,074)	(1,074)
	198,087	150,935
Other receivables, prepayments and deposits paid	105,021	106,557
	303,108	257,492

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

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
0 – 60 days	154,765	129,942
61 – 90 days	16,700	5,397
> 90 days	26,622	15,596
	198,087	150,935

As at 31 December 2020, out of the past due balances, HK\$26,622,000 (30 June 2020: HK\$15,596,000) has been past due 90 days or more and is not considered as in default because those debtors are with continuous settlements during and subsequent to the reporting period and no default history noted.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

12. CONTRACT ASSETS AND UNBILLED REVENUE

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
Unbilled revenue for installation services	17,015	14,445
Retention receivables of installation services	6,816	6,760
Total contract assets	23,831	21,205
Unbilled revenue for use of data centre and IT facilities (note)	69,798	71,635
	93,629	92,840

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

13. TRADE AND OTHER PAYABLES

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
Trade payables aged within 60 days	20,591	49,709
Trade payables aged over 60 days	1,081	2,395
Other payables and accruals (note)	891,693	1,050,375
Deposits received	146,399	155,553
	1,059,764	1,258,032

Note: Other payables and accruals include payables for property, plant and equipment of HK\$639,846,000 (30 June 2020: HK\$873,827,000).

14. CONTRACT LIABILITIES

The carrying amounts of contract liabilities are as follows:

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
Current liabilities (release to the consolidated statement of profit or loss within one year)	79,683	83,501
Non-current liabilities	24,545	31,372
	104,228	114,873

During the six months ended 31 December 2020, revenue recognised in the current period relating to contract liabilities at the beginning of the period was HK\$46,875,000 (2019: HK\$42,436,000). The Group receives upfront lump sum payments from certain customers before the commencement of use of data centre and IT facilities and monthly fee in advances from certain customers at the beginning of each month. The upfront lump sum and advance payment result in contract liabilities being recognised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

15. BANK BORROWINGS

During the period, the Group raised unsecured bank loans of HK\$1,360,000,000 (2019: HK\$1,070,000,000) from its existing unutilised banking facilities and did not repay any bank loans.

At 31 December 2020, the carrying amount of the Group's unsecured bank loans amounted to approximately HK\$7,184,092,000 (30 June 2020: HK\$5,816,494,000). All loans carry interest at the Hong Kong Interbank Offered Rate plus specific margins.

The carrying amounts of the unsecured bank loans are repayable:

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
Within one year	–	–
Within a period of more than one year but less than two years	1,993,333	–
Within a period of more than two years but less than five years	5,190,759	5,816,494
	7,184,092	5,816,494

16. SHAREHOLDER'S LOAN

On 28 December 2018, the Group and the SHKP Group entered into a loan agreement pursuant to which the SHKP Group had agreed to make available unsecured term loan facility in an aggregate amount of HK\$3,800,000,000 to the Group for a term of 72 months at a fixed interest rate of 4% per annum. The fixed interest rate of 4% per annum was then amended to 3% per annum effective from 1 August 2020. At the end of the reporting period, HK\$3,300,000,000 (30 June 2020: HK\$3,300,000,000) had been drawn down from such facility which was used to fund various existing data centre projects and for working capital requirements.

17. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2020 and 31 December 2020	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2020	2,329,193,333	232,919
Exercise of share options (note (ii))	6,025,000	602
At 31 December 2020	2,335,218,333	233,521

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

17. SHARE CAPITAL (continued)

Notes:

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

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

During the six months ended 31 December 2020, no Convertible Notes were exercised and converted into ordinary shares of the Company.

	Number of fully paid ordinary shares to be issued (issued) upon conversion	Amount HK\$'000
At 1 July 2020 and 31 December 2020	1,720,016,333	172,002

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,055,234,666 (30 June 2020: 4,049,209,666) fully paid ordinary shares of HK\$0.1 each.

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

- (ii) During the six months ended 31 December 2020, 6,025,000 (2019: 1,965,000) shares were issued upon exercise of share options.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

18. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

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

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

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

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

	<i>HK\$'000</i>
Non-current asset	
Property, plant and equipment	2,251,900
Current asset	
Trade and other receivables	50,519
Current liabilities	
Trade and other payables	26,166
Tax payable	18,986
	45,152
Non-current liability	
Deferred tax liabilities	12,833
Net assets	2,244,434
Cash flow impact arising on acquisition	
	<i>HK\$'000</i>
Consideration	2,242,534
Add: direct expenses paid (note)	1,900
	2,244,434

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

18. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (continued)

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

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

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

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

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

Net cash outflows arising on acquisition

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

19. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS)

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

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

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

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

	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Profit of properties holding operations for the period (note)	–	90,026
Less: loss on disposal of subsidiaries	–	(1,100)
	–	88,926

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

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

	Six months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue		
Property rentals	–	19,399
Contracts with customers from building management services	–	2,538
Total revenue	–	21,937
Cost of sales	–	(3,887)
Gross profit	–	18,050
Administrative expenses	–	(158)
Increase in fair value of investment properties	–	74,252
Profit before tax	–	92,144
Income tax expense	–	(2,118)
Profit for the period	–	90,026

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

19. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS) (continued)

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

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

Loss on disposal of subsidiaries

	Six months ended 31 December 2019 <i>HK\$'000</i>
Consideration received/receivable in cash	1,808,019
Less: net assets disposed of	(1,808,019)
Less: direct expenses	(1,100)
	(1,100)

Cash flow impact arising on disposal

	Six months ended 31 December 2019 <i>HK\$'000</i>
Consideration	1,808,019
Less: direct expenses paid	(1,100)
	1,806,919

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

19. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATIONS) (continued)

Cash flows from subsidiaries

	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Net cash generated from operating activities	–	14,763
Net cash used in financing activities	–	(14,763)
Net cash flows	–	–

20. RELATED PARTY TRANSACTIONS

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

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

	Six months ended 31 December	
	2020 HK\$'000	2019 HK\$'000
Consideration paid/payable for acquisition of a subsidiary	–	2,242,534
Consideration received/receivable for disposal of subsidiaries	–	1,808,019
Income from installation, operation and provision of cable networking	30,547	52,435
Income from maintenance and repair of network infrastructure and security systems	32,884	33,421
Space and rack rental income	1,903	1,767
Leases with lease terms ending within 12 months from the date of initial application of HKFRS 16 "Leases", licence and management fee charge	173	3,703
Property management service fees paid	6,219	9,046
Maintenance and repair charges of network infrastructure and security system	2,142	2,279
Management fee charges	1,000	1,000
Network infrastructure and security system installation charges	939	4,075
Insurance service charges paid	1,643	1,689
Construction work charges	17,457	125,365
Other finance costs	504	504
Interest on shareholder's loan	52,709	66,542
Interest on lease liabilities	54	1,693

(b) Transaction with a director

During the period, professional fees of HK\$358,000 (2019: HK\$6,555,000) were paid/payable by the Group to Messrs. Woo Kwan Lee & Lo, a firm of solicitors which provided professional services to the Group. Mr. Cheung Wing-yui, a director of the Company, is a consultant of Messrs. Woo Kwan Lee & Lo.

(c) Compensation of key management

Fees, salaries and other benefits paid/payable by the Group to the key management during the period amounted to HK\$8,004,000 (2019: HK\$9,208,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2020

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
Unlisted equity instrument (Level 3)	3,710	3,710

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

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

There was no transfer of financial assets and financial liabilities between fair value hierarchy classifications during the six months ended 31 December 2020 and 2019.

22. CAPITAL COMMITMENTS

	31 December 2020 HK\$'000	30 June 2020 HK\$'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	3,326,919	2,003,409

Other Information

DIVIDEND

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 31 December 2020 (2019: Nil).

DIRECTORS' INTERESTS

As at 31 December 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Number of shares held			Sub-total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2020
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Other interests				
Kwok Ping-luen, Raymond	–	–	3,485,000 ¹	3,485,000	–	3,485,000	0.15
Fung Yuk-lun, Allen	4,000,000	–	–	4,000,000	4,000,000 ²	8,000,000	0.34
Tong Kwok-kong, Raymond	200,000	–	–	200,000	4,000,000 ²	4,200,000	0.18
Chan Man-yuen, Martin	10,000	–	–	10,000	2,510,000 ²	2,520,000	0.11
Lau Yeuk-hung, Fiona	–	–	–	–	2,500,000 ²	2,500,000	0.11
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:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 3,485,000 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- These underlying shares of the Company held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its share option scheme. Particulars of these share options and their movements during the six months ended 31 December 2020 are set out in the section headed "Share Option Scheme".
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 9,787,658 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

Other Information

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

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

Name of Director	Number of shares held				Sub-total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2020
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwok Ping-luen, Raymond	188,743	80,000 ¹	–	528,346,686 ²	528,615,429	–	528,615,429	18.24
Kwok Kai-wang, Christopher	110,000 ³	60,000 ⁴	–	655,300,101 ^{2&5}	655,470,101	–	655,470,101	22.62
David Norman Prince	2,000	–	–	–	2,000	–	2,000	0.00
Siu Hon-wah, Thomas	–	–	–	7,000 ⁶	7,000	–	7,000	0.00
Chan Hong-ki, Robert	60,000	–	–	–	60,000	–	60,000	0.00
Kwok Kwok-chuen ⁷	–	–	–	16,942 ⁸	16,942	–	16,942	0.00

Notes:

- These shares in SHKP were held by the spouse of Mr. Kwok Ping-luen, Raymond.
- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 528,346,686 shares in SHKP by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.
- These shares in SHKP were held by the spouse of Mr. Kwok Kai-wang, Christopher.
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 126,953,415 shares in SHKP by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.
- These shares in SHKP were held jointly with the spouse of Mr. Siu Hon-wah, Thomas.
- Mr. Kwok Kwok-chuen resigned as an Independent Non-Executive Director of the Company on 18 January 2021.
- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kwok-chuen.

Other Information

(b) SmarTone Telecommunications Holdings Limited (“SmarTone”)

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2020
	Personal interests (held as beneficial owner)	Other interests	Sub-total			
Kwok Ping-luen, Raymond	–	5,162,337 ¹	5,162,337	–	5,162,337	0.46
Fung Yuk-lun, Allen	437,359	–	437,359	–	437,359	0.04
Kwok Kai-wang, Christopher	–	12,011,498 ^{1&2}	12,011,498	–	12,011,498	1.08

Notes:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 5,162,337 shares in SmarTone by virtue of them being beneficiaries of a discretionary trust for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 6,849,161 shares in SmarTone by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.

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

Name of associated corporation	Actual shares held through corporation	Actual % of interests in issued shares as at 31.12.2020
Splendid Kai Limited	2,500 ¹	25.00
Hung Carom Company Limited	25 ¹	25.00
Tinyau Company Limited	1 ¹	50.00
Open Step Limited	8 ¹	80.00
Vivid Synergy Limited	963,536,900 ¹	20.00

Note:

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

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

By an ordinary resolution of the Company passed at its annual general meeting held on 1 November 2012, the Company adopted a share option scheme, which became effective on 15 November 2012 following the passing of an ordinary resolution approving the same by the then shareholders of SHKP at its annual general meeting held on 15 November 2012 (the "2012 Scheme").

During the six months ended 31 December 2020, no share options have been granted under the 2012 Scheme. Particulars of the outstanding share options granted under the 2012 Scheme and their movements during the six months ended 31 December 2020 were as follows:

Grantees	Date of grant	Exercise price per share	Exercise period ¹	Number of share options				Closing price per share
				Balance as at 01.07.2020	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	
		HK\$						HK\$
(i) Directors								
Fung Yuk-lun, Allen	08.03.2016	2.45	08.03.2017 to 07.03.2021	4,000,000	-	(4,000,000)	-	6.79 ²
	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	-	-	-	N/A
Tong Kwok-kong, Raymond	19.06.2018	5.048	19.06.2019 to 18.06.2023	4,000,000	-	-	-	N/A
Chan Man-yuen, Martin	08.03.2016	2.45	08.03.2017 to 07.03.2021	1,000,000	-	(490,000)	-	6.95 ²
	22.05.2019	6.688	22.05.2020 to 21.05.2024	2,000,000	-	-	-	N/A
Lau Yeuk-hung, Fiona	19.06.2018	5.048	19.06.2019 to 18.06.2023	1,500,000	-	-	-	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	1,000,000	-	-	-	N/A
(ii) Other employees								
	08.03.2016	2.45	08.03.2017 to 07.03.2021	905,000	-	(670,000)	-	6.43 ²
	19.06.2018	5.048	19.06.2019 to 18.06.2023	2,705,000	-	(865,000)	-	6.35 ²
	22.05.2019	6.688	22.05.2020 to 21.05.2024	3,740,000	-	-	-	N/A
	17.06.2020	5.39	17.06.2021 to 16.06.2025	10,700,000	-	-	-	N/A
	17.06.2020	5.39	01.07.2021 to 16.06.2025	500,000	-	-	-	N/A
	17.06.2020	5.39	02.09.2021 to 16.06.2025	600,000	-	-	-	N/A
	17.06.2020	5.39	08.10.2021 to 16.06.2025	150,000	-	-	(150,000)	N/A
(iii) Other participants								
	17.06.2020	5.39	17.06.2021 to 16.06.2025	1,000,000	-	-	-	N/A
Total				37,800,000	-	(6,025,000)	(150,000)	31,625,000

Other Information

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 (except that for the exercise period of the share options granted to certain employees of the Company and its subsidiaries on 17 June 2020, such share options can be exercised up to 30% of the grant from the first anniversary of the date of completion of one year's employment of the respective employees ("Date of Completion"), up to 60% of the grant from the second anniversary of the Date of Completion, and in whole or in part of the grant from the third anniversary of the Date of Completion).
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 2012 Scheme during the six months ended 31 December 2020.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme as mentioned above, at no time during the six months ended 31 December 2020 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2020, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 31.12.2020
Sunco Resources Limited ("Sunco") ¹	1,719,427,500	1,719,427,500 ²	3,438,855,000	147.26
SHKP ³	1,719,427,500	1,719,427,500 ²	3,438,855,000	147.26
HSBC Trustee (C.I.) Limited ("HSBCCI") ⁴	1,721,567,500	1,719,427,500 ²	3,440,995,000	147.35

Notes:

1. Sunco is the beneficial owner of the 1,719,427,500 shares of the Company and the derivative interests referred to in Note 2 below.
2. These represented the interests in the underlying shares of the Company in respect of the convertible notes (which are unlisted, non-transferable, irredeemable and physically settled equity derivatives) in the amount of HK\$171,942,750 convertible into 1,719,427,500 shares of the Company at the conversion price of HK\$0.10 per share (subject to adjustment in accordance with the deed poll constituting the convertible notes dated 25 November 2010) upon the exercise of the conversion rights attached to the convertible notes.
3. As Sunco is a wholly-owned subsidiary of SHKP, SHKP is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held by Sunco for the purpose of Part XV of the SFO.
4. As HSBCCI is entitled to control the exercise of one-third or more of the voting power at general meetings of SHKP, HSBCCI is deemed to have interest in the 3,438,855,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held indirectly by SHKP for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2020, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2020 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is set out on page 21 of this report.

AUDIT COMMITTEE

The Audit Committee has four members comprising three Independent Non-Executive Directors, Mr. Wong Kai-man (Chairman of the Committee), Professor Li On-kwok, Victor and Professor King Yeo-chi, Ambrose, and one Non-Executive Director, Mr. Cheung Wing-yui, with written terms of reference in compliance with the Listing Rules. The Audit Committee has reviewed this report and has provided advice and comments thereon.

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

During the six months ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

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

The Company has adopted the Model Code in Appendix 10 to the Listing Rules as the code of conduct for the Directors and the relevant employees who are likely to possess inside information of the Group in their dealings in the securities of the Company. Upon the Company's specific enquiry, each Director has confirmed that during the six months ended 31 December 2020, he/she has fully complied with the Model Code and there is no event of non-compliance.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 31 December 2020, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except that the Chairman of the Board was unable to attend the annual general meeting of the Company held on 30 October 2020 due to other commitment.

On behalf of the Board

Kwok Ping-luen, Raymond

Chairman

Hong Kong, 24 February 2021

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

SUNeVision Holdings Ltd.
新意網集團有限公司

Unit 3110, 31/F, Standard Chartered Tower
Millennium City 1, 388 Kwun Tong Road
Kwun Tong, Kowloon, Hong Kong

香港九龍觀塘觀塘道 388 號創紀之城 1 期
渣打銀行中心 31 樓 3110 號

www.sunevision.com

