# SUNEVISION HOLDINGS LTD.
# 新意網集團有限公司

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

**(Stock code: 1686)**

## INTERIM RESULTS ANNOUNCEMENT
## FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

# CHAIRMAN'S STATEMENT

## FINANCIAL HIGHLIGHTS

*(in HK$ million, unless specified)*

| **For the 6 months ended 31 December** | 2020 | 2021 | % Change[2] |
|---|---|---|---|
| Revenue | 923 | 995 | +8% |
| Revenue from data centre and IT facilities | 856 | 935 | +9% |
| EBITDA | 662 | 728 | +10% |
| EBITDA (excluding Covid-19 related subsidies[1]) | 648 | 728 | +12% |
| Profit attributable to owners of the Company | 389 | 410 | +6% |
| Profit attributable to owners of the Company (excluding Covid-19 related subsidies[1]) | 375 | 410 | +10% |

*[1] For the 6 months ended 31 December 2020, Covid-19 government subsidies amounted to HK$14 million*
*[2] % change is calculated based on related numbers in thousand*

## RESULTS

During the period under review, the Group's revenue increased 8% year on year to HK$995 million, driven by the demand from both existing and new customers. Excluding the impact from Covid-19 related subsidies of HK$14 million last year, EBITDA rose 12% year on year to HK$728 million, and profit attributable to owners of the Company increased 10% year on year to HK$410 million.

## BUSINESS REVIEW

During the period under review, the demand for data centre services remained strong. Firstly, the demand for "connectivity" capacity has remained robust as the usage of online applications such as video conferencing, e-commerce, streaming and gaming stayed at a high level. This benefitted MEGA-i, which is the leading connectivity hub in Asia, housing many of the major internet players, telcos and cloud players. We see such demand to continue.

Secondly, the demand for "hyperscale" capacity has continued to be strong and unaffected by geo-political tensions. Driven by the step-up in cloud adoption in Asia, all major cloud players have been expanding their capacity in Hong Kong. This has benefited our data centres such as MEGA Two and MEGA Plus, which provide state-of-the-art infrastructure and superior services to our customers. Our customers have become more demanding too, as their tasks are often mission critical. As one of the very top quality data centre operators in Hong Kong, we believe our existing and new facilities will serve our customers well. In addition, since all our current data centres are self-owned, the Group provides long-term service stability which is strongly preferred by all our major customers such as cloud players. As the Group owns all of its current data centres, there are no related rental expenses and the adoption of HKFRS 16 did not have any impact on the Group's EBITDA accordingly. On the contrary, many of the Group's industry peers have experienced a significant increase in EBITDA simply due to the adoption of HKFRS 16 or IFRS 16. Therefore, the quality of the Group's EBITDA is substantially higher than that of many of our industry peers who rent their data centre facilities.

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 and open competition. In June 2021, SUNeVision attended the appeal court hearing 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") (recently renamed as Tseung Kwan O INNOPARK) in subletting and sharing occupation of heavily subsidised land, and is now awaiting judgment. SUNeVision would like to stress that some TKOIE data centre operators have 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 HK$687 per square foot, which was significantly lower than the publicly tendered market price of HK$4,500 per square foot in a comparable nearby site in Tseung Kwan O in the end of 2018. 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. The Group is a strong supporter of Hong Kong's vision to becoming a "technology hub" in the region. Hence, the Group believes that HKSTPC must better prioritize its precious land resources on the research and development of various cutting-edge technologies such as Artificial Intelligence (AI), biotech, semiconductor integrated circuit (IC), green and intelligent manufacturing, digitalization of the city, and so on, in accordance with the National 14th Five-Year Plan.

**PROSPECTS**

Looking ahead, SUNeVision has an exciting pipeline for growth, particularly around our two new self-owned data centres, namely MEGA Gateway in Tsuen Wan and Phase 1 of MEGA IDC in Tseung Kwan O. Despite the ongoing challenges of many staff and partners working away from their offices as well as global supply chains and logistics issues, construction for our new projects has progressed to the final stages. The two new facilities are now targeted to be opened in the second half of 2022 and the first half of 2023 respectively. This is important, because our current facilities are nearly full, and these two projects will substantially increase SUNeVision's capacity to serve our customers.

Customer interest for these new data centres is strong. So far we have already received pre-commitments from several major customers for our MEGA Gateway, which is designed to be a connectivity hub and complementary to MEGA-i. The same strong interest applies to MEGA IDC even though it is a year before it will become operational. We have received firm interest from several cloud service providers. They are attracted by the superior infrastructure and provision; and unlike data centres in the nearby industrial estate, they know that MEGA IDC is free from any subletting restrictions. MEGA Fanling, the Group's eighth data centre located in Fanling, will also start to operate soon. It is already fully committed and will be occupied by a single cloud customer. Upon completion of these projects, the total gross floor area of the Group's data centres in Hong Kong will grow from the current 1.4 million square feet to almost 3 million square feet, and its power capacity will quadruple from the current 70MW to 280MW when the facilities are fully operational. The Group will continue to receive strong support from its major shareholder and sufficient loan facilities from banks to meet the funding needs of its current expansion.

As part of our commitment to provide state of the art data centre services, the Group has continued to upgrade its existing facilities. The power density and the infrastructure of both MEGA-i and MEGA Two have been upgraded. This allows existing customers to increase their power usage without the need to expand their floor area and enables new customers with high-power requirements to establish their presence in the facilities. We take ESG (Environmental, Social and Governance) seriously as well. To demonstrate our commitment to improving the Group's environmental performance, we have set targets of achieving an overall Coefficient of Performance ("COP") of 5 or above for the Group's chillers by the year 2030, resulting in a substantial decrease in carbon intensity for data centre cooling. We will achieve these targets by procuring and deploying energy-efficient water-cooled and air-cooled chillers in our existing and new data centres. Another example is at MEGA Plus, solar panels are being installed to improve power usage efficiency and allow the Group to further reduce its carbon footprint. SUNeVision will continue to invest in best-in-class infrastructure and services to serve its customers in a sustainable environment.

The current wave of Covid-19 pandemic is ferocious and is impacting Hong Kong significantly in all aspects. Notwithstanding the challenging operational environment, all our data centres remain resilient and services to our customers continue with no disruption. The Group has taken extra care to implement strict measures in all our data centres and offices to ensure the health and safety of our staff and customers. The Group has also developed a set of Business Continuity Plan (BCP) actions if and when Covid-19 cases are identified on site. Under no circumstances will we allow our mission-critical services to our customers be impacted.

## APPRECIATION

I would like to close by thanking all the Directors and management, and every member of our committed staff for their dedication and hard work to ensure we maintained the high levels of service demanded by our customers. I would also like to thank our shareholders for their continued confidence and support.

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

Hong Kong, 22 February 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

iAdvantage

SUNeVision operates its data centre business under iAdvantage. The Group currently owns and operates five data centres in Hong Kong, and has three new sites under construction of which two are owned by the Group. iAdvantage is the largest, most connected, carrier-neutral and cloud-neutral data centre operator in Hong Kong, with best-in-class facilities built around the MEGA Campus (consisting of MEGA-i, MEGA Plus and MEGA Two) and is regarded 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, driven by the ongoing digitalisation trend globally, new customer contracts were signed, which included hyperscale and cloud customers who needed additional data centre space to meet the rapidly growing demand for their services. MEGA-i is a well-established and major connectivity hub in Asia, currently carrying around 15,000 cross-connects interconnecting hundreds of the world's largest telcos, ISPs, enterprises, cloud and new economy players within its ecosystem. During the financial year 2020/21, the Group upgraded the power capacity of MEGA-i by 40% to meet the increasing demand from customers, which has further supported the Group's growth in its connectivity business. MEGA Plus, the Group's high-tier flagship data centre located in Tseung Kwan O, continued to see strong demand from global cloud service providers and new economy players. MEGA Two, strategically located in Shatin, serves as a critical pathway for data traffic in and out of mainland China. The revitalisation work on multiple floors of MEGA Two completed in the financial year 2020/21 has allowed the Group to meet the rising high power density needs of hyperscale and cloud customers in this strategic location. In addition, since all of its current data centres are self-owned, the Group provides long-term service stability which is strongly preferred by all its major customers such as cloud players.

Despite the ongoing challenges of many staff and partners working away from their offices as well as global supply chains and logistics issues, construction of the new data centre projects has progressed to the final stages. MEGA Gateway, the new site TWTL 428 in Tsuen Wan has approximately 200,000 square feet of GFA and is located near the Group's existing facility JUMBO. It is targeted to be opened in the second half of 2022. Designed to be a connectivity hub and complementary to MEGA-i, customer's interest for MEGA Gateway is strong, and we have already received pre-commitments from several major customers.

MEGA IDC, the greenfield site TKOTL 131 in Tseung Kwan O, which is adjacent to MEGA Plus, has approximately 1.2 million square feet of GFA and will support an ultra-high IT power capacity of up to 180MW. Being built on a dedicated data centre land, MEGA IDC is free from any subletting restrictions applicable to data centres in the nearby industrial estate. Phase 1 of MEGA IDC (approximately 500,000 square feet of GFA) is targeted to be opened in the first half of 2023. This facility will be the largest data centre in Hong Kong measured by power capacity, and will provide customers with the advantage of being able to support their ongoing expansion needs for both space and power. We have received firm interest from several cloud service providers, notwithstanding it is a year before MEGA IDC will become operational. Phase 2 of MEGA IDC has approximately 700,000 square feet of GFA, and the Group will employ the latest technologies and designs in its construction.

MEGA Fanling, the new single user data centre project announced in July 2021, will be the Group's 8th data centre in Hong Kong. A major hyperscale customer has committed, under a multi-year contract, to take this whole facility to meet its development needs in Hong Kong and the Asia region. The Group rented an industrial building in Fanling, New Territories, Hong Kong which is owned by an affiliate of the major shareholder of the Company, Sun Hung Kai Properties Limited, and will invest a significant amount of capital and resources to upgrade it for data centre use. This will be the Group's first single-user data centre fully pre-committed from inception and it will be ready-for-service in 2022.

Upon completion of these three new projects, the total gross floor area of the Group's data centres in Hong Kong will grow from the current 1.4 million square feet to almost 3 million square feet, and its power capacity will quadruple from the current 70MW to 280MW when the facilities are fully operational. Demand for premium data centre facilities is growing, and with the timely supply of the three new data centres, the Group is well positioned to benefit from the ongoing digitalisation trend and maintain its leading market position in Hong Kong.

The current wave of Covid-19 pandemic is ferocious and is impacting Hong Kong significantly in all aspects. Notwithstanding the challenging operational environment, all of the Group's data centres remain resilient and services to its customers continue with no disruption. The Group has taken extra care to implement strict measures in all its data centres and offices to ensure the health and safety of its staff and customers. The Group has also developed a set of Business Continuity Plan (BCP) actions if and when Covid-19 cases are identified on site. Under no circumstances will the Group allow its mission-critical services to its customers be impacted.

As the largest data centre provider in Hong Kong and the number one connectivity hub in Asia, the Group is pleased to have received the CAHK STAR Awards 2021 in the category of "Innovative Data Centre Service" presented by the Communications Associations of Hong Kong (CAHK). The Group is also honoured to have received the "2021 China IDC Industry Best Data Centre Provider (Overseas)" Award at the 16th China IDC Industry Annual Ceremony (IDCC2021) and W.Media Asia Pacific Cloud & Data Centre Awards - MultiCloud Management (Northeast Asia). These awards are examples of industry recognition of the Group's leading position in the data centre industry in Hong Kong and the Asia-Pacific region.

With a commitment to creating a sustainable future and improving the Group's environmental performance, we have set targets of achieving an overall Coefficient of Performance ("COP") of 5 or above for the Group's chillers by the year 2030, which will result in a substantial decrease in carbon intensity for data centre cooling. The Group will achieve these targets by procuring and deploying energy-efficient water-cooled and air-cooled chillers in its existing and new data centres. Another example is at MEGA Plus, solar panels are being installed to improve power usage efficiency and will allow the Group to further reduce its carbon footprint. The Group is honoured to be the only data centre provider in Hong Kong to have received the Renewable Energy Contribution Award presented by CLP Power Hong Kong for the second consecutive year. To further reduce carbon emissions, the Group was involved in the CLP Retro-Commissioning Charter programme to improve the energy efficiency of its buildings. These awards serve as a recognition and demonstration for its ongoing commitment to environmental sustainability. The Group will continue to provide world-class data centre infrastructure and services to its customers in a sustainable environment.

To further promote a better and more sustainable digital future for Hong Kong, SUNeVision announced the launch of the Hong Kong Chapter of Infrastructure Masons ("iMasons") in July 2021. iMasons is a global, non-profit, professional association of technology and business leaders with an objective to make a better-connected world for everyone. As the Hong Kong Chapter lead, SUNeVision will continue to aggregate industry peers in the city to foster effective collaboration and influence the digital infrastructure industry.

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$50 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.

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 increased 8% year on year to HK$995 million. Revenue from data centre and IT facilities business rose 9% year on year to HK$935 million, driven largely by the demand from both existing and new customers, and the full period contribution of new contracts signed in the financial year 2020/21. Revenue from ELV and IT systems business decreased 10% year on year to HK$61 million as a result of a reduced installation fee income. The Group's cost of sales increased 8% year on year to HK$410 million, primarily due to higher depreciation charges and operating costs attributable to the expansion of the Group's data centre facilities. Operating expenditure increased 7% year on year to HK$82 million, as more resources were deployed in selling and administration of the data centre services. For the 6 months ended 31 December 2020, the Group received Covid-19 related government subsidies ("the Covid Subsidies") amounted to HK$14 million which offset against staff cost in cost of sales and operating expenditure.

Operating profit of the Group rose 7% year on year to HK$504 million. Operating profit from data centre and IT facilities (before corporate expenses, interest and tax) rose 9% year on year to HK$523 million and operating profit from ELV and IT systems (before corporate expenses, interest and tax) decreased 21% year on year to HK$16 million.

EBITDA of the Group increased 10% (or 12% if excluding the Covid Subsidies) year on year to HK$728 million, driven mainly by EBITDA growth from the data centre business. The EBITDA margin rose to 73% from 72% in the previous period, mainly due to improved economies of scale and cost efficiency. As the Group owns all of its current data centres, there are no related rental expenses and the adoption of HKFRS 16 did not have any impact on the Group's EBITDA accordingly. On the contrary, many of the Group's industry peers have experienced a significant increase in EBITDA simply due to the adoption of HKFRS 16 or IFRS 16. Therefore, the quality of the Group's EBITDA is substantially higher than that of many of its industry peers who rent their data centre facilities.

Profit attributable to owners of the Company increased 6% (or 10% if excluding the Covid Subsidies) year on year to HK$410 million. Finance costs increased 24% year on year to HK$14 million mainly due to the increased level of borrowings.

Capital Investment

The new data centre developments of MEGA Gateway, MEGA IDC and MEGA Fanling 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. Data centre business is a capital-intensive industry, requiring long-term capital commitment. 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$333 million bank balances and deposits as of 31 December 2021, while bank borrowings were HK$7,625 million. Total net bank borrowings increased 6% to HK$7,292 million compared to HK$6,874 million as at 30 June 2021. The shareholder's loan was HK$3,800 million as at 31 December 2021, being an unsecured 6-year term loan from Sun Hung Kai Properties Limited and its subsidiaries (the "SHKP Group") at a fixed interest rate of 3% per annum, maturing in 2025. Effective from 1 August 2020, the interest rate reduced from 4% per annum to 3% per annum. SHKP Group will continue to support the Group's development in the long term.

In November 2021, the Group had successfully obtained a HK$3,000 million 5-year term and revolving loan facility from a bank to fund various new and existing data centre projects.

The gearing ratio, being net debt divided by equity attributable to owners of the Company, as of 31 December 2021 was 272%; excluding the long-term unsecured shareholder's loan of HK$3,800 million from SHKP Group, such ratio was 179%.

The Group has the capacity to fund its growth plans in the medium term, taking into account the financial resources available including internally generated funds and available banking facilities. The Board's intention is to continue with its current dividend policy.

As of 31 December 2021, the Group had no contingent liability while the Company had an aggregate of HK$7,739 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 2021.

## EMPLOYEES

The Group employed 388 full-time employees as of 31 December 2021. During the period under review, SUNeVision continued to promote and protect the health and safety of its employees. Amidst the ongoing Covid-19, the Group implemented various measures to safeguard the wellbeing of employees while maintaining the highest service standards to customers at the same time.

To remain competitive in the employment market and to prepare for the challenges of the growing demand for high-end data centre facilities in Hong Kong, SUNeVision continues to focus on the development and retention of its people. Training workshops are organised regularly whereby employees can develop skills to enhance their career. In addition, the Group offers a competitive remuneration package to employees. Fringe benefits, including Mandatory Provident Fund contributions and medical insurance, are reviewed regularly. Share options are granted to selected Directors and employees based on performance and as part of the package to retain talents.

# Consolidated Statement of Profit or Loss

*For the six months ended 31 December 2021*

| | NOTES | Six months ended 31 December 2021 HK$'000 (unaudited) | 2020 HK$'000 (unaudited) |
|---|---|---|---|
| Revenue | 3 | **995,328** | 923,154 |
| Cost of sales | | **(410,056)** | (379,203) |
| Gross profit | | **585,272** | 543,951 |
| Other income | 4 | **1,085** | 3,699 |
| Selling expenses | | **(16,473)** | (14,548) |
| Administrative expenses | | **(65,772)** | (62,624) |
| Profit from operations | | **504,112** | 470,478 |
| Finance costs | | **(13,687)** | (11,082) |
| Profit before taxation | | **490,425** | 459,396 |
| Income tax expense | 5 | **(80,087)** | (70,735) |
| Profit for the period attributable to owners of the Company | 6 | **410,338** | 388,661 |
| Earnings per share based on profit attributable to owners of the Company (reported earnings per share) | 8 | | |
| Basic (Remark (i)) | | **10.11 cents** | 9.59 cents |
| Diluted (Remarks (i) and (ii)) | | **10.10 cents** | 9.58 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 2021 has been taken into account of 5,549,234 (2020: 3,852,937) 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 13 respectively.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

*For the six months ended 31 December 2021*

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | ***HK$'000*** | *HK$'000* |
| | ***(unaudited)*** | *(unaudited)* |
| Profit for the period | **410,338** | 388,661 |
| Other comprehensive expense for the period | | |
| Items that may be reclassified subsequently to the consolidated statement of profit or loss: | | |
| Exchange differences arising from translation of operations outside Hong Kong | **(11)** | (30) |
| | **(11)** | (30) |
| Total comprehensive income for the period | **410,327** | 388,631 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | **410,044** | 387,585 |
| Non-controlling interests | **283** | 1,046 |
| | **410,327** | 388,631 |

## Consolidated Statement of Financial Position

*At 31 December 2021*

| | NOTES | **31 December 2021** **HK$'000** **(unaudited)** | 30 June 2021 HK$'000 (audited) |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | **16,141,585** | 15,694,200 |
| Equity instrument at FVTOCI | | **3,710** | 3,710 |
| | | **16,145,295** | 15,697,910 |
| Current assets | | | |
| Inventories | | **6,798** | 5,264 |
| Trade and other receivables | 9 | **421,996** | 362,582 |
| Contract assets | | **24,821** | 18,537 |
| Bank balances and deposits | | **332,667** | 387,316 |
| | | **786,282** | 773,699 |
| Current liabilities | | | |
| Trade and other payables | 10 | **906,467** | 926,533 |
| Contract liabilities | | **81,829** | 74,279 |
| Lease liabilities | | **10,910** | 2,099 |
| Tax payables | | **111,552** | 142,039 |
| Bank borrowings | 11 | **1,997,333** | - |
| | | **3,108,091** | 1,144,950 |
| Net current liabilities | | **(2,321,809)** | (371,251) |
| Total assets less current liabilities | | **13,823,486** | 15,326,659 |
| Non-current liabilities | | | |
| Contract liabilities | | **11,795** | 19,310 |
| Lease liabilities | | **5,581** | 2,450 |
| Deferred tax liabilities | | **289,180** | 292,877 |
| Bank borrowings | 11 | **5,627,705** | 7,261,690 |
| Shareholder's loan | 12 | **3,800,000** | 3,300,000 |
| | | **9,734,261** | 10,876,327 |
| Net assets | | **4,089,225** | 4,450,332 |
| Capital and reserves | | | |
| Share capital | 13 | **233,834** | 233,767 |
| Reserve arising from issuance of convertible notes | 13 | **172,002** | 172,002 |
| Other reserves | | **3,667,997** | 4,029,454 |
| Equity attributable to owners of the Company | | **4,073,833** | 4,435,223 |
| Non-controlling interests | | **15,392** | 15,109 |
| Total equity | | **4,089,225** | 4,450,332 |

# Consolidated Statement of Changes in Equity

*For the six months ended 31 December 2021*

| | 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$'000 | Retained profits HK$'000 | Total HK$'000 | Non-controlling interests HK$'000 | Total equity HK$'000 |
| At 1 July 2021 (audited) | 233,767 | 2,368,218 | 172,002 | 34,532 | 1,923 | 1,624,781 | 4,435,223 | 15,109 | 4,450,332 |
| Profit for the period | - | - | - | - | - | 410,338 | 410,338 | - | 410,338 |
| Exchange differences arising from translation of operations outside Hong Kong | - | - | - | - | (294) | - | (294) | 283 | (11) |
| Total comprehensive (expense) income for the period | - | - | - | - | (294) | 410,338 | 410,044 | 283 | 410,327 |
| Exercise of share options (note 13) | 67 | 4,539 | - | (948) | - | - | 3,658 | - | 3,658 |
| Recognition of equity-settled share-based payments | - | - | - | 12,221 | - | - | 12,221 | - | 12,221 |
| Final dividend and distribution paid (note 7) | - | - | - | - | - | (787,313) | (787,313) | - | (787,313) |
| **At 31 December 2021 (unaudited)** | **233,834** | **2,372,757** | **172,002** | **45,805** | **1,629** | **1,247,806** | **4,073,833** | **15,392** | **4,089,225** |

| | 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$'000 | Retained profits HK$'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 (expense) income for the period | - | - | - | - | (1,076) | 388,661 | 387,585 | 1,046 | 388,631 |
| Exercise of share options | 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 |

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 2021 and 2020. As a result, the Convertible Notes in the amount of HK$172,001,633.30 (31 December 2020: HK$172,001,633.30) remained outstanding as at 31 December 2021.

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”.

## 1. BASIS OF PREPARATION

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

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$2,321,809,000 as at 31 December 2021. 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 banking facility or obtaining additional financing from financial institutions, taking into account the fair value of the Group's assets which are not 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 certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of the amendments to 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 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2021.

***Application of amendments to HKFRSs***

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 July 2021 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform - Phase 2 |
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |

The application of 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.

## 3. SEGMENT INFORMATION

**Disaggregation of revenue**

**For the six months ended 31 December 2021**

| **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 | **934,615** | **-** | **934,615** |
| Installation and maintenance fee of extra-low voltage ("ELV") and IT systems | **-** | **60,713** | **60,713** |
| Revenue from contract with customers | **934,615** | **60,713** | **995,328** |

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 IT facilities | 855,917 | - | 855,917 |
| Installation and maintenance fee of ELV and IT systems | - | 67,237 | 67,237 |
| Revenue from contract with customers | 855,917 | 67,237 | 923,154 |

All revenue is generated from Hong Kong for the six months ended 31 December 2021 and 2020.

**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.

## 3. SEGMENT INFORMATION – continued

**Segment revenue and results -** continued

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

**For the six months ended 31 December 2021**

| | **Data centre and IT facilities** *HK$'000* | **ELV and IT systems** *HK$'000* | **Elimination** *HK$'000* | **Consolidated total** *HK$'000* |
|---|---|---|---|---|
| **REVENUE** | | | | |
| External | **934,615** | **60,713** | **-** | **995,328** |
| Inter-segment | **-** | **95** | **(95)** | **-** |
| Total | **934,615** | **60,808** | **(95)** | **995,328** |
| **RESULTS** | | | | |
| Segment results | **523,201** | **15,949** | **-** | **539,150** |
| Unallocated corporate expenses | | | | **(35,491)** |
| Interest income | | | | **311** |
| Investment income | | | | **142** |
| Finance costs | | | | **(13,687)** |
| Profit before taxation | | | | **490,425** |

For the six months ended 31 December 2020

| | 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 | | | | 459,396 |

3. **SEGMENT INFORMATION** – continued

**Segment revenue and results** - continued

Inter-segment sales are charged at prevailing market rates.

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

4. **OTHER INCOME**

| | **Six months ended 31 December** | |
|---|---|---|
| | **2021** | 2020 |
| | ***HK$'000*** | *HK$'000* |
| Interest income | **311** | 489 |
| Investment income | **142** | - |
| Miscellaneous | **632** | 3,210 |
| | **1,085** | 3,699 |

5. **INCOME TAX EXPENSE**

| | **Six months ended 31 December** | |
|---|---|---|
| | **2021** | 2020 |
| | ***HK$'000*** | *HK$'000* |
| Current tax | | |
| - Hong Kong Profits Tax | **83,783** | 30,018 |
| Deferred tax (credit) charge | **(3,696)** | 40,717 |
| | **80,087** | 70,735 |

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the period.

## 6. PROFIT FOR THE PERIOD

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | ***HK$'000*** | *HK$'000* |
| Profit for the period has been arrived at after charging (crediting): | | |
| Staff costs including directors' emoluments | **112,554** | 92,033 |
| Share-based payments | **12,221** | 8,174 |
| Retirement benefit scheme contributions | **3,146** | 3,363 |
| Total staff costs | **127,921** | 103,570 |
| Depreciation of property, plant and equipment | **224,217** | 192,021 |
| Interest on bank borrowings | **30,220** | 29,763 |
| Interest on shareholder's loan | **51,838** | 52,709 |
| Other finance costs | **9,126** | 9,182 |
| Less: amounts capitalised | **(77,668)** | (80,626) |
| | **13,516** | 11,028 |
| Interest on lease liabilities | **171** | 54 |
| Total finance costs | **13,687** | 11,082 |

## 7. DIVIDENDS

During the period, a final dividend of HK19.40 cents per share in respect of the year ended 30 June 2021 (2020: a final dividend of HK17.50 cents per share in respect of the year ended 30 June 2020) 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$787,313,000 (2020: HK$709,552,000).

The board of directors does not recommend the payment of an interim dividend for the six months ended 31 December 2021 (2020: Nil).

## 8. EARNINGS PER SHARE

Reported earnings per share

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

| | Six months ended 31 December | |
|---|---|---|
| | **2021** | 2020 |
| | ***HK$'000*** | *HK$'000* |
| Earnings for the purposes of basic and diluted earnings per share | **410,338** | 388,661 |

| | **2021** | 2020 |
|---|---|---|
| | **Number of shares** | Number of shares |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **4,058,073,356** | 4,052,198,030 |
| Effect of dilutive potential ordinary shares: Share options | **5,549,234** | 3,852,937 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **4,063,622,590** | 4,056,050,967 |

For the purposes of basic and diluted earnings per share, the weighted average number of ordinary shares is calculated after taking into account the effect of the issuance of bonus shares (with a Convertible Note alternative) in November 2010. Details of the issuance of bonus shares are set out in note 13.

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 2021 and 2020. Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the six months ended 31 December 2021 and 2020.

## 9. TRADE AND OTHER RECEIVABLES

| | 31 December 2021 HK$'000 | 30 June 2021 HK$'000 |
|---|---|---|
| Trade receivables | **238,989** | 179,608 |
| Less: allowance for credit losses | **(2,728)** | (2,316) |
| | **236,261** | 177,292 |
| Unbilled revenue for use of data centre and IT facilities (note) | **64,103** | 71,265 |
| Other receivables, prepayments and deposits paid | **121,632** | 114,025 |
| | **421,996** | 362,582 |

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

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 2021 HK$'000 | 30 June 2021 HK$'000 |
|---|---|---|
| 0 - 60 days | **192,559** | 146,741 |
| 61 - 90 days | **12,105** | 7,025 |
| > 90 days | **31,597** | 23,526 |
| | **236,261** | 177,292 |

As at 31 December 2021, out of the past due balances, HK$31,597,000 (30 June 2021: HK$23,526,000) 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.

## 10. TRADE AND OTHER PAYABLES

| | 31 December 2021 HK$'000 | 30 June 2021 HK$'000 |
|---|---|---|
| Trade payables aged within 60 days | **51,450** | 23,817 |
| Trade payables aged over 60 days | **848** | 481 |
| Other payables and accruals | **727,507** | 758,804 |
| Deposits received | **126,662** | 143,431 |
| | **906,467** | 926,533 |

## 11. BANK BORROWINGS

During the period, the Group obtained a new long term banking facility of HK$3,000,000,000 (2020: Nil) and raised HK$400,000,000 (2020: HK$1,360,000,000) from its existing unutilised banking facilities to fund various new and existing data centre projects. As at 31 December 2021, the Group has available unutilised banking facility of HK$2,600,000,000 (30 June 2021: Nil).

At 31 December 2021, the carrying amount of the Group's unsecured bank loans amounted to approximately HK$7,625,038,000 (30 June 2021: HK$7,261,690,000). 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 2021** | 30 June 2021 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within one year | **1,997,333** | - |
| Within a period of more than one year but less than two years | **2,294,455** | 4,287,940 |
| Within a period of more than two years but less than five years | **3,333,250** | 2,973,750 |
| | **7,625,038** | 7,261,690 |

## 12. SHAREHOLDER'S LOAN

On 28 December 2018, the Group and Sun Hung Kai Properties Limited and its subsidiaries, other than members of the Group ("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. During the period, the Group raised HK$500,000,000 (2020: Nil) from such facility. At the end of the reporting period, HK$3,800,000,000 (30 June 2021: 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.

## 13. SHARE CAPITAL

| | Number of ordinary shares | Amount |
|---|---|---|
| | | *HK$'000* |
| Ordinary shares of HK$0.1 each | | |
| Authorised: | | |
| At 1 July 2021 and **31 December 2021** | **10,000,000,000** | **1,000,000** |
| Issued and fully paid: | | |
| At 1 July 2021 | 2,337,669,333 | 233,767 |
| Exercise of share options (Note (ii)) | 674,000 | 67 |
| **At 31 December 2021** | **2,338,343,333** | **233,834** |

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 2021, 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 2021 and **31 December 2021** | **1,720,016,333** | **172,002** |

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,058,359,666 (30 June 2021: 4,057,685,666) 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 2021, 674,000 (2020: 6,025,000) shares were issued upon exercise of share options.

## DIVIDEND

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 31 December 2021 (2020: Nil).

## REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2021 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements will be set out in the 2021/22 interim report.

## AUDIT COMMITTEE

The Audit Committee has four members comprising three Independent Non-Executive Directors, Mr. Wong Kai-man (Chairman of the Committee), Professor Li On-kwok, Victor and Professor King Yeo-chi, Ambrose, and one Non-Executive Director, Mr. Cheung Wing-yui, with written terms of reference in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Audit Committee has reviewed the interim results for the six months ended 31 December 2021 and has provided advice and comments thereon.

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

During the six months ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## CORPORATE GOVERNANCE CODE

Throughout the six months ended 31 December 2021, the Group has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except that the Chairman of the Board was unable to attend the annual general meeting of the Company held on 29 October 2021 due to other commitment.

By order of the Board
**SUNEVISION HOLDINGS LTD.**
**Bonnie Lau**
*Company Secretary*

Hong Kong, 22 February 2022

*As at the date of this announcement, 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.*