SUNeVision Holdings Ltd.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1686

2021/22

ANNUAL REPORT

The technology arm of Sun Hung Kai Properties Limited

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

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

If (i) registered shareholders/noteholders, who have received or chosen to receive a printed copy of this annual report, wish to receive the same in the other language; or (ii) registered shareholders/noteholders, who have received or chosen to receive or are deemed to have consented to receive this annual report by electronic means, wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this annual 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email at sunevision-ecom@hk.tricorglobal.com.

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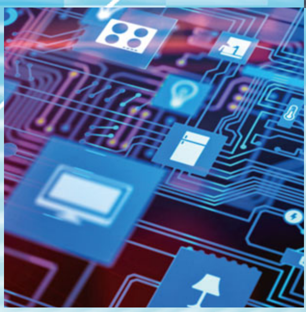

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Kwok Ping-luen, Raymond *(Chairman)*
Fung Yuk-lun, Allen *(Vice Chairman)*
Tong Kwok-kong, Raymond *(Chief Executive Officer)*
Tung Chi-ho, Eric
Chan Man-yuen, Martin
Lau Yeuk-hung, Fiona

Non-Executive Directors

Cheung Wing-yui *(Vice Chairman)*
Kwok Kai-wang, Christopher
David Norman Prince
Siu Hon-wah, Thomas
Chan Hong-ki, Robert

Independent Non-Executive Directors

Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man
Lee Wai-kwong, Sunny
Cheng Ka-lai, Lily
Leong Kwok-kuen, Lincoln

COMPANY SECRETARY

Lau Bonnie

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

King Yeo-chi, Ambrose *(Committee Chairman)*
Fung Yuk-lun, Allen
Cheung Wing-yui
Li On-kwok, Victor
Wong Kai-man

NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

Cheung Wing-yui *(Committee Chairman)*
Fung Yuk-lun, Allen
Cheng Ka-lai, Lily

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Fung Yuk-lun, Allen
Lau Bonnie

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

LEGAL ADVISERS

As to Hong Kong Law
Woo Kwan Lee & Lo

As to Cayman Islands Law
Maples Group

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586, Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTRAR IN RESPECT OF THE CONVERTIBLE NOTES

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

1686

WEBSITE

www.sunevision.com

Performance Highlights

FINANCIAL PERFORMANCE

Revenue
+11%

EBITDA*
+11%

Profit*
+9%

OPERATIONAL METRICS

Operating History
22
years

Total DC GFA^
~3
million square feet

Number of cross-connect cables
~15,000

Locations
6+2^+2#

Subsea cable PoPs**
9

* Excluding Covid-19 related subsidies
^ Including MEGA Gateway and MEGA IDC
\# Including HKIS-1 and HKIS-2
** Point of Presence. FNAL and RNAL are counted as a single system, based on the same classification used by The Office of the Communications Authority (OFCA)

Financial Highlights and Summary

FINANCIAL HIGHLIGHTS

For the period	**1 Jan 22– 30 Jun 22** ***HK$'000***	1 Jul 21– 31 Dec 21 *HK$'000*	1 Jan 21– 30 Jun 21 *HK$'000*	1 Jul 20- 31 Dec 20 *HK$'000*
Revenue	**1,090,517**	995,328	950,796	923,154
Cost of sales	**(474,359)**	(410,056)	(390,585)	(379,203)
Gross profit	**616,158**	585,272	560,211	543,951
Other income	**1,669**	1,085	1,310	3,699
Operating expenditure*	**(79,359)**	(82,245)	(70,778)	(77,172)
Profit from operations	**538,468**	504,112	490,743	470,478
Finance costs	**(16,028)**	(13,687)	(11,234)	(11,082)
Profit before taxation	**522,440**	490,425	479,509	459,396
Income tax expense	**(85,947)**	(80,087)	(80,443)	(70,735)
Profit for the year attributable to owners of the Company	**436,493**	410,338	399,066	388,661
EBITDA**				
Data centre business	**786,035**	747,046	714,956	669,984
ELV system business and unallocated corporate expenses	**(13,211)**	(19,028)	(16,732)	(7,974)
	772,824	728,018	698,224	662,010

* Selling, general and administrative expenses
** Earnings before interest, tax, depreciation and amortisation

FINANCIAL SUMMARY

Results			Year ended 30 June		
	2022 ***HK$'000***	2021 *HK$'000*	2020 *HK$'000*	2019 *HK$'000*	2018 *HK$'000*
Continuing operations					
Revenue	**2,085,845**	1,873,950	1,713,844	1,560,838	1,303,987
Underlying profit for the year	**846,831**	787,727	694,323	628,042	570,988

Assets and Liabilities			As at 30 June		
	2022 ***HK$'000***	2021 *HK$'000*	2020 *HK$'000*	2019 *HK$'000*	2018 *HK$'000*
Total assets	**18,142,782**	16,471,609	15,181,752	13,636,503	7,093,933
Total liabilities	**(13,551,246)**	(12,021,277)	(10,856,529)	(9,445,358)	(3,166,198)
Total equity	**4,591,536**	4,450,332	4,325,223	4,191,145	3,927,735

Data Centres Highlights

6 DATA CENTRES with **1.5mn sq ft GFA**
representing market share^ of **~26%**

MEGA CAMPUS

MEGA Plus
Location: Tseung Kwan O
GFA (sq ft): 474k

- Flagship high-tier data centre in the cloud age
- First plot of land specially set aside by the HKSAR government for high-tier data centre development
- No subleasing restrictions (in all our data centres)

MEGA-i
Location: Chai Wan
GFA (sq ft): 350k

- Most connected carrier & cloud-neutral data centre
- Asia's no. 1 connectivity
- Purpose-built facility with entire building dedicated to data centre use

MEGA Two
Location: Sha Tin
GFA (sq ft): 429k

- Strategic connectivity gateway to mainland China market
- Whole building dedicated for data centre use with heavy loading support

2 NEW DATA CENTRES with **1.4mn sq ft GFA**
increasing power capacity from current **80MW to over 280MW**

MEGA Gateway*
Location: Tsuen Wan
GFA (sq ft): 201k

- Designed to be the next connectivity hub
- Directly connect to MEGA-i, enjoy Asia's no. 1 connectivity

MEGA IDC*
Location: Tseung Kwan O
GFA (sq ft): 1,212k

- The largest data centre in Hong Kong measured by power capacity
- Strategic synergy effect with MEGA Plus
- Greenfield site without subleasing limitation

^ Source: Current capacity of 1.5 million sq ft GFA represents a market share of approx. 26% of Hong Kong high-tier data centre market based on company's estimate as at 30 June 2022

* Computer rendered images

OTHERS

MEGA Fanling
Location: Fanling
GFA (sq ft): 129k

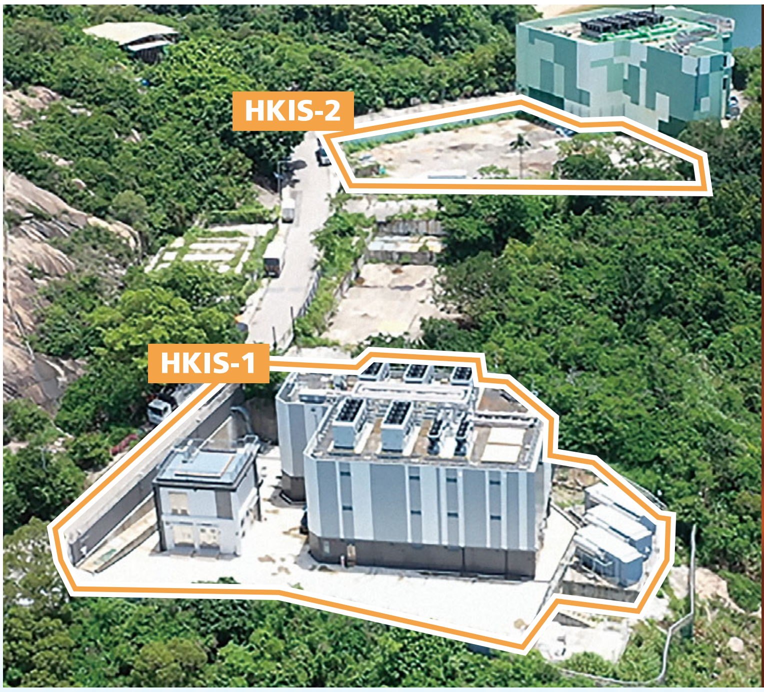
- Fully committed to a single cloud customer
- Demonstrated the ability to capture just-in-time demand by utilising asset-light model

JUMBO
Location: Tsuen Wan
GFA (sq ft): 120k

- Cost effective facility
- Earliest brownfield conversion site

ONE
Location: Kwun Tong
GFA (sq ft): 20k

- First data centre of SUNeVision
- Convenient site in CBD for enterprise customers



CABLE LANDING STATIONS

HKIS-1
- SUNeVision's first carrier-neutral cable landing station
- First and only carrier-neutral cable landing station in Hong Kong

HKIS-2 (under construction)
- SUNeVision's second carrier-neutral cable landing station
- Offer path diversity and expansion capacities for upcoming new submarine cable growth

MEGA
10/10 (Thu)
27-31°C 65-85%

CHAIRMAN'S STATEMENT

Chairman's Statement

FINANCIAL HIGHLIGHTS

(in HK$ million, unless specified)

For the year ended 30 June	2021	2022	% Change[2]
Revenue	1,874	**2,086**	+11%
– Revenue from data centre and IT facilities	1,746	**1,940**	+11%
EBITDA	1,360	**1,501**	+10%
EBITDA (excluding Covid-19 related subsidies[1])	1,346	**1,495**	+11%
Profit attributable to owners of the Company	788	**847**	+8%
Profit attributable to owners of the Company (excluding Covid-19 related subsidies[1])	774	**841**	+9%

1 Covid-19 government subsidies for the years ended 30 June 2021 and 30 June 2022 amounted to HK$14 million and HK$6 million respectively

2 % change is calculated based on related numbers in thousand

RESULTS

During the year under review, the Group's revenue increased 11% year on year to HK$2,086 million, driven largely by the demand for the Group's existing data centres from both existing and new customers. EBITDA rose 10% (or 11% excluding the Covid-19 related subsidies) year on year to HK$1,501 million. Profit attributable to owners of the Company increased 8% (or 9% if excluding the Covid-19 related subsidies) year on year to HK$847 million.

DIVIDEND

The directors recommended the payment of a final dividend of HK20.8 cents per share for the year ended 30 June 2022. The dividend will be paid on 24 November 2022 following approval at the 2022 Annual General Meeting.

BUSINESS REVIEW

During the year under review, the digitalisation for businesses and consumers continues to accelerate even as the pandemic subsides. This has led to a sustainable increase in demand for data centres.

The demand for "connectivity" capacity has continued to be resilient as the usage of online applications such as video conferencing, e-commerce, streaming and gaming has been maintained at a high level. This has benefitted MEGA-i, which is the leading connectivity hub in Asia housing many of the major global and regional internet players, telcos and cloud players. Such demand is expected to continue.

The demand for "hyperscale" capacity has continued to be strong, and nearly all of our cloud customers have expanded their capacity in our facilities. This has benefited the Group's data centres such as MEGA Two and MEGA Plus, which provide state-of-the-art infrastructure and services for our customers. Our customers' specification and service requirements are constantly increasing as their tasks are often mission critical, requiring strict standards of security, reliability, certification and sustainability. As one of the highest quality data centre operators in Hong Kong, we believe our existing and upcoming facilities will continue to serve our customers well.

The current energy crisis has elevated inflationary pressure globally, which has also led to generally high costs and specifically higher electricity prices. Nevertheless, the impact of such development remains under control, as our increased scale and bargaining power have helped us continue to manage our cost of operations effectively. In addition, our business model is such that most of our energy costs are directly paid by our customers. We shall continue to maintain a tight cost discipline in this environment.

While our data centres currently in operation are running on a debt-free basis and are generating significant cash, the Group has taken up debt for the construction of new data centres which are critical for the Group's next phase of growth. Given that we are in a rising interest rate environment, we will continue to manage our balance sheet to ensure a cost-effective capital structure. The good news is that our two major new data centres will start to be online soon, and they will start to generate material cash.

The Group 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. On 31 May 2022, the Court of Appeal allowed the appeal against the first instance judgement lodged by SUNeVision in a judicial review application, quashing the decision of the Hong Kong Science and Technology Parks Corporation ("HKSTP") not to take immediate steps to rectify its failure or refusal to take reasonable steps to enforce restrictions in its leases against the operators of the data centres in the industrial estates it manages to sublet the leased premises or to allow third parties to occupy the leased premises. The Group welcomes the ruling of the Court of Appeal.

The Group would like to reiterate that we believe some TKOIE data centre operators have been operating in a way that involves subletting or permitting third parties to occupy the leased premises. These are blatant breaches against the lease conditions which do not allow subletting or licensing. This situation is particularly problematic because the land premium paid by these data centre operators was also substantially below market price. This is neither healthy nor helpful for Hong Kong's technology development, and is effectively subsidising "rent-seekers". One simple solution to rectify the situation is to require these parties to pay back a market-rate land premium (as assessed by the Lands Department) to HKSTP to reflect the difference in value, if they want to continue with the subletting model. This is only fair, and will give HKSTP more resources to support local technology startups. This will help Hong Kong to build a healthier ecosystem as a technology hub as outlined in the 14th Five-Year Plan.

PROSPECTS

The Group has a very robust pipeline for growth. MEGA Fanling, the Group's eighth data centre announced in July 2021, began operations in June 2022. Utilising an asset-light model, the Group has achieved a short time-to-market cycle of less than 12 months. It is already fully committed to a single cloud customer over a multiyear contract and will be ramped up over time to meet the growing needs of this customer. MEGA Gateway, the Group's greenfield project in Tsuen Wan, is in its final stage of construction and will be operational in the second half of 2022. Targeted to be the Group's next connectivity hub and complementary to MEGA-i, customers' interest for MEGA Gateway is strong and we have already received pre-commitments from several major customers. MEGA IDC, the Group's flagship greenfield project in Tseung Kwan O, is built on a site dedicated for data centre development and is free from any subletting restrictions in the nearby industrial estate. With a superior infrastructure, MEGA IDC will have the largest power capacity in a single data centre site in Hong Kong. Phase 1 of MEGA IDC, consisting of approximately 500,000 square feet GFA, is targeted to open in the first half of 2023, and there is strong interest from customers. The current target opening for phase 2, consisting of approximately 700,000 square feet GFA, is set for 2026.

Upon completion of these projects, the total gross floor area of the Group's data centres in Hong Kong will grow from the current 1.5 million square feet (including MEGA Fanling) to almost 3 million square feet. The Group's power capacity will increase from the current 80MW (including MEGA Fanling) to over 280MW to meet the increasing customer demand.

The Group has won the tender for a site at Chung Hom Kok to develop a second landing station for international submarine cables. This will complement our first landing station, "HKIS-1", which was launched last year and has received strong interest from multiple regional and international cable operators. The addition of cable landing stations to our data centre portfolio will further strengthen the Group's position as the leading connectivity hub in Asia.

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 infrastructure of both MEGA-i and MEGA Two have been upgraded. This allows existing customers to increase their power utilisation without the need to expand floor area and enables new customers with high-power requirements to establish their presence in the facilities. This is one of the critical drivers in improving our revenue, profit and return on capital from our data centres.

In addition, Environmental, Social and Governance ("ESG") continues to be an important topic for the Group. For example, we have installed solar panels in MEGA Plus for reducing carbon footprint. The Group will continue to invest in best-in-class energy-efficient infrastructure in our data centres which is good for both the environment and our customers.

Overall, as the largest carrier-neutral and cloud-neutral Hong Kong data centre operator, we believe the Group is in a strong position to benefit from the continuous growth in data centre demand in the market.

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 during these challenging times. I would also like to thank our shareholders for their continued confidence and support.

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 1 September 2022

MANAGEMENT
DISCUSSION AND
ANALYSIS

BUSINESS REVIEW

iAdvantage

SUNeVision operates its data centre business under iAdvantage. With the recent launch of MEGA Fanling in June 2022, the Group currently operates six data centres in Hong Kong (with five owned by the Group) and has two new sites under construction both of which are owned by the Group. To enhance international connectivity and resilience, the Group owns and operates a cable landing station with another site under construction. iAdvantage is the largest, most connected, carrier-neutral and cloud-neutral data centre operator in Hong Kong, with best-in-class facilities built around its MEGA Campus (consisting of MEGA-i, MEGA Plus, MEGA Two and MEGA Fanling) and is regarded as the preferred data centre operator to partner with in Hong Kong. iAdvantage provides state-of-the-art data centres meeting strict standards of security, reliability and certification. The Group's customers include global and regional cloud service providers, new economy players, telcos, internet service providers ("ISPs"), large multinationals and local enterprises.

During the year under review, the Group secured new contracts from hyperscale and local customers, reflecting strong continuous demand for high quality data centre space driven by the ongoing digitalisation trend globally. MEGA-i is a well-established and major connectivity hub in Asia, currently carrying around 15,000 cross-connects interconnecting hundreds of the global and regional telcos, ISPs, enterprises, cloud and new economy players within its ecosystem. The upgrade on power capacity of MEGA-i during the financial year 2020/21 has further expanded the Group's capacity for interconnections. MEGA Plus, the Group's high-tier flagship data centre located in Tseung Kwan O, continues 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 in and out of mainland China. The revitalisation work on multiple floors of MEGA Two has allowed the Group to capture the rising high power-density demand from hyperscale and cloud customers in this strategic location. In addition, since most of the Group current data centres are self-owned, it provides long-term service stability which is strongly preferred by all its major customers such as cloud players.

The Group has a very robust pipeline and is now entering the next chapter of sustainable growth with the launch of three new data centres. The planning and construction of these sites is mostly on schedule despite the challenges of the pandemic and supply chain issue.

MEGA Fanling, the single user data centre project announced in July 2021, has already begun operation in June 2022 which increased the Group's IT power capacity from around 70MW to around 80MW. It is fully committed by a major hyperscale customer to take the whole facility to accommodate its increasing development needs in Hong Kong and the Asia region and will be ramped up over time. To meet this customer's demand, the Group rented an industrial building in Fanling, New Territories, Hong Kong which is owned by an affiliate of the major shareholder of the Group, Sun Hung Kai Properties Limited. The Group has upgraded the facility for data centre use and by utilising an asset-light model, the Group has achieved a short time-to-market cycle of less than 12 months. This is the Group's first single-user data centre fully pre-committed from inception.

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. MEGA Gateway has been designed as a connectivity hub and is complementary to MEGA-i's leadership position in connectivity. Customer's interest for MEGA Gateway is strong and the Group has already achieved 60% pre-commitments from several major customers and is making good progress on pre-commitment discussions with other customers. MEGA Gateway is in its final stage of construction and will be operational shortly in the fourth quarter of 2022.

MEGA IDC, the Group's flagship greenfield project TKOTL 131 in Tseung Kwan O, is adjacent to MEGA Plus, with approximately 1.2 million square feet of GFA and designed to support an ultra-high IT power capacity of up to 180MW. It is being built on land approved for data centre use and is free from any subletting restrictions applicable to data centres in the nearby industrial estate. Phase 1 of MEGA IDC has approximately 500,000 square feet of GFA and 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 expansion needs for both space and power. The Group has received strong interest from several cloud service providers and has entered pre-commitment discussions with them. The current target opening for phase 2, consisting of approximately 700,000 square feet of GFA, is set for 2026. The Group will adopt the latest technologies and designs available at the time of its construction.

Upon completion of these two new greenfield projects, the total gross floor area of the Group's data centres in Hong Kong will grow from the current 1.5 million square feet (including MEGA Fanling) to almost 3 million square feet, and its power capacity will increase from the current 80MW (including MEGA Fanling) to over 280MW when the facilities are fully operational.

In March 2022, the Group won the tender for a site in Chung Hom Kok ("RBL1219") to develop its second cable landing station for international submarine cables. The Group's first cable landing station, "HKIS-1", was launched last year. The Group has received strong interest from both regional and international cable operators. Located close to HKIS-1, RBL1219 has a site area of approximately 24,000 square feet which is similar in scale as HKIS-1. The two neighbouring sites will offer path diversity and expansion capacity for new submarine cable growth. The addition of cable landing stations to its data centre portfolio will further strengthen the Group's position as the leading connectivity hub in Asia.

Notwithstanding the disruption caused by the ongoing pandemic situation, all of the Group's data centres have remained resilient and operations and services have continued uninterrupted. Strict measures have been implemented in all of the Group's data centres and offices to ensure the health and safety of its staff and customers. A Business Continuity Plan ("BCP") has been developed for 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.

The current energy crisis has elevated inflationary pressure globally, which has also led to generally high costs and specifically higher electricity prices. The Group's increased scale and purchasing power have helped continue to keep inflation related construction cost escalations under control. In addition, the Group's business model is such that most of its energy costs are directly paid by the customers. The Group will continue to maintain a tight cost discipline in this environment.

As the largest data centre service 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 Association of Hong Kong (CAHK). The Group is honoured to have been awarded 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. The Group has received excellent grades in the management category of "BEAM Plus Existing Buildings Version 2.0 Selective Scheme" for MEGA-i, MEGA Two and MEGA Plus. It has also achieved a Rated-4 Certification of "ANSI/TIA-942 DCCC" for HKIS-1.

With a commitment to creating a sustainable future and improving the Group's environmental performance, the Group has installed solar panels in MEGA Plus for reducing carbon footprint. The Group will continue to invest in best-in-class energy-efficient infrastructure in data centres which is good for both the environment and customers. To further reduce carbon emissions, the Group was involved in the CLP Retro-Commissioning Charter programme to improve the energy efficiency of its buildings. The Group is honoured to be the only data centre service provider in Hong Kong to have received the "Renewable Energy Contribution Award" presented by CLP Power Hong Kong for the second consecutive year. The Group has also been awarded the InnoESG Prize in the category of "Sustainable Technology Award 2022" from SocietyNext for its proven track record in ESG. These awards serve as a recognition and demonstration of 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$95 million during the year 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 year under review, the Group's revenue increased 11% year on year to HK$2,086 million. Revenue from data centre and IT facilities business rose 11% year on year to HK$1,940 million, driven largely by the demand from both existing and new customers for the Group's existing data centres, and the full year contribution of new contracts signed in the financial year 2021/22. Revenue from ELV and IT systems business increased 14% year on year to HK$146 million as a result of an increased installation fee income. The Group's cost of sales increased 15% year on year to HK$884 million, primarily due to higher depreciation charges and operating costs attributable to the expansion of the Group's data centre facilities. Operating expenditure increased 9% year on year to HK$162 million, as more resources were also deployed to cope with the growth of data centre business. The Group's operating expenditure to sales ratio has been maintained steady at the level below 8%. For the 12 months ended 30 June 2022, the Group received Covid-19 related government subsidies ("the Covid Subsidies") amounted to HK$6 million which offset against staff cost in cost of sales and operating expenditure.

Operating profit of the Group rose 8% year on year to HK$1,043 million. Operating profit from data centre and IT facilities (before corporate expenses, interest and tax) rose 9% year on year to HK$1,074 million and operating profit from ELV and IT systems (before corporate expenses, interest and tax) increased 4% year on year to HK$36 million.

EBITDA of the Group increased 10% (or 11% if excluding the Covid Subsidies) year on year to HK$1,501 million, driven mainly by EBITDA growth from the data centre business. The EBITDA margin remained strong at 72% mainly due to improved economies of scale and cost efficiency. As the Group owns most of its current data centres, the adoption of HKFRS 16 did not have any material 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 lease their data centre facilities.

Profit attributable to owners of the Company increased 8% (or 9% if excluding the Covid Subsidies) year on year to HK$847 million. Finance costs increased 33% year on year to HK$30 million mainly due to the increased level of borrowings.

Capital Investment

The new data centre developments of MEGA Gateway, MEGA IDC and MEGA Fanling and investment in cable landing stations HKIS-1 and RBL1219 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$310 million bank balances and deposits as of 30 June 2022, while bank borrowings were HK$8,087 million. Total net bank borrowings increased 7% to HK$7,777 million compared to HK$7,292 million as at 31 December 2021. The shareholder's loan was HK$3,800 million as at 30 June 2022, 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.

To fund various data centre projects, in November 2021 the Group had successfully obtained a HK$3,000 million 5-year term and revolving loan facility from a bank. In June 2022, the Group had also successfully refinanced a HK$2,000 million 5-year term and revolving loan facility from a bank.

The gearing ratio, being net debt divided by equity attributable to owners of the Company, as of 30 June 2022 was 253%; excluding the long-term unsecured shareholder's loan of HK$3,800 million from SHKP Group, such ratio was 170%.

The Group's self-occupied data centres are recorded at historical cost less depreciation on its financial statements. For illustrative purpose, after taking into account the fair value of the major completed data centres valued by an independent property valuer with reference to open market rents and sales transactions, the Group's equity would be noticeably increased and on this basis, the adjusted gearing ratio as at 30 June 2022 including and excluding shareholder's loan would be substantially reduced to 42%[1] and 28%[1] respectively. The Group will continue to review annually the fair value of its existing properties, as well as the properties in the pipeline as when completed, and plan to provide the supplementary adjusted net gearing ratios to facilitate a better understanding of the Group's financial position.

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 30 June 2022, 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 30 June 2022.

EMPLOYEES

The Group employed 410 full-time employees as of 30 June 2022. During the year under review, SUNeVision continued to promote and protect the health and safety of its employees. Amidst the ongoing Covid-19 pandemic, 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.

[1] The adjusted gearing ratios are not defined under HKFRSs and are not presented in accordance with HKFRSs. Further, the adjusted gearing ratios may differ from the gearing ratios used by other companies, including peer companies, potentially limiting the comparability of their financial results to the Company's.

Directors' Profile

EXECUTIVE DIRECTORS

Kwok Ping-luen, Raymond (Age: 69)

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 Hong Kong Metropolitan University 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 2022, Mr. Kwok is entitled to receive a director's fee of HK$60,000 for being the Chairman of the Company. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Fung Yuk-lun, Allen (Age: 54)

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, 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. He is also a board member of the Hong Kong Tourism Board, the vice-chairman 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 2022, Mr. Fung is entitled to receive 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: 47)

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, and a council member of Institute of Big Data Governance (iBDG). He is also an advisory council alumnus 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 2022, Mr. Tong is entitled to receive a director's fee of HK$52,500 and other emoluments (including basic salaries and allowances, bonuses and retirement benefit scheme contributions) of approximately HK$8,908,000 for being an Executive Director and the Chief Executive 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.

Tung Chi-ho, Eric (Age: 63)

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 2022, Mr. Tung is entitled to receive 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: 65)

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 centre service provider in Hong Kong, with top-notched 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 centre business.

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

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

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

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. For the financial year ended 30 June 2022, Mr. Chan is entitled to receive a director's fee of HK$45,000 and other emoluments (including basic salaries and allowances, bonuses and retirement benefit scheme contributions) of approximately HK$4,929,000 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: 40)

Ms. Lau has been an Executive Director of the Company since 31 October 2019 and currently holds the position as Chief Commercial Officer. She 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 has since taken up various leadership roles of the Company, responsible for business development, corporate strategy, sales and marketing, product development and investor relations. 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 to 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. For the financial year ended 30 June 2022, Ms. Lau is entitled to receive a director's fee of HK$45,000 and other emoluments (including basic salaries and allowances, bonuses and retirement benefit scheme contributions) of approximately HK$4,840,000 for being an Executive Director and the Chief Commercial Officer 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.

NON-EXECUTIVE DIRECTORS

Cheung Wing-yui (Age: 72)

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 Hong Kong Metropolitan University, and an honorary council member of The Hong Kong Institute of Directors Limited. He is also a director of The Community Chest of Hong Kong. Mr. Cheung had held the positions of deputy chairman of the council and a co-deputy chairman of Sponsorship & Development Fund Committee of Hong Kong Metropolitan University, 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 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 Hong Kong Metropolitan University 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, 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 2022, Mr. Cheung is entitled to receive 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.

Kwok Kai-wang, Christopher (Age: 35)

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 joined the SHKP group in 2011 and is primarily responsible for the leasing of residential, retail and commercial properties of the SHKP group in Hong Kong and on the mainland. 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, 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 2022, Mr. Kwok is entitled to receive 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: 71)

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

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

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, 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 2022, Mr. Prince is entitled to receive 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: 69)

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, 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 2022, Mr. Siu is entitled to receive 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: 58)

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 has been appointed as an executive director of SHKP with effect from 23 August 2022. Mr. Chan 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. He is a project director for various key residential, commercial, industrial and mixed developments both in Hong Kong and on the mainland. Mr. Chan is also an executive director of Sun Hung Kai Architects and Engineers Limited, a wholly-owned subsidiary of SHKP, and is responsible for design aspects including architectural, structural, electrical and mechanical, landscape and interior design of various development projects.

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

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, 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 2022, Mr. Chan is entitled to receive 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: 67)

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, 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 2022, Professor Li is entitled to receive 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.

King Yeo-chi, Ambrose (Age: 87)

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, 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 2022, Professor King is entitled to receive 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: 72)

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 an independent non-executive director of VTech Holdings Limited. He has served 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) and a member of the Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited (1999 – 2003) and the Financial Reporting Council (FRC) (December 2014 – September 2021). Mr. Wong was an audit partner of PricewaterhouseCoopers, Hong Kong before his retirement on 30 June 2005.

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

Save as disclosed above, Mr. Wong (i) did not hold any other directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other position in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on The 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, 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 2022, Mr. Wong is entitled to receive 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: 63)

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 is an independent non-executive director and a member of each of the nominations committee and the technology advisory panel of MTR Corporation Limited. Mr. Lee has more than 30 years of experience in business and technology management gained in both Hong Kong and overseas. He was the executive director of information technology ("IT") of The Hong Kong Jockey Club ("HKJC"), where he served as member of board of management and had overall responsibility for HKJC's IT strategy and innovation.

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

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

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

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

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

There is no service contract entered into between the Company and Mr. Lee. Mr. Lee received an appointment letter from the Company for his appointment as an Independent Non-Executive Director of the Company, 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 2022, Mr. Lee is entitled to receive 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: 43)

Ms. Cheng has been an Independent Non-Executive Director of the Company since 31 October 2019. She is also a member of the Corporate Governance Committee of the Board. Ms. Cheng has served in the technology and internet industry for over 20 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. She is an independent non-executive member of the Global Council and the risk management and audit committee at Herbert Smith Freehills LLP as well as a board observer and advisor to HotelBeds Group. She also served as an advisor to the Office of the President and the global leadership team at Mars, Inc. between 2019 and 2022.

Ms. Cheng holds a Bachelor of Arts degree in Engineering and a Master of Engineering degree from The University of Cambridge, and a Graduate Certificate in Artificial Intelligence from 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, 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 2022, Ms. Cheng is entitled to receive a director's fee of HK$175,000 for being a director of the Company and a member of the Corporate Governance Committee of the Board. 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.

Leong Kwok-kuen, Lincoln (Age: 61)

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 an independent non-executive director and a member of the audit and risk management committee of Link Asset Management Limited (manager of Link Real Estate Investment Trust), an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited and a non-executive director and the chairman of the audit committee of Hongkong Land Holdings Limited. Mr. Leong was previously an executive director and the chief executive officer of MTR Corporation Limited and a non-executive director of Jardine Strategic Holdings Limited and Mandarin Oriental International Limited.

Mr. Leong is a board member, an executive committee member and 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, 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 2022, Mr. Leong is entitled to receive 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.

SENIOR MANAGEMENT

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

Directors' Report

The Directors are pleased to present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be holding investments in various subsidiaries. Particulars of the Company's principal subsidiaries, including their respective activities, are set out in note 37 to the consolidated financial statements.

Revenue and contributions to operating results are principally derived from activities in Hong Kong. Segment information about the businesses of the Group for the year ended 30 June 2022 is set out in note 7 to the consolidated financial statements.

GROUP RESULTS

The results of the Group for the year ended 30 June 2022 are set out in the section headed "Consolidated Statement of Profit or Loss" on page 73.

DIVIDEND

The board of Directors (the "Board") recommended the payment of a final dividend of HK20.80 cents per share (2021: HK19.40 cents per share) to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Thursday, 3 November 2022, making a total dividend of HK20.80 cents per share for the full year ended 30 June 2022 (2021: HK19.40 cents per share). The proposed final dividend will be paid on Thursday, 24 November 2022 following the approval at the forthcoming annual general meeting of the Company (the "2022 AGM"). Shares of the Company will be traded ex-dividend as from Tuesday, 1 November 2022.

In addition, subject to the resolution for declaring the aforesaid final dividend being duly passed at the 2022 AGM, pursuant to the deed poll constituting the convertible notes dated 25 November 2010 (the "Convertible Notes"), the Company will, on Thursday, 24 November 2022, pay to the noteholders of the Company (the "Noteholders") whose names appear on the register of Noteholders on Thursday, 3 November 2022, HK20.80 cents for each share which such Noteholders would have become holders of, had such Noteholders' Convertible Notes then outstanding been converted on Thursday, 3 November 2022.

The dividend policy of the Company aims at maintaining a stable dividend payout to the Shareholders. The actual dividend payout will be based on the Group's financial performance, capital requirements, future investment plans, cash flow, general business and economic environment, etc.

BUSINESS REVIEW

A fair review of the business of the Group for the financial year ended 30 June 2022, other important events, and an indication of likely future business development of the Group are provided in "Chairman's Statement" and "Management Discussion and Analysis" on pages 8 to 11 and pages 12 to 19 respectively. A description of the principal risks and uncertainties facing the Group can be found in the section headed "Risk Management and Internal Control" in the "Corporate Governance Report" on pages 66 to 67. The Group's environmental policies and performance, and key relationships with its stakeholders will be included in a separate Environmental, Social and Governance Report. All such descriptions and discussions form part of this report.

The Group and its activities are subject to requirements under various laws. These include, among others, the Employment Ordinance (Cap. 57), the Trade Descriptions Ordinance (Cap. 362), the Personal Data (Privacy) Ordinance (Cap. 486), the Competition Ordinance (Cap. 619), the Buildings Ordinance (Cap. 123), the Buildings Energy Efficiency Ordinance (Cap. 610), and the applicable regulations, guidelines, policies and terms of licences issued or promulgated under or in connection with these and other statutes. In addition, the Cayman Islands Companies Act (As Revised), the Companies Ordinance (Cap. 622), the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the relevant provisions in the Securities and Futures Ordinance (Cap. 571) (the "SFO") in relation to, among other things, the disclosure of information and corporate governance, apply to the Company. The Company seeks to ensure compliance with these requirements through various measures such as internal controls and approval procedures, training and oversight of various business units with designated resources at different levels of the Group. While these measures require considerable internal resources and result in additional operational cost, the Group highly values the importance of ensuring compliance with applicable legal and regulatory requirements.

GROUP FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the five years ended 30 June 2022 is set out on page 5.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out on page 76 and in note 36 to the consolidated financial statements respectively.

INVESTMENT PROPERTY

Details of movements during the year in the investment property of the Group are set out in note 14 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

PROPERTIES

Particulars of properties held by the Group at 30 June 2022 are set out on page 140.

BANK BORROWINGS

Details of bank borrowings as at 30 June 2022 are set out in note 25 to the consolidated financial statements.

SHAREHOLDER'S LOAN

Details of shareholder's loan as at 30 June 2022 are set out in note 26 to the consolidated financial statements.

INTEREST CAPITALISED

Interest capitalised during the year amounted to HK$166,872,000.

SHARES ISSUED

During the year, 1,388,000 shares (2021: 8,476,000 shares) of the Company were issued and allotted as fully paid shares for a total consideration of HK$7,506,580 (2021: HK$28,825,098) as a result of the exercise of share options under the share option scheme of the Company.

Details of movements in the share capital of the Company are set out in note 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no pre-emptive rights provisions under the amended and restated articles of association of the Company (the "Amended and Restated Articles of Association") or the laws of the Cayman Islands, under which the Company would be required to offer new shares on a pro-rata basis to its existing shareholders.

DIRECTORS

The Directors during the year ended 30 June 2022 and up to the date of this report were:

Executive Directors:

Kwok Ping-luen, Raymond
Fung Yuk-lun, Allen
Tong Kwok-kong, Raymond
Tung Chi-ho, Eric
Chan Man-yuen, Martin
Lau Yeuk-hung, Fiona

Non-Executive Directors:

Cheung Wing-yui
Kwok Kai-wang, Christopher
David Norman Prince
Siu Hon-wah, Thomas
Chan Hong-ki, Robert

Independent Non-Executive Directors:

Li On-kwok, Victor
King Yeo-chi, Ambrose
Wong Kai-man
Lee Wai-kwong, Sunny
Cheng Ka-lai, Lily
Leong Kwok-kuen, Lincoln

In accordance with Article 116 of the Amended and Restated Articles of Association, Mr. Fung Yuk-lun, Allen, Mr. Chan Man-yuen, Martin, Ms. Lau Yeuk-hung, Fiona, Mr. Chan Hong-ki, Robert, Professor King Yeo-chi, Ambrose and Ms. Cheng Ka-lai, Lily will retire from office by rotation and, being eligible, have offered themselves for re-election at the 2022 AGM. Professor King Yeo-chi, Ambrose, an Independent Non-Executive Director, has served the Company for more than nine years. Pursuant to the Corporate Governance Code of the Listing Rules, his re-election will be subject to a separate resolution to be approved at the 2022 AGM.

1. Directors' Service Contracts

Executive Directors

Each of the Executive Directors has entered into a service agreement with the Company. Each agreement is for a period of three years commencing on the date of appointment of the respective Directors and shall continue thereafter until terminated by either party giving written notice to the other (save the ones for Mr. Kwok Ping-luen, Raymond and Mr. Tung Chi-ho, Eric, which commenced on 1 March 2003 for a period of three years and shall continue thereafter until terminated by either party giving to the other not less than six months' notice in writing).

Non-Executive Directors

Each of the Non-Executive Directors (including the Independent Non-Executive Directors) 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. Pursuant to the Amended and Restated Articles of Association, at each annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

None of the Directors being proposed for re-election at the 2022 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

2. Directors' Interests in Transactions, Arrangements and Contracts

During the year, the Group had certain transactions with Sun Hung Kai Properties Limited ("SHKP") and its affiliates other than members of the Group. Details of these transactions are set out in the section headed "Connected Transactions and Continuing Connected Transactions" on pages 44 to 51. Certain Directors, namely Mr. Kwok Ping-luen, Raymond, Mr. Fung Yuk-lun, Allen, Mr. Tung Chi-ho, Eric, Mr. Cheung Wing-yui, Mr. Kwok Kai-wang, Christopher, Mr. David Norman Prince, Mr. Siu Hon-wah, Thomas and Mr. Chan Hong-ki, Robert are also directors of, or hold certain posts in, SHKP, its subsidiaries and/or associates from time to time but excluding the Group (the "SHKP Group"), and they had abstained from voting on the board resolutions of the Company to approve the relevant transactions as they are regarded as materially interested in these transactions or to avoid potential conflict of interests.

Other than as disclosed above, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, were entered into or subsisted at the end of the year or at any time during the year ended 30 June 2022.

3. Independent Non-Executive Directors

Confirmation of Independence

The Company has received from each of Professor Li On-kwok, Victor, Professor King Yeo-chi, Ambrose, Mr. Wong Kai-man, Mr. Lee Wai-kwong, Sunny, Ms. Cheng Ka-lai, Lily and Mr. Leong Kwok-kuen, Lincoln an annual confirmation of his/her independence pursuant to the independence guidelines under the Listing Rules (the "Independence Guidelines") and considers that all the Independent Non-Executive Directors are independent.

DIRECTORS' PROFILE

The Directors' profile is set out on pages 20 to 32.

DIRECTORS' INTERESTS

As at 30 June 2022, 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 SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to 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

	Number of shares held							
Name of Director	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Sub-total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2022
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	8,000,000[2]	12,000,000	0.51
Tong Kwok-kong, Raymond	200,000	–	–	–	200,000	8,000,000[2]	8,200,000	0.35
Chan Man-yuen, Martin	12,000	–	–	–	12,000	4,290,000[2]	4,302,000	0.18
Lau Yeuk-hung, Fiona	–	–	–	–	–	5,000,000[2]	5,000,000	0.21
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
Leong Kwok-kuen, Lincoln	–	–	142[4]	–	142	–	142	0.00

Notes:

1. Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 3,485,000 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.

2. These underlying shares of the Company held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its share option scheme. Particulars of these share options and their movements during the year ended 30 June 2022 are set out in the section headed "Share Option Scheme".

3. Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 9,787,658 shares in the Company by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of 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.

4. These shares in the Company were held by a corporation wholly-owned and controlled by Mr. Leong Kwok-kuen, Lincoln.

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

(a) SHKP

	Number of shares held							
Name of Director	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests	Sub-total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2022
Kwok Ping-luen, Raymond	188,743	1,580,000[1]	–	545,851,186[2]	547,619,929	–	547,619,929	18.90
Kwok Kai-wang, Christopher	110,000[3]	60,000[1]	–	672,804,601[2&4]	672,974,601	–	672,974,601	23.22
David Norman Prince	2,000	–	–	–	2,000	–	2,000	0.00
Siu Hon-wah, Thomas	–	–	–	7,000[5]	7,000	–	7,000	0.00
Chan Hong-ki, Robert	100,000	–	–	–	100,000	–	100,000	0.00
Leong Kwok-kuen, Lincoln	244,154	6,000[1]	255,111[6]	1,124,118[7]	1,629,383	–	1,629,383	0.06

Notes:

1. These shares in SHKP were held by the spouse of the Director concerned.

2. Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 545,851,186 shares in SHKP by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.

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

4. 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.

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

6. Among these shares in SHKP, 203,111 shares were held by a corporation wholly-owned and controlled by Mr. Leong Kwok-kuen, Lincoln ("Mr. Leong") and 52,000 shares were held by corporations in which Mr. Leong was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of such corporations.

7. Mr. Leong is one of the executors of an estate, which consists of 1,124,118 shares in SHKP.

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

Name of Director	Number of shares held: Personal interests (held as beneficial owner)	Other interests	Sub-total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2022
Kwok Ping-luen, Raymond	–	5,162,337[1]	5,162,337	–	5,162,337	0.47
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	1.09

Notes:

1. 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.

2. 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 30.06.2022
Splendid Kai Limited *(commenced members' voluntary liquidation on 15 June 2022)*	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:

1. Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in these shares by virtue of them being beneficiaries of 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 30 June 2022, 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

1. Share Option Scheme of the Company

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

During the year ended 30 June 2022, the Company granted 11,320,000 share options under the 2012 Scheme on 4 May 2022. Particulars of the outstanding share options granted under the 2012 Scheme and their movements during the year ended 30 June 2022 were as follows:

				Number of share options					
Grantees	Date of grant	Exercise price per share	Exercise period[1]	Balance as at 01.07.2021	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2022	Closing price per share
		HK$							HK$
(i) Directors									
Fung Yuk-lun, Allen	22.05.2019	6.688	22.05.2020 to 21.05.2024	4,000,000	–	–	–	4,000,000	N/A
	04.05.2022	6.532	04.05.2023 to 03.05.2027	N/A	4,000,000	–	–	4,000,000	6.55[2]
Tong Kwok-kong, Raymond	19.06.2018	5.048	19.06.2019 to 18.06.2023	4,000,000	–	–	–	4,000,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	4,000,000	–	–	–	4,000,000	N/A
Chan Man-yuen, Martin	22.05.2019	6.688	22.05.2020 to 21.05.2024	1,790,000	–	–	–	1,790,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	2,500,000	–	–	–	2,500,000	N/A
Lau Yeuk-hung, Fiona	19.06.2018	5.048	19.06.2019 to 18.06.2023	1,500,000	–	–	–	1,500,000	N/A
	22.05.2019	6.688	22.05.2020 to 21.05.2024	1,000,000	–	–	–	1,000,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	2,500,000	–	–	–	2,500,000	N/A
(ii) Other employees	19.06.2018	5.048	19.06.2019 to 18.06.2023	970,000	–	(40,000)	–	930,000	7.95[3]
	22.05.2019	6.688	22.05.2020 to 21.05.2024	3,017,000	–	(30,000)	(180,000)	2,807,000	7.18[3]
	17.06.2020	5.39	17.06.2021 to 16.06.2025	10,030,000	–	(1,208,000)	(1,050,000)	7,772,000	6.76[3]
	17.06.2020	5.39	01.07.2021 to 16.06.2025	500,000	–	(50,000)	–	450,000	7.28[3]
	17.06.2020	5.39	02.09.2021 to 16.06.2025	600,000	–	–	–	600,000	N/A
	05.05.2021	7.982	05.05.2022 to 04.05.2026	4,370,000	–	–	(220,000)	4,150,000	N/A
	05.05.2021	7.982	15.07.2022 to 04.05.2026	400,000	–	–	–	400,000	N/A
	04.05.2022	6.532	04.05.2023 to 03.05.2027	N/A	6,870,000	–	–	6,870,000	6.55[2]
	04.05.2022	6.532	01.06.2023 to 03.05.2027	N/A	350,000	–	–	350,000	6.55[2]
(iii) Other participants	17.06.2020	5.39	17.06.2021 to 16.06.2025	200,000	–	(60,000)	(140,000)	–	7.00[3]
	05.05.2021	7.982	05.05.2022 to 04.05.2026	400,000	–	–	(400,000)	–	N/A
	05.05.2021	7.982	05.10.2022 to 04.05.2026	800,000	–	–	–	800,000	N/A
	04.05.2022	6.532	04.05.2023 to 03.05.2027	N/A	100,000	–	–	100,000	6.55[2]
Total				42,577,000	11,320,000	(1,388,000)	(1,990,000)	50,519,000	

Notes:

1. The share options of the Company can be exercised up to 30% of the grant from the first anniversary of the date of grant, up to 60% of the grant from the second anniversary of the date of grant, and in whole or in part of the grant from the third anniversary of the date of grant (except that for the exercise period of the share options granted to certain employees of the Group and/or other participants on 17 June 2020, 5 May 2021 and 4 May 2022 respectively, 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 or secondment of the respective employees or participants ("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 closing price of the shares of the Company immediately before the date on which the share options were granted.

3. 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 year ended 30 June 2022.

Details of the value of the share options granted by the Company during the year ended 30 June 2022, and the accounting policy adopted for the share options are set out in note 28 to the consolidated financial statements.

2. Major Terms of the Share Option Scheme

The major terms of the 2012 Scheme are as follows:

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

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

3. The total number of shares of the Company which may be issued upon exercise of all options to be granted under the 2012 Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the 2012 Scheme by the Shareholders. The 10% limit may be refreshed with the approval of the Shareholders in general meeting. The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2012 Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares of the Company in issue from time to time (or such higher percentage as may be allowed under the Listing Rules). As at 1 September 2022, being the date of this report, the number of shares of the Company available for issue under the 2012 Scheme is 215,548,953 shares, representing approximately 9.22% of the issued shares of the Company.

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

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

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

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

8. The exercise price of a share option to subscribe for shares of the Company shall be at least the highest of:

    - the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;

    - the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made to a participant; and

    - the nominal value of the shares of the Company.

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

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme as mentioned above, at no time during the year ended 30 June 2022 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

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

CONVERTIBLE NOTES

There has been no issue or conversion of any Convertible Notes during the year ended 30 June 2022.

Save as aforesaid, none of the Company or any of its subsidiaries had any outstanding convertible securities, options, warrants or similar rights as at 30 June 2022, and there has been no issue or exercise of any convertible securities, options, warrants or similar rights during the year.

GROUP'S EMOLUMENT POLICY

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

(a) Emolument Policy

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

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

(b) Incentive Scheme

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

2. Basis of Determining Emolument to Directors

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

PERMITTED INDEMNITY

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 June 2022, none of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2022, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Number of shares held	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2022
Sunco Resources Limited ("Sunco")[1]	1,719,427,500	1,719,427,500[2]	3,438,855,000	147.02
SHKP[3]	1,719,427,500	1,719,427,500[2]	3,438,855,000	147.02
HSBC Trustee (C.I.) Limited ("HSBCCI")[4]	1,721,567,500	1,719,427,500[2]	3,440,995,000	147.11

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 30 June 2022, 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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 30 June 2022 are disclosed in note 29 to the consolidated financial statements. Some of these transactions also constituted connected transactions or continuing connected transactions under the Listing Rules, as identified below.

CONNECTED TRANSACTIONS

1. Building Contracts

(i) On 22 May 2015, Wealth Up Development Limited ("Wealth Up", a wholly-owned subsidiary of the Company) entered into a building contract (as more particularly described in the announcement of the Company dated 22 May 2015) (the "2015 Building Contract") with Sanfield Engineering Construction Limited (the "Main Contractor", a wholly-owned subsidiary of SHKP, which in turn is the controlling shareholder of the Company), pursuant to which the Main Contractor has agreed to carry out, take full responsibility for the care of, and complete the construction of a high-tier data centre consisting of two towers on Tseung Kwan O Town Lot No. 122 from pile cap upwards with an estimated maximum gross floor area of approximately 44,000 square metres and certain fitting-out works and all external works (the "2015 Project") at a contract sum of HK$1,038,800,000, subject to adjustments. The Company was then governed by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"), and the entering into of the 2015 Building Contract constituted a major and connected transaction of the Company under Chapters 19 and 20 of the GEM Listing Rules. Further particulars of the 2015 Building Contract were set out in the announcement of the Company dated 22 May 2015.

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

(ii) On 5 May 2020, Capital Way (H.K.) Limited (a wholly-owned subsidiary of the Company) entered into a building contract (as more particularly described in the announcement of the Company dated 5 May 2020) (the "2020 Building Contract") with the Main Contractor, pursuant to which the Main Contractor has agreed to carry out, take full responsibility for the care of, and complete the construction of a 21-storey high building on a piece of land located at Ma Kok Street, Tsuen Wan, New Territories, Hong Kong and registered in the Land Registry as Tsuen Wan Town Lot No. 428 (the "Land") from basement enclosure upwards with a maximum gross floor area of approximately 201,700 square feet and certain fitting out works and all external works including coordination of various nominated sub-contracted works that are tendered out separately at a contract sum of HK$821,143,855, subject to adjustments. The entering into of the 2020 Building Contract constituted a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules. Further particulars of the 2020 Building Contract were set out in the announcement of the Company dated 5 May 2020.

At the extraordinary general meeting of the Company held on 23 June 2020, an ordinary resolution approving the 2020 Building Contract and the transactions contemplated thereunder (as more particularly described in the circular of the Company to its Shareholders dated 26 May 2020) was duly passed by the then independent Shareholders.

(iii) On 3 November 2020, Easy Vision Development Limited (a wholly-owned subsidiary of the Company) entered into a building contract (as more particularly described in the announcement of the Company dated 3 November 2020) (the "2020 Building Contract 2") with the Main Contractor, pursuant to which the Main Contractor has agreed to carry out, take full responsibility for the care of, and complete the construction of a high-tier data centre comprising two towers on a piece of land located at Wan Po Road, Area 85, Tseung Kwan O, New Territories, Hong Kong and registered in the Land Registry as Tseung Kwan O Town Lot No. 131 with a maximum gross floor area of approximately 1.2 million square feet and certain fitting out works and all external works including coordination of various nominated sub-contracted works that are tendered out separately. The building works are carried out in two phases, being (i) the construction of Tower A (with 10 storeys and one-level of basement) and a two-level basement carpark of Tower B at phase one (the "Phase 1 Works"); and (ii) the construction of 10 storeys of Tower B (which includes superstructure construction of Tower B only) at phase two (the "Phase 2 Works"). The contract sum is HK$3,605,000,000 (which comprises the contract sum for the Phase 1 Works of HK$2,030,000,000 and the contract sum for the Phase 2 Works of HK$1,575,000,000), subject to adjustments. The entering into of the 2020 Building Contract 2 constituted a major and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules. Further particulars of the 2020 Building Contract 2 were set out in the announcement of the Company dated 3 November 2020.

At the extraordinary general meeting of the Company held on 22 December 2020, an ordinary resolution approving the 2020 Building Contract 2 and the transactions contemplated thereunder (as more particularly described in the circular of the Company to its Shareholders dated 24 November 2020) was duly passed by the then independent Shareholders.

2. Building Works and Managed Services Agreement

On 25 November 2016, Wealth Up entered into a building works and managed services agreement (as more particularly described in the announcement of the Company dated 25 November 2016) (the "Building Works and Managed Services Agreement") with the Main Contractor, pursuant to which the Main Contractor has agreed to supply, construct and complete the builder's works for the enhancement of the 2015 Project in order to meet the builder's works requirement arising from the newly enhanced design of the 2015 Project with reference to the 2015 Building Contract for increasing capacities of the 2015 Project and addressing the latest demand requirements from the market at a contract sum of HK$124,380,000, subject to adjustments. The entering into of the Building Works and Managed Services Agreement constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Further particulars of the Building Works and Managed Services Agreement were set out in the announcement of the Company dated 25 November 2016.

3. Project Management Agreement

On 16 May 2018, iAdvantage Limited ("iAdvantage", a subsidiary of the Company) entered into a project management agreement (the "Project Management Agreement") with Sun Hung Kai Real Estate Agency Limited ("SHKREA", a wholly-owned subsidiary of SHKP) in relation to the appointment of SHKREA as the project manager to generally manage, supervise and control the projects for (i) the development of a high grade industrial building to be constructed on the Land (the "Tsuen Wan Project"); and (ii) the revitalisation of MEGA-iAdvantage located at 399 Chai Wan Road and 1 Sun Yip Street, Chai Wan, Hong Kong and registered in the Land Registry as Chai Wan Inland Lot No. 30 (the "Chai Wan Project") at a project management fee in an aggregate sum of HK$11,000,000 (comprising HK$7,000,000 for the Tsuen Wan Project and HK$4,000,000 for the Chai Wan Project). The entering into of the Project Management Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Further particulars of the Project Management Agreement were set out in the announcement of the Company dated 16 May 2018.

4. Works Contracts

(i) On 23 May 2018, iAdvantage entered into the Works Contracts comprising the Sanfield A&A Works Contract and the Lik On Security System Works Contract (all as defined and as more particularly described in the announcement of the Company dated 23 May 2018) with the Main Contractor and Lik On Security Limited ("Lik On", a wholly-owned subsidiary of SHKP) respectively. Pursuant to the Sanfield A&A Works Contract, the Main Contractor has agreed to carry out, be responsible for, and complete the A&A (i.e. addition and alteration) builder's works, fitting out works and building services installation at the ground floor to the fourth floor of MEGA-iAdvantage which form part of the Chai Wan Project at a contract sum not exceeding HK$59,070,000. Pursuant to the Lik On Security System Works Contract, Lik On has agreed to carry out, be responsible for, and complete the security systems enhancement works of MEGA-iAdvantage which form part of the Chai Wan Project at a contract sum not exceeding HK$20,160,000. The entering into of the Sanfield A&A Works Contract and the Lik On Security System Works Contract constituted connected transactions of the Company under Chapter 14A of the Listing Rules. Further particulars of the Works Contracts were set out in the announcement of the Company dated 23 May 2018.

(ii) On 11 May 2020, iAdvantage entered into a supplementary agreement with the Main Contractor (the "Supplementary Agreement") to supplement the Sanfield A&A Works Contract, to cover certain additional works to be carried out for the Chai Wan Project for an additional amount of approximately HK$49,340,000. The entering into of the Supplementary Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Further particulars of the Supplementary Agreement were set out in the announcement of the Company dated 11 May 2020.

(iii) On 23 March 2022, iAdvantage entered into a security systems works contract (the "Security System Works Contract") with Lik On, pursuant to which Lik On has agreed to carry out, be responsible for and complete the security systems works, including the supply and installation of CCTV and access control systems in the communal area and the data hall of MEGA Gateway located at the Land at a contract sum of HK$4,505,670. Prior to the entering into of the Security System Works Contract, iAdvantage entered into a security systems works contract (the "Previous Security System Works Contract") with Lik On on 4 February 2021 for the supply and installation of CCTV and access control systems in the communal area of MEGA Gateway at a contract sum of HK$14,835,365. The transactions contemplated under the Security System Works Contract and the Previous Security System Works Contract constituted connected transactions of the Company under Chapter 14A of the Listing Rules and were aggregated and treated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. Further particulars of the Security System Works Contract and the Previous Security System Works Contract were set out in the announcement of the Company dated 23 March 2022.

(iv) iAdvantage was entering into further security systems works contracts in stages with Lik On (the first one was executed on 29 June 2022) (the "Further Security System Works Contracts"), pursuant to which Lik On shall carry out, be responsible for and complete the security systems works, including the further supply and installation of CCTV and access control systems in the communal area and the rest of the data halls of MEGA Gateway at the aggregate contract amount of up to HK$9,011,340. The entering into of the Further Security System Works Contracts constituted connected transactions of the Company under Chapter 14A of the Listing Rules. Moreover, the transactions contemplated under the Further Security System Works Contracts were aggregated with the transactions under the Security System Works Contract and the Previous Security System Works Contract and treated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. Further particulars of the Further Security System Works Contracts were set out in the announcement of the Company dated 29 June 2022.

5. Lease Agreement

On 7 July 2021, iAdvantage entered into a lease agreement (the "Lease Agreement") with Orientfunds Sourcing (Holdings) Limited (the "Landlord", a joint venture company, 50% of the issued shares of which are indirectly held by SHKP (through its wholly-owned subsidiary)) for the leasing of the whole of the six-storey warehouse building on No. 11 On Chuen Street, Fanling, New Territories, Hong Kong erected on Fanling Sheung Shui Town Lot No. 2 by iAdvantage as tenant from the Landlord for a term of 11 years and 5 months commencing from 1 June 2023 and expiring on 31 October 2034 (both days inclusive) for the use of provision of data centre services. The total rent payable during the term of the Lease Agreement amounts to approximately HK$251 million. The entering into of the Lease Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Further particulars of the Lease Agreement were set out in the announcement of the Company dated 7 July 2021.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 30 June 2022, the Group conducted the following transactions which constituted continuing connected transactions under the Listing Rules.

Continuing Connected Transactions 2020–2023

On 5 May 2020, the Company renewed and entered into new agreements governing the Transactions Requiring Approval and the Transactions Exempt from Approval (both as defined and as more particularly described in the announcement of the Company dated 5 May 2020) with SHKP, a substantial shareholder of the Company, or Sun Hung Kai Properties Insurance Limited ("SHKI", a wholly-owned subsidiary of SHKP) (as the case may be), each for a term of three years commencing from 1 July 2020 and ending on 30 June 2023.

Details of the Transactions Requiring Approval and the Transactions Exempt from Approval (together the "Continuing Connected Transactions 2020–2023") are as follows:

1. Transactions Requiring Approval

   At the extraordinary general meeting of the Company held on 23 June 2020, ordinary resolutions approving the Transactions Requiring Approval (as defined and as more particularly described in the circular of the Company to its Shareholders dated 26 May 2020) were duly passed by the then independent Shareholders in respect of the following continuing connected transactions subject to the caps for the respective periods as stated below:

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

   Members of the Group provided services to members of the SHKP Group in connection with (i) the design, installation, operation and provision of extra-low voltage ("ELV") and information technology ("IT") systems (including but not limited to satellite master antenna television ("SMATV")/communal aerial broadcasting distribution ("CABD"), access control, car park control and other security systems); and (ii) the laying of cable network (including but not limited to voice and data network, building services access, and power supply), optical fiber network, broadband network and other IT infrastructure networks in buildings owned and/or managed by the SHKP Group on a project basis (the "System and Networking Arrangement"). The Group charged the relevant members of the SHKP Group service fees for the provision of such services.

   The annual caps for service fees in respect of the System and Networking Arrangement receivable by the Group for the three financial years ended/ending 30 June 2021, 2022 and 2023 are HK$100,200,000, HK$132,800,000 and HK$212,700,000 respectively.

   During the year ended 30 June 2022, the aggregate amount of service fees in respect of the System and Networking Arrangement received/receivable by the Group from the SHKP Group was HK$81,066,000.

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

Members of the Group were engaged by members of the SHKP Group to carry out maintenance and repair works for (i) ELV and IT systems (including but not limited to SMATV/CABD, access control, car park control and other security systems); and (ii) cable network (including but not limited to voice and data network, building services access, and power supply), optical fiber network, broadband network, and other IT infrastructure networks in buildings owned and/or managed by the SHKP Group on a project basis (the "Maintenance Arrangement"). The Group charged the relevant members of the SHKP Group fees for services provided under the Maintenance Arrangement.

The annual caps for service fees in respect of the Maintenance Arrangement receivable by the Group for the three financial years ended/ending 30 June 2021, 2022 and 2023 are HK$76,900,000, HK$87,300,000 and HK$99,200,000 respectively.

During the year ended 30 June 2022, the aggregate amount of service fees in respect of the Maintenance Arrangement received/receivable by the Group from the SHKP Group was HK$54,713,000.

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

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

The annual caps for service fees in respect of the System and Networking Sub-contracting Arrangement payable by the Group to the SHKP Group for the three financial years ended/ending 30 June 2021, 2022 and 2023 are HK$9,000,000, HK$15,200,000 and HK$22,200,000 respectively.

During the year ended 30 June 2022, the aggregate amount of service fees in respect of the System and Networking Sub-contracting Arrangement paid/payable by the Group to the SHKP Group was HK$4,483,000.

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

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

The annual caps for service fees in respect of the Maintenance Sub-contracting Arrangement payable by the Group to the SHKP Group for the three financial years ended/ending 30 June 2021, 2022 and 2023 are HK$6,000,000, HK$8,300,000 and HK$10,600,000 respectively.

During the year ended 30 June 2022, the aggregate amount of service fees in respect of the Maintenance Sub-contracting Arrangement paid/payable by the Group to the SHKP Group was HK$3,541,000.

2. Transactions Exempt from Approval

(a) Space and rack rental

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

The annual caps for the rental and license fees in respect of the Space and Rack Rental Arrangement receivable by the Group for the three financial years ended/ending 30 June 2021, 2022 and 2023 are HK$4,142,000, HK$4,829,000 and HK$5,529,000 respectively.

During the year ended 30 June 2022, the aggregate amount of rental and license fees in respect of the Space and Rack Rental Arrangement received/receivable by the Group from the SHKP Group was HK$3,645,000.

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

Members of SHKP Group, as the building manager appointed by the owners of the relevant buildings in accordance with the terms of the relevant deeds of mutual covenant and management agreements, provided building management services (the "Building Management Services") in relation to certain properties of the Group including those situated at Millennium City 1 in Kwun Tong, Kowloon, Hong Kong. The relevant members of the Group paid management fees to the relevant building manager on the same basis as the other owners of the relevant buildings in accordance with the relevant deeds of mutual covenant and management agreements.

Members of the SHKP Group also provided cleaning and sanitary services, security guard services, ad hoc facilities fixing services, small scale and miscellaneous repairs services in relation to all data centres of the Group (which together with the arrangements under the Building Management Services are collectively referred to as the "Property Management Arrangement").

The annual caps for service fees in respect of the Property Management Arrangement payable by the Group to the SHKP Group for the three financial years ended/ending 30 June 2021, 2022 and 2023 are HK$11,650,000, HK$13,144,000 and HK$20,739,000 respectively.

During the year ended 30 June 2022, the aggregate amount of service fees in respect of the Property Management Arrangement paid/payable by the Group to the SHKP Group was HK$8,923,000.

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

Various members of the Group maintained insurance cover with or through SHKI for members of the Group and for certain sub-contractors engaged by the members of the Group (the "Insurance Arrangement").

The annual caps for insurance premiums in respect of the Insurance Arrangement payable by the Group to SHKI for the three financial years ended/ending 30 June 2021, 2022 and 2023 are HK$6,465,000, HK$7,683,000 and HK$9,886,000 respectively.

During the year ended 30 June 2022, the aggregate amount of insurance premiums in respect of the Insurance Arrangement paid/payable by the Group to SHKI was HK$4,390,000.

The Independent Non-Executive Directors have reviewed the Continuing Connected Transactions 2020–2023 for the year ended 30 June 2022 and confirmed that the Continuing Connected Transactions 2020–2023 for the year ended 30 June 2022 have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company has performed procedures in respect of the Continuing Connected Transactions 2020–2023 for the year ended 30 June 2022 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and has confirmed that for the year ended 30 June 2022, nothing has come to its attention that causes it to believe that the Continuing Connected Transactions 2020–2023 (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (d) have exceeded the annual caps as set by the Company.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and the continuing connected transactions entered into by the Group during the year ended 30 June 2022.

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

During the year ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

SIGNIFICANT CONTRACTS

During the year ended 30 June 2022, the Group had certain transactions with SHKP and its affiliates other than members of the Group. Details of these transactions are set out in the section headed "Connected Transactions and Continuing Connected Transactions" on pages 44 to 51 and in note 29 "Related Party Transactions and Balances" to the consolidated financial statements. There was no other contract of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year. Furthermore, there was no other contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest suppliers (including the SHKP Group) of the Group accounted for about 43% of the Group's total operating costs and the largest supplier, accounted for about 12% of the total operating costs.

During the year, the five largest customers (including the SHKP Group) of the Group accounted for about 48% of the Group's total revenue from sales of goods or rendering of services and the largest customer, accounted for about 17% of the total revenue from sales of goods or rendering of services.

As at 30 June 2022, (a) certain Directors had equity interests in the SHKP Group as stated in detail in the section headed "Directors' Interests"; and (b) HSBC Trustee (C.I.) Limited, a substantial Shareholder as stated in detail in the section headed "Interests of Substantial Shareholders and Other Persons", was also a substantial shareholder of SHKP.

Save as disclosed above, none of the Directors and their respective close associates and none of the Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in any of the five largest suppliers or customers of the Group for the financial year ended 30 June 2022.

AUDITOR

A resolution will be proposed at the 2022 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor and to authorise the Directors to fix its remuneration.

AUDIT COMMITTEE

The Audit Committee has reviewed the final results for the year ended 30 June 2022 and has provided advice and comments thereon. The Group's consolidated financial statements have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, and it has issued an unmodified opinion.

PENSION SCHEME

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

On top of the mandatory contributions, employees who have served for one year or more may elect to make voluntary contribution at 5% on their monthly salaries less the amount of mandatory contribution. For employees making such an election, the Group will match an equal amount of contribution. Contributions of the Group to the MPF Scheme are charged to consolidated statement of profit or loss as incurred. During the year, the retirement benefit scheme contributions borne by the Group amounted to HK$7,066,364.

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

There were forfeited contributions amounting to HK$279,315 available as at 30 June 2022 to reduce the contributions payable in future years.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

1. On 15 November 2021, Grandwide Development Limited ("Grandwide", a wholly-owned subsidiary of the Company) as borrower and the Company as guarantor signed a committed facility letter (the "2021 Facility Letter") with Bank of China (Hong Kong) Limited (the "Bank") as lender whereby the banking facilities of (a) a term loan up to HK$1,500 million (the "2021 Term Loan Facility") and (b) a revolving loan up to HK$1,500 million (the "2021 Revolving Loan Facility") (collectively the "2021 Facilities") were made available by the Bank to Grandwide subject to the terms and conditions of the 2021 Facility Letter. The amounts borrowed under the 2021 Term Loan Facility shall be repaid on the date falling five years from the date of the 2021 Facility Letter countersigned by Grandwide and the Company (the "2021 Facilities Maturity Date"), while under the 2021 Revolving Loan Facility all amounts borrowed shall be repaid or reborrowed at the end of each interest period and all outstanding amounts shall be repaid in full on the 2021 Facilities Maturity Date.

   Pursuant to the 2021 Facility Letter, Grandwide and the Company undertook to the Bank to ensure that:

   (a) SHKP would beneficially own (directly or indirectly) not less than 51% of the issued share capital of the Company; and

   (b) a comprehensive shareholder's loan facility amount (including both the total outstanding loan drawn and the undrawn committed available amount) of not less than HK$3,800 million granted or to be granted by SHKP or any of its wholly-owned subsidiary(ies) to the Company or its wholly-owned subsidiary(ies) would be maintained (collectively the "Undertakings").

   A breach of either of the Undertakings will constitute an event of default, which will lead to the Bank being entitled not to make any further advances under the 2021 Facility Letter and to declare that all amounts outstanding under the 2021 Facilities (including interests accrued) shall immediately become due and payable.

2. On 29 June 2022, Grandwide as borrower and the Company as guarantor signed a committed facility letter (the "2022 Facility Letter") with the Bank as lender whereby the banking facilities of (a) a term loan up to HK$1,000 million (the "2022 Term Loan Facility") and (b) a revolving loan up to HK$1,000 million (the "2022 Revolving Loan Facility") (collectively the "2022 Facilities") were made available by the Bank to Grandwide subject to the terms and conditions of the 2022 Facility Letter. The amounts borrowed under the 2022 Term Loan Facility shall be repaid on (a) the date falling five years from the date of the 2022 Facility Letter having been countersigned by the Borrower and the Company or (b) the final maturity date of the shareholder's loan of HK$3,800 million under the loan agreement dated 28 December 2018 entered into between a wholly-owned subsidiary of SHKP (as lender) and a wholly-owned subsidiary of the Company (as borrower), whichever is earlier (the "2022 Facilities Maturity Date"), while under the 2022 Revolving Loan Facility all amounts borrowed shall be repaid or reborrowed at the end of each interest period and all outstanding amounts shall be repaid in full on the 2022 Facilities Maturity Date.

   Pursuant to the 2022 Facility Letter, Grandwide and the Company agreed to provide the same Undertakings to the Bank.

   A breach of either of the Undertakings (if capable of being remedied, not remedied within seven business days of notice by the Bank) will constitute an event of default, which will lead to the Bank being entitled not to make any further advances under the 2022 Facility Letter and to declare that all amounts outstanding under the 2022 Facilities (including interests accrued) shall immediately become due and payable.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 55 to 68.

The Company Secretary is Ms. Bonnie Lau, who is the General Counsel of the Group, and a member of the Law Society of Hong Kong.

SUFFICIENCY OF PUBLIC FLOAT

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

On behalf of the Board

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 1 September 2022

Corporate Governance Report

INTRODUCTION

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

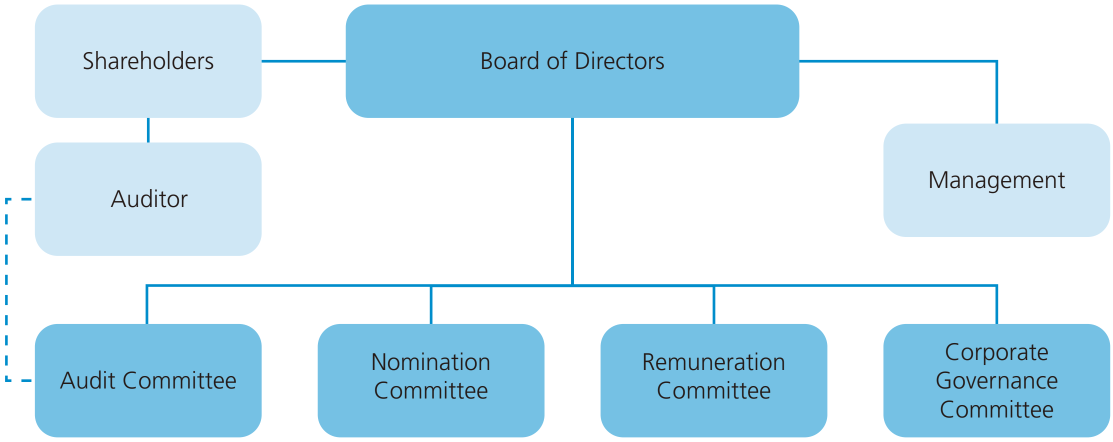
CORPORATE GOVERNANCE PRACTICES

By applying rigorous corporate governance practices, the Group maintains high standard of accountability and transparency in order to instill confidence into shareholders of the Company (the "Shareholders") and the public in the Group. Throughout the year ended 30 June 2022, the Group has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except that the Chairman of the board of Directors of the Company (the "Board") was unable to attend the annual general meeting of the Company held on 29 October 2021 (the "2021 AGM") due to other commitment.

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

GOVERNANCE STRUCTURE

Set out below is the governance structure of the Group.



THE BOARD OF DIRECTORS

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

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

Corporate Culture and Strategy

The Board acts a leading role in setting the corporate culture of the Group and developing strategies to enable it to fulfil its vision to be the leading trusted platform that empowers the world in our digital future.

To bring its vision to life, the Group is obsessed to serve its customers' growing needs by building, operating and safeguarding its robust data centre infrastructure, bringing its customers together with innovative connectivity solutions and creating a socially responsible environment. To achieve this mission, the Board, with the assistance of the Human Resources & Administration Department, instills and promotes the following cultural values in its workforce:

- Collaboration –
  - o Agreeing to a common goal
  - o Being respectful to each other
  - o Working together to help each other to achieve

- Ownership –
  - o Taking the lead
  - o Delivering quality results
  - o Follow-up and follow-through
  - o Going the extra mile

- Courage –
  - o Speaking out
  - o Taking calculated risk
  - o Challenging the status quo

- Innovation –
  - o Encouraging and embracing new ideas
  - o Willing to learn from others
  - o Welcoming small ideas

Board Composition

The Board currently comprises seventeen Directors, including the Chairman (being an Executive Director), five other Executive Directors (one of them being a Vice Chairman), five Non-Executive Directors (one of them being a Vice Chairman) and six Independent Non-Executive Directors. Further details of the composition of the Board are set out on page 3.

An updated list of Directors identifying their roles and functions and whether they are Independent Non-Executive Directors has been published on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx") respectively. The Board consists of a diverse mix of Board members in terms of age, gender and tenure of office. Besides, the Board members come from a variety of different backgrounds and have a diverse range of business, academic and professional experience. Biographical details of the Directors are set out in the section headed "Directors' Profile" on pages 20 to 32.

Current female Directors accounted for about 12% of the Board (two females out of 17 Directors). The Board targets to increase the proportion of female Directors over time when suitable candidates are identified. Details on the gender ratio of the Group among management positions and the wider workforce, together with the relevant data, can be found in the 2021/22 Environmental, Social and Governance Report, which is published on the websites of the Company and HKEx respectively.

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

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

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

The Company has mechanisms in place to ensure independent views are available to the Board. The Board has a balanced composition of Executive and Non-Executive Directors (including the Independent Non-Executive Directors) that underpins a strong independent element on the Board and brings independent views and input from Directors.

The Company currently has six Independent Non-Executive Directors, representing one-third of the members of the Board, and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Group has received from all Independent Non-Executive Directors their annual confirmation of independence, and the Group considers such Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules (the "Independence Guidelines"). The re-election of the Independent Non-Executive Directors at the forthcoming annual general meeting of the Company (the "2022 AGM") has been reviewed by the Nomination Committee and further details are set out in the section headed "Nomination Committee and Appointment of Directors" below.

Fees to Independent Non-Executive Directors are in the form of cash payment with additional fees payable to reflect membership or chairmanship of the Board Committees. None of the Independent Non-Executive Directors receives equity-based remuneration with performance-related elements.

Directors (including Independent Non-Executive Directors) may request for further information from Management on the matters to be discussed at Board meetings and Board Committees meetings. External independent professional advice is also available to all Directors whenever necessary.

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

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

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

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

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

Board Meetings

The Board held five meetings, four of which are regular meetings, during the year ended 30 June 2022. At least 14 days' formal notice of regular Board meetings were given to all Directors, who were all given an opportunity to attend and include matters in the agenda for discussion. The finalised agenda and accompanying Board papers were sent to all Directors at least 3 days prior to the regular Board meetings or Board Committees meetings. For the other Board meetings (if any), Directors would be given reasonable notice. The Board papers and related materials were in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. The Directors received prompt and full response whenever they raised any queries.

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

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

Except for those circumstances permitted by the amended and restated articles of association of the Company (the "Amended and Restated Articles of Association") and the Listing Rules, a Director who is considered to be materially interested in any transaction, arrangement or contract or any other kind of proposal put forward to the Board for consideration will abstain from voting on the relevant resolution.

Chairman of the Company

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

Responsibilities of the Chairman

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

Responsibilities of the Chief Executive Officer

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

Training and Support for Directors

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

During the year ended 30 June 2022, the Directors provided their training records to the Company in respect of their participation in training activities such as attending or giving talks at seminars and/or conferences and/or forums and/or briefings, or reading materials on various topics including the Group's businesses, corporate governance matters, and the statutory and regulatory obligations of a director of a listed company, particulars of which are as follows:

Directors	Types of training
Executive Directors	
Kwok Ping-luen, Raymond	A, B
Fung Yuk-lun, Allen	A, B
Tong Kwok-kong, Raymond	A, B
Tung Chi-ho, Eric	A, B
Chan Man-yuen, Martin	A, B
Lau Yeuk-hung, Fiona	A, B
Non-Executive Directors	
Cheung Wing-yui	A, B
Kwok Kai-wang, Christopher	A, B
David Norman Prince	A, B
Siu Hon-wah, Thomas	A, B
Chan Hong-ki, Robert	A, B
Independent Non-Executive Directors	
Li On-kwok, Victor	A, B
King Yeo-chi, Ambrose	B
Wong Kai-man	A, B
Lee Wai-kwong, Sunny	A, B
Cheng Ka-lai, Lily	A, B
Leong Kwok-kuen, Lincoln	A, B

A: attending or giving talks at seminars and/or conferences and/or forums and/or briefings
B: reading materials relevant to the businesses of the Group, corporate governance matters, and the Directors' duties and responsibilities

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct for Directors in their dealings in the securities of the Company. Upon the Group's specific enquiry, each Director has confirmed that during the year ended 30 June 2022, he/she has fully complied with the Model Code and there is no event of non-compliance. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

DELEGATION BY THE BOARD

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

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

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

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

AUDIT COMMITTEE AND ACCOUNTABILITY

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance and prospects. The Directors acknowledge their responsibility for preparing the accounts, which give a true and fair view of the financial position of the Group on a going concern basis, and for presenting a balanced, clear and understandable assessment in its annual and interim reports, and other financial disclosures required by the Listing Rules. The Management provides sufficient explanation and all relevant information and record to the Board enabling the Board to make the above assessment and to prepare the accounts and other financial disclosures. The Management also provides the Board with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their responsibilities. In addition, an explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for delivering the Company's objectives is included in the section headed "Management Discussion and Analysis" on pages 12 to 19. A statement by the external auditor of the Company in respect of their reporting responsibilities is set out in the section headed "Independent Auditor's Report" on pages 69 to 72.

The Audit Committee was established in 2000. The Chairman of the Audit Committee is Mr. Wong Kai-man, an Independent Non-Executive Director, and the other members are Mr. Cheung Wing-yui, Professor Li On-kwok, Victor and Professor King Yeo-chi, Ambrose. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

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

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

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

During the year ended 30 June 2022, the Audit Committee held five meetings. It reviewed the interim and annual results of the Group as well as discussed and reviewed financial and other reports for the year. The Audit Committee also reviewed and discussed the Group's whistleblowing policy, risk management and internal control systems, risk assessment result and internal audit activities, and audit plans for the upcoming year. Details of the relevant review are set out in the section headed "Risk Management and Internal Control" on pages 66 to 67.

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

The Audit Committee monitors the audit and non-audit services rendered to the Group by the external auditor and ensures that the engagement of the external auditor in other non-audit services, if any, will not impair its audit independence or objectivity. An independence confirmation has been obtained from Deloitte Touche Tohmatsu, the external auditor, which confirmed that during the course of its audit on the Group's consolidated financial statements for the year ended 30 June 2022 and thereafter to the date of this report, it is independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

The fees in respect of audit and non-audit services provided by the external auditor to the Group for the year ended 30 June 2022 amounted to approximately HK$1,367,000 and HK$496,000 respectively. The non-audit services represented consultancy, advisory and other review services.

REMUNERATION COMMITTEE

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

The Remuneration Committee is responsible for formulating and recommending to the Board the remuneration policy, determining and reviewing the remuneration of the Executive Directors and members of senior management of the Company, as well as reviewing and making recommendations on the grant of share options under the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. Details of remuneration paid to the Directors are set out on page 107. The Remuneration Committee consults the Chairman and/or Chief Executive Officer on its proposals and recommendations, and also has access to independent professional advice if deemed necessary. The Remuneration Committee is also provided with sufficient resources enabling it to perform its duties. The specific terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEx respectively.

During the year ended 30 June 2022, the Remuneration Committee held two meetings. It reviewed matters relating to the remuneration packages and emoluments of the Directors and senior management, and the grant of share options to a Director, as well as discussed the level of the Directors' fees of the Company. The Group's emolument policy is set out on page 43.

NOMINATION COMMITTEE AND APPOINTMENT OF DIRECTORS

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

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

A nomination policy setting out the current nomination practice (the "Nomination Policy") has been adopted by the Company. It sets out the criteria and procedures for the selection, appointment and re-appointment of the Directors. Nomination procedures under the Nomination Policy include identification and nomination of qualified individuals by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee will consider and evaluate the potential candidates by considering various factors such as their professional expertise, industry and business experience, personal ethics and integrity, time commitments, potential contribution to board diversity, any material conflict of interest with the Group, and independence with reference to the Independence Guidelines if they will be appointed as Independent Non-Executive Directors. The Nomination Committee will then make recommendation of the suitable candidates to the Board for consideration of appointment. In cases of re-appointment of existing Directors who will retire at annual general meetings or general meetings of the Company, the Nomination Committee will review the rotation and retirement of Directors and make recommendations to the Board accordingly.

During the year ended 30 June 2022, the Nomination Committee held two meetings. It discussed and reviewed the structure, size and composition of the Board, as well as other related matters, including, among other things, the re-election of retiring Directors at the 2021 AGM.

The Nomination Committee also established a board diversity policy (the "Diversity Policy"), which was adopted by the Board on 7 May 2013. The Diversity Policy sets out the approach to achieve diversity on the Board and the factors (including but not limited to age, gender, cultural and educational background, professional experience, skill and knowledge) to be considered in determining the optimum composition of the Board so as to contribute to the achievement of the Group's corporate goals and strategic objectives. The Nomination Committee will review the Nomination Policy as well as the Diversity Policy at least annually to ensure their effectiveness and will discuss any revisions that may require further consideration and approval by the Board. The Nomination Committee is of the view that the current Nomination Policy and Diversity Policy are appropriate.

In addition, the Nomination Committee reviewed the retirement and re-election of Directors at the 2022 AGM, including the re-election of those Independent Non-Executive Directors who will be subject to retirement and re-election at the 2022 AGM (the "Retiring INEDs"). The Retiring INEDs have met the Independence Guidelines and each has made an annual confirmation of independence pursuant thereto. After considering the biographies of the Retiring INEDs and taking into consideration their knowledge, experience, capability and various diversity aspects as set out in the Diversity Policy as well as their contribution to the Company over the years, the Nomination Committee is of the view that the Retiring INEDs will continue to contribute to the Board with their respective perspectives, skills and experience. Furthermore, none of the Retiring INEDs has any financial or family relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company, which could give rise to a conflict of interest situation or otherwise affect their exercise of independent judgement. The Nomination Committee believes that the Retiring INEDs remain committed to their role as Independent Non-Executive Directors and will continue to be independent. Professor King Yeo-chi, Ambrose (being one of the Retiring INEDs) has served the Company for more than nine years during which period he has provided professional advice and insight to the Board. He has in-depth understanding of the Group's business and operations and has also demonstrated strong independence by providing impartial views and comments at Board and Board committees meetings during his tenure of office. Professor King Yeo-chi, Ambrose has not taken part in the day-to-day management of the Company. The Nomination Committee considered that his long service will not affect his exercise of independent judgment and was satisfied that Professor King Yeo-chi, Ambrose has the required integrity and experience to continue fulfilling the role of an Independent Non-Executive Director.

Term of Appointment and Re-election

All Non-Executive Directors (including Independent Non-Executive Directors) are subject to retirement by rotation and re-election at annual general meetings in accordance with the Amended and Restated Articles of Association. All Directors shall retire from office by rotation and are subject to re-election at annual general meetings at least once every three years.

According to the Amended and Restated Articles of Association, new Director appointed by the Board shall hold office only until the next following annual general meeting or general meeting, and he/she will be subject to re-election by Shareholders. In addition, one-third of the Directors are required to retire from office by rotation and are eligible for re-election at each annual general meeting. When an Independent Non-Executive Director proposed for re-election has served the Company for more than nine years, his/her re-election will be subject to a separate resolution to be approved at annual general meeting.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established in February 2012. The Chairman of the Corporate Governance Committee is Mr. Cheung Wing-yui, a Non-Executive Director, and the other members are Mr. Fung Yuk-lun, Allen, an Executive Director, and Ms. Cheng Ka-lai, Lily, an Independent Non-Executive Director.

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

During the year ended 30 June 2022, the Corporate Governance Committee held a meeting to review and discuss the code provisions of the Code as well as the provisions of the Environmental, Social and Governance Reporting Guide (the "ESG Guide") as set out in Appendix 27 to the Listing Rules to ascertain whether the Group has complied with the code provisions of the Code and also the provisions of the ESG Guide. In addition, the Corporate Governance Committee established a disclosure policy, which was adopted by the Board with effect from 1 January 2013 and which would be updated from time to time where appropriate. The disclosure policy sets out the procedures to ensure that any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure.

ATTENDANCE RECORDS

The attendance records of the Directors at the Board meetings, Committees meetings and annual general meeting held during the year ended 30 June 2022 are as follows:

	No. of meetings attended/Eligible to attend					
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Corporate Governance Committee**	**Annual general meeting**
Executive Directors						
Kwok Ping-luen, Raymond *(Chairman)*	5/5	N/A	N/A	N/A	N/A	0/1
Fung Yuk-lun, Allen *(Vice Chairman)*	5/5	N/A	2/2	N/A	1/1	1/1
Tong Kwok-kong, Raymond	5/5	N/A	N/A	N/A	N/A	1/1
Tung Chi-ho, Eric	5/5	N/A	N/A	N/A	N/A	1/1
Chan Man-yuen, Martin	5/5	N/A	N/A	N/A	N/A	1/1
Lau Yeuk-hung, Fiona	5/5	N/A	N/A	N/A	N/A	1/1
Non-Executive Directors						
Cheung Wing-yui *(Vice Chairman)*	5/5	5/5	2/2	2/2	1/1	1/1
Kwok Kai-wang, Christopher	5/5	N/A	N/A	N/A	N/A	1/1
David Norman Prince	5/5	N/A	N/A	N/A	N/A	1/1
Siu Hon-wah, Thomas	5/5	N/A	N/A	N/A	N/A	1/1
Chan Hong-ki, Robert	5/5	N/A	N/A	N/A	N/A	1/1
Independent Non-Executive Directors						
Li On-kwok, Victor	4/5	5/5	2/2	2/2	N/A	1/1
King Yeo-chi, Ambrose	5/5	5/5	2/2	2/2	N/A	1/1
Wong Kai-man	5/5	5/5	2/2	2/2	N/A	1/1
Lee Wai-kwong, Sunny	5/5	N/A	N/A	N/A	N/A	1/1
Cheng Ka-lai, Lily	5/5	N/A	N/A	N/A	1/1	1/1
Leong Kwok-kuen, Lincoln	5/5	N/A	N/A	N/A	N/A	1/1

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

Principal Risks and Uncertainties

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

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

On time completion of two new data centres and upgrade of current data centre – The Group's operation depends on its ability to produce data hall inventory on time to meet market demand in order to maintain its market share. The Group identified critical milestones and expedited achievement through priority planning and proper resources planning to ensure on-time completion of the projects.

Operation interruption or disruption due to Covid-19 or fatal disease – In the event of a widespread outbreak, or a situation where our data centres are under strict quarantine due to confirmed cases, there may be an impact to our operations/services, or access into the data centres by our staff and/or customers. In the event of a city-wide lockdown, large population of workforce will not be able to take up duties.

Political Stability – On a global level, US-China Trade War has already created uncertainty and gradually affected many different kinds of businesses in Hong Kong. This might have ripple effect to some of the Group's customers and create uncertainty to the Group's business in future.

Mitigating Principal Risks Faced by the Group

The risk management and internal control systems have been designed to operate proactively to ensure that principal risks are not only identified, measured and monitored but also mitigated. Under such systems, management staff of various departments would identify suitable internal controls and countermeasures to mitigate principal risks faced by the Group. When formulating mitigating measures, important factors such as regulatory requirements, risk appetite, adequacy and effectiveness of mitigating actions proposed, risk owners in place to implement and possibility of transferring risks to third parties were taken into consideration. The objective of these risk mitigating plans is to ensure that principal risks are well managed and governed effectively.

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

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

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

The Board, through the Audit Committee and with the assistance of the Internal Audit Department, has conducted an annual review on the effectiveness of the risk management and internal control systems of the Group for the financial year ended 30 June 2022 and considers that the Group's risk management and internal control systems for the financial year was effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified. The systems are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

Whistleblowing Policy

The Company is committed to maintaining the highest standards of conduct and integrity. To this end, the Company encourages its employees and those who deal with it (e.g. customers and suppliers) to report concerns about any malpractice and impropriety that come to their attention. A whistleblowing policy is in place to set out reporting channels and guidance on reporting possible malpractice, impropriety and fraud to Management or the Audit Committee. The Chief Executive Officer, Director of Human Resources, Head of Internal Audit and General Counsel/Company Secretary are responsible for reviewing the whistleblowing procedures of the Company and receive regular updates on relevant matters of concern raised under the whistleblowing arrangements, together with any management actions taken in response.

Code of Conduct

The code of conduct of the Group (the "Code of Conduct") sets the standards for employees to perform their duties with honesty and integrity. Employees are required to adhere to the Code of Conduct, which includes provisions dealing with conflict of interest, discrimination, sexual harassment, personal data protection as well as provisions related to prevention of corruption and illegal acceptance or offer of gifts or benefits. The Code of Conduct also covers various other areas to ensure our employees live up to a high standard of conduct in workplace. If, in conducting business for the Group, an employee becomes aware of any conduct improper, unethical or illegal, the employee has a duty to report to the Group.

SHAREHOLDERS RELATIONS

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

The Board strives to encourage and maintain constant dialogue with the Shareholders through various means. The Chairman (with the assistance of the Company Secretary and the other Directors) has established a shareholders' communication policy to ensure that appropriate steps are taken to provide effective communication with the Shareholders.

Information is communicated to the Shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars) and annual general meetings as well as disclosures on the website of the Company.

The annual general meetings and other general meetings, if any, of the Company are good communication channels for the Board to meet and exchange views with the Shareholders. Question and answer sessions at general meetings foster constructive dialogues between Shareholders and the Directors. The Directors use their best endeavour to attend the general meetings so that they may answer any questions from the Shareholders. The chairman of each of the Board Committees and the external auditor attended the 2021 AGM and were available to answer questions that were raised by the Shareholders. The Chairman of the Board was not able to attend the 2021 AGM due to other commitment.

The 2021 AGM circular (incorporating the notice of annual general meeting and setting out details in relation to each resolution proposed, information on voting arrangement and other relevant information) was sent to all Shareholders at least 20 clear business days prior to the 2021 AGM. Separate resolutions for each substantially separate issue (including the re-election of each of the retiring Directors) were proposed at the 2021 AGM. The procedures for conducting a poll were clearly explained at 2021 AGM. All resolutions put to Shareholders at the 2021 AGM were voted by way of poll and passed, and the results were published on the websites of the Company and HKEx respectively.

The Company also communicates to its Shareholders through its annual and interim reports. All such reports can also be accessed via the websites of the Company and HKEx. The Company's website also provides Shareholders with its corporate information, such as its major business and recent development of its data centre projects. Shareholders may send their enquiries to the Board by sending the same to the Company at the principal office of the Company in Hong Kong or by email to the Company at enquiry@sunevision.com. The Directors, the Company Secretary or other appropriate members of Management, and the branch share registrar and transfer office of the Company also respond to inquiries from Shareholders and investors promptly.

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

The Corporate Governance Committee will review the shareholders' communication policy at least annually to ensure its effectiveness. Having considered the different channels of communication with Shareholders, the Corporate Governance Committee is satisfied that the shareholders' communication policy has been properly implemented during the year and is appropriate.

The dividend policy of the Company is set out in the section headed "Dividend" in the "Directors' Report" on page 33.

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

INVESTOR RELATIONS

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

As a channel to further enhance communications, the Company will disseminate announcements, corporate notices, and other financial and non-financial information through the Company's website in a timely manner. During the year ended 30 June 2022, no amendment was made to the memorandum and articles of association of the Company, and the latest version of which is available on the websites of the Company and HKEx.

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of SUNeVision Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 73 to 139, which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Capitalisation and measurement of costs of property, plant and equipment	
We identified the capitalisation and measurement of costs of property, plant and equipment as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgments required in applying the criteria for capitalisation in accordance with Hong Kong Accounting Standard ("HKAS") 16 "Property, Plant and Equipment" and HKAS 23 "Borrowing Costs". The judgments involved include assessing the costs whether it is probable that future economic benefits associated with the items will flow to the Group in accordance with HKAS 16 and determining the cessation and suspension of the capitalisation of borrowing costs based on the progress and status of the construction works. The Group's properties in the course of construction for production, supply or administrative purposes (i.e. construction in progress) are carried at costs, less any recognised impairment loss. Costs include construction costs, professional fees, and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. As disclosed in note 15 to the consolidated financial statements, the addition of the Group's property, plant and equipment amounted to HK$2,235,372,000, including addition of construction in progress amounted to approximately HK$2,201,588,000.	Our procedures in relation to the capitalisation and measurement of costs of property, plant and equipment included: • Understanding the management processes relating to the approval of, construction contracts and construction payments for purchase of property, plant and equipment, management's review of capitalisation of professional fees, construction costs and borrowing costs, and determination of budgeted costs to complete and estimated accruals for the construction costs at the end of the reporting period; • Reviewing the progress of construction in progress by referencing to the project timetable, independent architect/engineers' reports (if applicable) and the latest budgets and discussing with management the current status of the construction, including the costs incurred to date, the remaining critical milestones and estimated costs to complete including contract claims, and the assessment of the financial implications to the Group; • Reassessing the appropriateness and reperforming the calculations of borrowing costs eligible for capitalisation into construction in progress with reference to HKAS 23; and • Checking the amounts of acquisition costs and construction costs incurred for property, plant and equipment during the year and reassessing the nature of the costs incurred and their future economic benefits associated with the costs, on a sample basis, by reference to the suppliers' invoices, interim certificates certifying the value of work performed and other supporting documents.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lee Po Chi.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
1 September 2022

Consolidated Statement of Profit or Loss

For the year ended 30 June 2022

	Notes	2022 *HK$'000*	2021 *HK$'000*
Revenue	6	**2,085,845**	1,873,950
Cost of sales		**(884,415)**	(769,788)
Gross profit		**1,201,430**	1,104,162
Other income	8	**2,754**	5,009
Selling expenses		**(32,306)**	(29,189)
Administrative expenses		**(129,298)**	(118,761)
Profit from operations		**1,042,580**	961,221
Finance costs	10	**(29,715)**	(22,316)
Profit before taxation		**1,012,865**	938,905
Income tax expense	9	**(166,034)**	(151,178)
Profit for the year attributable to owners of the Company		**846,831**	787,727
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)	13		
Basic (Remark (i))		**20.87 cents**	19.43 cents
Diluted (Remark (i))		**20.84 cents**	19.40 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, SUNeVision Holdings Ltd. (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) Details of earnings per share calculation and the Company's share capital are set out in notes 13 and 27 respectively.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	2022 *HK$'000*	2021 *HK$'000*
Profit for the year	**846,831**	787,727
Other comprehensive income (expenses) for the year		
Item that will not be reclassified subsequently to the consolidated statement of profit or loss:		
Surplus on revaluation of property, plant and equipment upon transfer to investment property (note 14)	**48,639**	–
Item that may be reclassified subsequently to the consolidated statement of profit or loss:		
Exchange differences arising from translation of operations outside Hong Kong	**22**	(39)
	48,661	(39)
Total comprehensive income for the year	**895,492**	787,688
Total comprehensive income (expense) attributable to:		
Owners of the Company	**895,835**	786,533
Non-controlling interests	**(343)**	1,155
	895,492	787,688

Consolidated Statement of Financial Position

At 30 June 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Investment property	14	**58,000**	–
Property, plant and equipment	15	**17,275,625**	15,694,200
Equity instrument at fair value through other comprehensive income ("FVTOCI")	16	**3,710**	3,710
		17,337,335	15,697,910
Current assets			
Inventories	17	**5,654**	5,264
Trade and other receivables	18	**450,904**	362,582
Contract assets	19	**39,220**	18,537
Bank balances and deposits	20	**309,669**	387,316
		805,447	773,699
Current liabilities			
Trade and other payables	21	**1,075,034**	926,533
Contract liabilities	22	**82,028**	74,279
Lease liabilities	23	**10,137**	2,099
Tax payables		**189,017**	142,039
Bank borrowings	25	**2,296,304**	–
		3,652,520	1,144,950
Net current liabilities		**(2,847,073)**	(371,251)
Total assets less current liabilities		**14,490,262**	15,326,659
Non-current liabilities			
Contract liabilities	22	**9,079**	19,310
Lease liabilities	23	**1,153**	2,450
Deferred tax liability	24	**297,661**	292,877
Bank borrowings	25	**5,790,833**	7,261,690
Shareholder's loan	26	**3,800,000**	3,300,000
		9,898,726	10,876,327
Net assets		**4,591,536**	4,450,332
Capital and reserves			
Share capital	27	**233,906**	233,767
Reserve arising from issuance of convertible notes	27	**172,002**	172,002
Other reserves		**4,170,862**	4,029,454
Equity attributable to owners of the Company		**4,576,770**	4,435,223
Non-controlling interests		**14,766**	15,109
Total equity		**4,591,536**	4,450,332

The consolidated financial statements on pages 73 to 139 were approved and authorised for issue by the Board of Directors on 1 September 2022 and are signed on its behalf by:

DIRECTORS:
Fung Yuk-lun, Allen
Tong Kwok-kong, Raymond

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	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$'000	Property revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2020	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 year	–	–	–	–	–	–	787,727	787,727	–	787,727
Exchange differences arising from translation of operations outside Hong Kong	–	–	–	–	(1,194)	–	–	(1,194)	1,155	(39)
Total comprehensive (expense) income for the year	–	–	–	–	(1,194)	–	787,727	786,533	1,155	787,688
Exercise of share options (note 27)	848	33,931	–	(5,953)	–	–	–	28,826	–	28,826
Recognition of equity-settled share-based payments	–	–	–	18,147	–	–	–	18,147	–	18,147
Final dividend and distribution paid (note 12)	–	–	–	–	–	–	(709,552)	(709,552)	–	(709,552)
At 30 June 2021	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 year	–	–	–	–	–	–	846,831	846,831	–	846,831
Surplus on revaluation of property, plant and equipment upon transfer to investment property (note 14)	–	–	–	–	–	48,639	–	48,639	–	48,639
Exchange differences arising from translation of operations outside Hong Kong	–	–	–	–	365	–	–	365	(343)	22
Total comprehensive income (expense) for the year	–	–	–	–	365	48,639	846,831	895,835	(343)	895,492
Exercise of share options (note 27)	139	9,322	–	(1,954)	–	–	–	7,507	–	7,507
Recognition of equity-settled share-based payments	–	–	–	25,518	–	–	–	25,518	–	25,518
Final dividend and distribution paid (note 12)	–	–	–	–	–	–	(787,313)	(787,313)	–	(787,313)
At 30 June 2022	233,906	2,377,540	172,002	58,096	2,288	48,639	1,684,299	4,576,770	14,766	4,591,536

Note:

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

Reserve arising from issuance of convertible notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the Convertible Notes. This reserve balance represented the aggregate amount of the Convertible Notes outstanding at the year end. No Convertible Notes were exercised and converted into ordinary shares by noteholders during the years ended 30 June 2021 and 2022. As a result, the Convertible Notes in the amount of HK$172,001,633.30 remained outstanding as at 30 June 2021 and 2022.

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".

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	2022 *HK$'000*	2021 *HK$'000*
OPERATING ACTIVITIES		
Profit for the year	**846,831**	787,727
Adjustments for:		
Income tax expense	**166,034**	151,178
Provision for allowance for credit losses, net of reversal	**1,011**	1,663
Depreciation of property, plant and equipment	**458,867**	399,905
Equity-settled share-based payments	**25,518**	18,147
Finance costs	**29,715**	22,316
Loss on disposal of property, plant and equipment	**356**	28
Interest income	**(604)**	(891)
Investment income	**(142)**	–
Operating cash flows before movements in working capital	**1,527,586**	1,380,073
(Increase) decrease in inventories	**(390)**	1,486
Increase in trade and other receivables	**(89,333)**	(35,089)
(Increase) decrease in contract assets	**(20,683)**	2,668
Increase in trade and other payables	**28,931**	18,505
Decrease in contract liabilities	**(2,482)**	(21,284)
CASH GENERATED FROM OPERATIONS	**1,443,629**	1,346,359
Hong Kong Profits Tax paid	**(114,271)**	(79,870)
NET CASH FROM OPERATING ACTIVITIES	**1,329,358**	1,266,489
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,744,605)**	(1,818,771)
Interest received	**603**	867
Proceeds from disposal of property, plant and equipment	**189**	–
Investment income received	**142**	–
NET CASH USED IN INVESTING ACTIVITIES	**(1,743,671)**	(1,817,904)

	2022 *HK$'000*	2021 *HK$'000*
FINANCING ACTIVITIES		
New bank loans raised	**850,000**	1,430,000
New shareholder's loan raised	**500,000**	–
Proceeds from issuance of shares	**7,507**	28,826
Dividends and distribution paid	**(787,313)**	(709,552)
Interest paid	**(202,364)**	(191,500)
Arrangement fees paid	**(22,500)**	(18,750)
Repayment of lease liabilities	**(8,663)**	(2,247)
NET CASH FROM FINANCING ACTIVITIES	**336,667**	536,777
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(77,646)**	(14,638)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**387,316**	401,951
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(1)**	3
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and deposits	**309,669**	387,316

1. GENERAL

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

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 37.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the 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$2,847,073,000 as at 30 June 2022. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations, including but not limited to internal resources and available unutilised facilities from financial institutions. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 July 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to HKFRSs and agenda decision of the Committee in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2021[2]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective for annual periods beginning on or after a date to be determined

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 30 June 2022, including the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies

(a) Basis of consolidation

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

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

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(b) Investments in subsidiaries

A subsidiary is an entity controlled by the Company.

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

(c) Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 "Financial Instruments". In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(c) Revenue from contracts with customers (continued)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)
For contracts that contain more than one performance obligations (various value added services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation
Output method
The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Input method
The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

The Group recognises revenue under the following accounting policies:

The Group provides the use of data centre and information technology ("IT") facilities and other value-added services to its customers. Such services are satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue from customers' use of data centre and IT facilities is recognised as time lapsed or ratably over the terms of the agreement while other value-added service income is recognised over the period of service rendered as time lapsed or based on units consumed.

The Group provides maintenance services of extra-low voltage ("ELV") and IT systems and building management services to customers. Such services are satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue relating to the maintenance services and building management services is recognised over time as time lapsed.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(c) Revenue from contracts with customers (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (continued)

Input method (continued)

The Group provides installation services of ELV and IT systems to customers. Such services are satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these installation services based on the stage of completion of the contract based on costs using input method.

The Group's installation contracts include payment schedules which require stage payments over the installation period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits, when the Group receives a deposit before installation commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the installation services are performed, the rights for consideration are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers to trade receivables once payment certificate is received from surveyors.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the installation. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the installation services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

(d) Property, plant and equipment

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

Properties in the course of construction for production, supply or administrative purposes (i.e. construction in progress) are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as the relevant categories of property, plant and equipment commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as "right-of-use assets" is presented as "property, plant and equipment" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Ownership interests in leasehold land and building (continued)

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

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

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

(e) Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(f) Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

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

The cost of right-of-use asset includes:

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(f) Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment", the same line item as that within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Refundable rental deposits

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

Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(f) Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 "Revenue from contracts with Customers" to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

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

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(g) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated statement of profit or loss in the period in which they are incurred.

(i) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(j) Retirement benefit costs

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

(k) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

(l) Taxation

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

The tax currently payable is based on taxable profits for the year. Taxable profits differ from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(l) Taxation (continued)

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(n) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

(i) Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(n) Financial instruments (continued)

(i) Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instrument designated as at FVTOCI

Investment in equity instrument at FVTOCI is subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from this investment in equity instrument are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and bank balances and deposits) and other item (including contract assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, unbilled revenue and contract assets. The ECL on these assets are assessed individually for debtors with significant balances or collectively with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(n) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(n) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(n) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables/contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, unbilled revenue and contract assets where the corresponding adjustment is recognised through a loss allowance account.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(n) Financial instruments (continued)

(i) Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

(ii) Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, bank borrowings and shareholder's loan) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(o) Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in the consolidated statement of profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

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

(p) Impairment on property, plant and equipment (including right-of-use assets)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment (including right-of-use assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment (including right-of-use assets) are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Significant accounting policies (continued)

(p) Impairment on property, plant and equipment (including right-of-use assets) (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATIONS

In the application of the Group's accounting policies, which are described in note 4, the management of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Capitalisation and measurement of costs of property, plant and equipment

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

The management has assessed the costs whether it is probable that future economic benefits associated with the items will flow to the Group in accordance with HKAS 16 "Property, Plant and Equipment". The management has determined the cessation and suspension of the capitalisation of borrowing costs based on the progress and status of the construction works and performed the calculations of borrowing costs eligible for capitalisation into construction in progress with reference to HKAS 23 "Borrowing Costs".

6. REVENUE

Disaggregation of revenue

For the year ended 30 June 2022

Types of services recognised over time	**Data centre and IT facilities** *HK$'000*	**ELV and IT systems** *HK$'000*	**Total** *HK$'000*
Income from data centre and IT facilities (including income of HK$432,245,000 from other value-added services)	**1,940,422**	**–**	**1,940,422**
Installation and maintenance fee of ELV and IT systems (including installation fee of HK$86,194,000)	**–**	**145,423**	**145,423**
Revenue from contracts with customers	**1,940,422**	**145,423**	**2,085,845**

For the year ended 30 June 2021

Types of services recognised over time	Data centre and IT facilities *HK$'000*	ELV and IT systems *HK$'000*	Total *HK$'000*
Income from data centre and IT facilities (including income of HK$415,410,000 from other value-added services)	1,745,984	–	1,745,984
Installation and maintenance fee of ELV and IT systems (including installation fee of HK$60,925,000)	–	127,966	127,966
Revenue from contracts with customers	1,745,984	127,966	1,873,950

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2022 and the expecting timing of recognising revenue are as follows:

(i) The aggregate amount of installation services is HK$256,459,000 (2021: HK$246,317,000) of which HK$97,351,000 (2021: HK$65,839,000) is expected to be recognised as revenue within one year. HK$159,108,000 (2021: HK$180,478,000) are expected to be recognised as revenue in the second to fifth year inclusive.

(ii) The aggregate amount of use of data centre and IT facilities is HK$3,756,195,000 (2021: HK$3,212,635,000) of which HK$1,046,751,000 (2021: HK$1,035,767,000) is expected to be recognised as revenue within one year. HK$2,117,594,000 (2021: HK$2,051,208,000) and HK$591,850,000 (2021: HK$125,660,000) are expected to be recognised as revenue in the second to fifth year inclusive and over five years, respectively.

For the contracts from other value-added services and maintenance services that have an original expected duration of one year or less or the Group has a right to consideration from the customers in an amount that corresponds directly with the value to the customers of the Group's performance completed to date, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' emoluments, interest income, investment income and finance costs. 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.

Segment revenue and results

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

For the year ended 30 June 2022

	Data centre and IT facilities *HK$'000*	ELV and IT systems *HK$'000*	Elimination *HK$'000*	Consolidated total *HK$'000*
REVENUE				
External	1,940,422	145,423	–	2,085,845
Inter-segment	–	190	(190)	–
Total	1,940,422	145,613	(190)	2,085,845
RESULTS				
Segment results	1,074,352	35,914	–	1,110,266
Unallocated corporate expenses				(69,174)
Interest income				604
Investment income				142
Rental income				742
Finance costs				(29,715)
Profit before taxation				1,012,865

7. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 30 June 2021

	Data centre and IT facilities *HK$'000*	ELV and IT systems *HK$'000*	Elimination *HK$'000*	Consolidated total *HK$'000*
REVENUE				
External	1,745,984	127,966	–	1,873,950
Inter-segment	–	190	(190)	–
Total	1,745,984	128,156	(190)	1,873,950
RESULTS				
Segment results	986,417	34,664	–	1,021,081
Unallocated corporate expenses				(60,751)
Interest income				891
Finance costs				(22,316)
Profit before taxation				938,905

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.

7. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 30 June 2022

	Data centre and IT facilities *HK$'000*	ELV and IT systems *HK$'000*	Consolidated total *HK$'000*
Amount included in the measure of segment results:			
Depreciation of property, plant and equipment (note 15)	**457,139**	**1,728**	**458,867**
Addition to property, plant and equipment (note 15)	**2,233,979**	**1,393**	**2,235,372**
Loss on disposal of property, plant and equipment	**356**	**–**	**356**
Provision for allowance for credit losses, net of reversal	**1,011**	**–**	**1,011**

For the year ended 30 June 2021

	Data centre and IT facilities *HK$'000*	ELV and IT systems *HK$'000*	Consolidated total *HK$'000*
Amount included in the measure of segment results:			
Depreciation of property, plant and equipment (note 15)	398,245	1,660	399,905
Addition to property, plant and equipment (note 15)	1,671,492	3,632	1,675,124
Loss on disposal of property, plant and equipment	27	1	28
Provision for allowance for credit losses, net of reversal	1,663	–	1,663

Geographical information

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

Information about major customers

For the year ended 30 June 2022, the largest two customers (2021: the largest two customers), which come from the segment of Data centre and IT facilities, accounted for about 17% and 12% (2021: 15% and 10%) of the total revenue, respectively.

8. OTHER INCOME

	2022 *HK$'000*	2021 *HK$'000*
Interest income	**604**	891
Investment income	**142**	–
Rental income	**742**	–
Miscellaneous	**1,266**	4,118
	2,754	5,009

9. INCOME TAX EXPENSE

	2022 *HK$'000*	2021 *HK$'000*
Current tax		
– Hong Kong Profits Tax	**161,330**	110,072
– Overprovision in prior years	**(80)**	(100)
	161,250	109,972
Deferred tax charge (note 24)	**4,784**	41,206
	166,034	151,178

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for the year.

No provision for Enterprise Income Tax has been made in the financial statements as the subsidiary in the People's Republic of China does not have any assessable profit for both years.

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

	2022 *HK$'000*	2021 *HK$'000*
Profit before taxation	**1,012,865**	938,905
Tax charge at Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	**167,123**	154,919
Net effect of not deductible expenses, not taxable income and other adjustment items for tax purposes	**(553)**	(4,062)
Recognition of previously unrecognised tax losses	**(1,149)**	–
Tax effect of tax losses not recognised	**710**	426
Tax effect of utilisation of tax losses previously not recognised	**(17)**	(5)
Overprovision in prior years	**(80)**	(100)
Income tax expense	**166,034**	151,178

Details of deferred tax liability are set out in note 24.

10. PROFIT FOR THE YEAR

	2022 HK$'000	2021 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments (note 11)	220,479	206,181
Retirement benefit scheme contributions	6,787	6,959
Share-based payments	25,518	18,147
Total staff costs	252,784	231,287
Auditor's remuneration	1,375	1,345
Depreciation of property, plant and equipment	458,867	399,905
Loss on disposal of property, plant and equipment	356	28
Credit loss allowance on trade and other receivables	1,011	1,663
Interest on bank borrowings	65,579	59,793
Interest on shareholder's loan	108,370	101,803
Interest on lease liabilities	386	130
Other finance costs	22,252	17,280
Less: amounts capitalised	(166,872)	(156,690)
Total finance costs	29,715	22,316

For the year ended 30 June 2022, Covid-19 related government grants amounted to HK$5,816,000 (2021: HK$13,993,000) have been offset against staff costs.

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The total emoluments, pension and compensation arrangements paid/payable to the directors of the Company of their services for the years ended 30 June 2022 and 2021 were as follows:

Name of director	Fees HK$'000 (Note (i))	Basic salaries and allowances HK$'000 (Note (ii))	Discretionary bonuses HK$'000 (Notes (ii) and (iii))	Retirement benefit scheme contributions HK$'000 (Note (ii))	Equity-settled share-based payments HK$'000 (Note (ii))	2022 Total emoluments HK$'000	2021 Total emoluments HK$'000
Executive Directors							
Kwok Ping-luen, Raymond	60	–	–	–	–	60	60
Tong Kwok-kong, Raymond (Note (iv))	52	4,761	3,909	238	5,323	14,283	10,809
Fung Yuk-lun, Allen	53	–	–	–	1,258	1,311	1,839
Tung Chi-ho, Eric	45	12*	–	–	–	57	57
Chan Man-yuen, Martin	45	3,341	1,421	167	3,724	8,698	5,457
Lau Yeuk-hung, Fiona	45	3,425	1,397	18	3,525	8,410	4,847
Non-Executive Directors							
Cheung Wing-yui	270	–	–	–	–	270	270
Kwok Kai-wang, Christopher	45	–	–	–	–	45	45
David Norman Prince	150	–	–	–	–	150	150
Siu Hon-wah, Thomas	45	–	–	–	–	45	45
Chan Hong-ki, Robert	45	–	–	–	–	45	45
Independent Non-Executive Directors							
Li On-kwok, Victor	240	–	–	–	–	240	240
King Yeo-chi, Ambrose	240	–	–	–	–	240	240
Wong Kai-man	240	–	–	–	–	240	240
Lee Wai-kwong, Sunny	150	–	–	–	–	150	150
Cheng Ka-lai, Lily	175	–	–	–	–	175	161
Leong Kwok-kuen, Lincoln (Note (v))	150	–	–	–	–	150	67
Kwok Kwok-chuen (Note (vi))	–	–	–	–	–	–	96
Total 2022	2,050	11,539	6,727	423	13,830	34,569	24,818
Total 2021	2,050	9,796	6,603	368	6,001	24,818	

Notes:

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

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

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

(iv) Mr. Tong Kwok-kong, Raymond is also the Chief Executive Officer of the Group and his emoluments disclosed above include those services rendered by him as Chief Executive Officer of the Group.

(v) Mr. Leong Kwok-kuen, Lincoln was appointed as an Independent Non-Executive Director of the Company on 18 January 2021.

(vi) Mr. Kwok Kwok-chuen resigned as Independent Non-Executive Director of the Company on 18 January 2021.

* Paid/payable to SHKP Group.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the years ended 30 June 2022 and 2021, certain directors were granted share options, in respect of their services to the Group under the share option schemes of the Company. Details of the share option scheme are set out in note 28.

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

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2021: three) were directors of the Company whose emoluments were included above. The emoluments of the remaining two (2021: two) individuals were as follows:

	2022	2021
	HK$'000	*HK$'000*
Salaries and allowances	**3,625**	3,308
Discretionary bonuses	**1,281**	768
Retirement benefit scheme contributions	**36**	165
Equity-settled share-based payments	**1,415**	1,772
	6,357	6,013

Their emoluments were within the following bands:

	2022 Number of employees	2021 Number of employees
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**2**	1
	2	2

12. DIVIDENDS

	2022 HK$'000	2021 HK$'000
Dividend paid and recognised as distribution during the year		
– Final dividend to ordinary shareholders in respect of the immediately preceding financial year of HK19.40 cents (2021: HK17.50 cents) per share	453,630	408,549
– Payments to convertible noteholders in respect of the immediately preceding financial year of HK19.40 cents (2021: HK17.50 cents) for each share which such registered noteholders would have become holders of, had such registered noteholders' Convertible Notes then outstanding been converted on 4 November 2021 (2021: 5 November 2020)	333,683	301,003
	787,313	709,552
Dividend proposed		
– Final dividend to ordinary shareholders in respect of the current financial year of HK20.80 cents (2021: HK19.40 cents) per share	486,524	453,508
– Payments to convertible noteholders in respect of the current financial year of HK20.80 cents (2021: HK19.40 cents) for each share which such registered noteholders would have become holders of, had such registered noteholders' Convertible Notes then outstanding been converted on 3 November 2022 (2021: 4 November 2021)	357,763	333,683
	844,287	787,191

At a meeting held on 1 September 2022, the directors recommend the declaration of a final dividend of HK20.80 cents per share for the year ended 30 June 2022. This proposed dividend is not included as a dividend payable in the consolidated statement of financial position as at 30 June 2022.

13. 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:

	2022 **HK$'000**	2021 HK$'000
Earnings for the purposes of basic and diluted earnings per share	**846,831**	787,727

	2022 **Number of shares**	2021 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,058,248,028**	4,054,213,115
Effect of dilutive potential ordinary shares:		
Share options	**4,590,154**	5,483,275
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,062,838,182**	4,059,696,390

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 27.

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 years ended 30 June 2022 and 2021. Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the years ended 30 June 2022 and 2021.

14. INVESTMENT PROPERTY

	HK$'000
At 1 July 2021	–
Transfer from property, plant and equipment (Note)	9,361
Surplus on revaluation of property, plant and equipment upon transfer to investment property (Note)	48,639
At 30 June 2022	**58,000**

Note: During the year ended 30 June 2022, the Group changed the use of certain of its property and right-of-use asset included in the property, plant and equipment and leased them to independent third parties for rental income. The fair value at the date of transfer, which was the inception date of lease, was determined by an independent qualified professional valuer. Upon the transfer to investment property, this property was revalued with a gain on revaluation of approximately HK$48,639,000 (2021: nil).

The fair value of the Group's investment property, which is located in Hong Kong, at 30 June 2022 has been determined with reference to a valuation on market value basis carried out by Cushman & Wakefield Limited, independent qualified professional surveyors not connected with the Group. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties and the highest and best use of the property is its current use. The key input used in valuing the Group's investment property was the market price per square foot, using direct comparison approach and taking into account of the adjustments on the differences in the nature, location and condition at HK$10,800 per square foot. The increase in the market price per square foot would result in an increase in fair value of the investment property, and vice versa.

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$'000	Leased properties HK$'000	Data centre facilities HK$'000	ELV system equipment HK$'000	Computers, networks and related equipment HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST									
At 1 July 2020	4,873,652	5,019	3,286,430	8,789	6,871	38,745	1,384	8,221,540	16,442,430
Additions	–	3,274	12,393	–	122	15,808	320	1,643,207	1,675,124
Transfer	234,354	–	797,520	–	–	–	–	(1,031,874)	–
Disposals/write-off	–	–	(40)	(948)	(123)	(211)	(226)	–	(1,548)
At 30 June 2021	5,108,006	8,293	4,096,303	7,841	6,870	54,342	1,478	8,832,873	18,116,006
Additions	1,036	15,403	11,471	–	176	5,698	–	2,201,588	2,235,372
Construction cost adjustments	(173,807)	–	–	–	–	–	–	(11,367)	(185,174)
Transfer	334,079	–	904,852	–	–	–	–	(1,238,931)	–
Transfer to investment property (note 14)	(28,860)	–	–	–	–	–	–	–	(28,860)
Disposals/write-off	(189)	–	(1,350)	(360)	(206)	(12)	–	–	(2,117)
At 30 June 2022	**5,240,265**	**23,696**	**5,011,276**	**7,481**	**6,840**	**60,028**	**1,478**	**9,784,163**	**20,135,227**
DEPRECIATION AND IMPAIRMENT									
At 1 July 2020	537,084	1,496	1,449,174	8,789	6,641	19,158	1,079	–	2,023,421
Provided for the year	104,185	2,247	286,399	–	137	6,724	213	–	399,905
Eliminated on disposals/write-off	–	–	(14)	(948)	(123)	(209)	(226)	–	(1,520)
At 30 June 2021	641,269	3,743	1,735,559	7,841	6,655	25,673	1,066	–	2,421,806
Provided for the year	105,995	8,716	336,681	–	138	7,124	213	–	458,867
Transfer to investment property (note 14)	(19,499)	–	–	–	–	–	–	–	(19,499)
Eliminated on disposals/write-off	(16)	–	(978)	(360)	(206)	(12)	–	–	(1,572)
At 30 June 2022	**727,749**	**12,459**	**2,071,262**	**7,481**	**6,587**	**32,785**	**1,279**	**–**	**2,859,602**
CARRYING VALUE									
At 30 June 2022	**4,512,516**	**11,237**	**2,940,014**	**–**	**253**	**27,243**	**199**	**9,784,163**	**17,275,625**
At 30 June 2021	4,466,737	4,550	2,360,744	–	215	28,669	412	8,832,873	15,694,200

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

Leasehold/leased properties	2% or over the prevailing lease term
Data centre facilities	2% – 33$^1/_3$%
ELV system equipment	10%
Computers, networks and related equipment	20% – 33$^1/_3$%
Office equipment, furniture and fixtures	20% – 33$^1/_3$%
Motor vehicles	30% – 33$^1/_3$%

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

	Leasehold land				
	Leasehold properties HK$'000 (Note (i))	Construction in progress HK$'000 (Notes (i) and (ii))	Sub-total HK$'000	Leased properties HK$'000	Total HK$'000
COST					
At 1 July 2020	2,794,601	6,246,501	9,041,102	5,019	9,046,121
New leases entered into	–	–	–	3,274	3,274
At 30 June 2021	2,794,601	6,246,501	9,041,102	8,293	9,049,395
Additions	–	427,880	427,880	–	427,880
New leases entered into	–	–	–	15,403	15,403
Transfer to investment property (note 14)	(14,430)	–	(14,430)	–	(14,430)
At 30 June 2022	**2,780,171**	**6,674,381**	**9,454,552**	**23,696**	**9,478,248**
DEPRECIATION AND IMPAIRMENT					
At 1 July 2020	272,044	208,767	480,811	1,496	482,307
Provided for the year	55,841	134,553	190,394	2,247	192,641
At 30 June 2021	327,885	343,320	671,205	3,743	674,948
Provided for the year	44,769	138,118	182,887	8,716	191,603
Transfer to investment property (note 14)	(9,726)	–	(9,726)	–	(9,726)
At 30 June 2022	**362,928**	**481,438**	**844,366**	**12,459**	**856,825**
CARRYING VALUE					
At 30 June 2022	**2,417,243**	**6,192,943**	**8,610,186**	**11,237**	**8,621,423**
At 30 June 2021	2,466,716	5,903,181	8,369,897	4,550	8,374,447

	2022 HK$'000	2021 HK$'000
Expense relating to short-term leases	123	–
Total cash outflow for leases	9,171	2,377

Notes:

(i) The right-of-use assets included in leasehold properties and construction in progress represent the leasehold land located in Hong Kong.

(ii) The depreciation of the leasehold land under construction in progress was fully capitalised.

15. PROPERTY, PLANT AND EQUIPMENT (continued)

For both years, the Group leases various offices and warehouses for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold properties where its data centre facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately because the payments made can be allocated reliably.

As at 30 June 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Leases committed

As at 30 June 2022, the Group entered into new leases for building floors and cable connections that have not yet commenced operation, with non-cancellable period of 5 to 11 years (2021: nil), excluding period under extension options, the total future undiscounted cash flows over the non-cancellable period amounted to HK$275,185,000 (2021: nil).

16. EQUITY INSTRUMENT AT FVTOCI

	2022 ***HK$'000***	2021 *HK$'000*
Equity instrument at FVTOCI:		
Unlisted equity investment	**3,710**	3,710

	2022 ***HK$'000***	2021 *HK$'000*
Carrying amount analysed for reporting purposes as:		
Non-current assets	**3,710**	3,710

17. INVENTORIES

	2022 ***HK$'000***	2021 *HK$'000*
Raw materials	**1,152**	937
Work in progress	**869**	665
Spare parts	**3,633**	3,662
	5,654	5,264

18. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	267,729	179,608
Less: allowance for credit losses	(881)	(2,316)
	266,848	177,292
Unbilled revenue for use of data centre and IT facilities (Note)	56,696	71,265
Other receivables	57,092	52,989
Prepayments	54,859	54,401
Deposits paid	15,409	6,635
	450,904	362,582

As at 1 July 2020, trade receivables from contracts with customers and unbilled revenue for use of data centre and IT facilities net of allowance for credit losses amounted to HK$150,935,000 and HK$71,635,000, respectively.

Note: It represents receivables from contracts with customers for the services provided but not yet 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 dates, net of allowance for credit losses at the end of the reporting period:

	2022 HK$'000	2021 HK$'000
0 – 60 days	242,966	146,741
61 – 90 days	3,815	7,025
> 90 days	20,067	23,526
	266,848	177,292

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

As at 30 June 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$92,831,000 (2021: HK$77,512,000) which are past due as at the reporting date. Out of the past due balances, HK$20,067,000 (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.

Details of impairment assessment of trade and other receivables for the year ended 30 June 2022 are set out in note 31.

19. CONTRACT ASSETS

	2022 HK$'000	2021 HK$'000
Unbilled revenue for installation services	**31,156**	11,794
Retention receivables of installation services	**8,064**	6,743
Total contract assets	**39,220**	18,537

As at 1 July 2020, contract assets amounted to HK$21,205,000.

20. BANK BALANCES AND DEPOSITS

Bank balances and deposits comprise cash and short-term deposits held by the Group. The Group's deposits carry interest at approximately 0.1% to 0.66% (2021: 0.1% to 0.38%) per annum and mature within 1 month (2021: within 2 months) from the dates of deposit.

21. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables	**23,996**	24,298
Other payables and accruals	**892,583**	758,804
Deposits received	**158,455**	143,431
	1,075,034	926,533

The following is an ageing analysis of trade payables at the end of the reporting period:

	2022 HK$'000	2021 HK$'000
Trade payables aged within 60 days	**23,071**	23,817
Trade payables aged over 60 days	**925**	481
	23,996	24,298

The average credit period for trade payables is 30 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame. Other payables and accruals include payables for property, plant and equipment of HK$693,533,000 (2021: HK$570,216,000).

22. CONTRACT LIABILITIES

The carrying amount of contract liabilities are as follows:

	2022 HK$'000	2021 HK$'000
Current liabilities (release to the consolidated statement of profit or loss within one year)	82,028	74,279
Non-current liabilities	9,079	19,310
	91,107	93,589

As at 1 July 2020, contract liabilities amounted to HK$114,873,000.

During the year ended 30 June 2022, revenue recognised in the current year relating to contract liabilities at the beginning of the year was HK$74,279,000 (2021: HK$83,501,000). 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.

23. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	10,137	2,099
Within a period of more than one year but not more than two years	911	1,879
Within a period of more than two years but not more than three years	242	571
Total (note 35)	11,290	4,549
Less: amount due for settlement with 12 months shown under current liabilities	(10,137)	(2,099)
Amount due for settlement after 12 months shown under non-current liabilities	1,153	2,450

The weighted average incremental borrowing rate applied to lease liabilities is 3% (2021: 3%).

24. DEFERRED TAX LIABILITY

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 *HK$'000*	2021 *HK$'000*
Deferred tax liability	**297,661**	292,877

The deferred tax (asset) liability recognised and movements thereon during the year are as follows:

	Tax losses *HK$'000*	Accelerated tax depreciation *HK$'000*	Total *HK$'000*
At 1 July 2020	(2,966)	254,637	251,671
(Credit) charge to profit or loss	(1,773)	42,979	41,206
At 30 June 2021	(4,739)	297,616	292,877
Charge to profit or loss	8	4,776	4,784
At 30 June 2022	**(4,731)**	**302,392**	**297,661**

Deferred tax asset and liability are offset when taxes relate to the same tax authority and where offsetting is legally enforceable. At the end of the reporting period, the Group has unrecognised tax losses of HK$396,368,000 (2021: HK$399,855,000), of which HK$2,408,000 (2021: HK$2,083,000) of tax losses will expire at various dates up to 31 December 2026 (2021: 31 December 2025). Other tax losses can be carried forward indefinitely. Recognition of these unrecognised tax losses depends on future taxable profits available and losses agreed with the relevant tax authorities.

25. BANK BORROWINGS

At the end of the reporting period, the Group's unsecured bank loans were denominated in HK$ with the carrying amount of HK$8,087,137,000 (2021: HK$7,261,690,000). The loans carry interest at the Hong Kong Interbank Offered Rate plus a margin. The loans were used to fund various existing data centre projects.

During the year, the Group obtained a new long term banking facility of HK$3,000,000,000 (2021: nil) and raised unsecured bank loan of HK$850,000,000 (2021: HK$1,430,000,000 from its existing unutilised banking facilities) and did not repay any bank loans. As at 30 June 2022, the Group has available unutilised banking facility of HK$2,150,000,000 (2021: nil).

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 0.96% (2021: 1.02%) per annum and specific borrowings to expenditure on qualifying assets.

The carrying amounts of the above borrowings are repayable*

	2022 *HK$'000*	2021 *HK$'000*
Within one year	**2,296,304**	–
Within a period of more than one year but less than two years	**–**	4,287,940
Within a period of more than two years but less than five years	**5,790,833**	2,973,750
Total (note 35)	**8,087,137**	7,261,690

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

26. SHAREHOLDER'S LOAN

On 28 December 2018, the Group and SHKP Group entered into a loan agreement pursuant to which 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$3,800,000,000 (2021: HK$3,300,000,000) was drawn down from the facility which was used to fund various existing data centre projects and for working capital requirements.

27. SHARE CAPITAL

	Number of ordinary shares	**Amount**
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2020, 30 June 2021 and **30 June 2022**	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))	8,476,000	848
At 30 June 2021	2,337,669,333	233,767
Exercise of share options (Note (ii))	1,388,000	139
At 30 June 2022	**2,339,057,333**	**233,906**

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the years ended 30 June 2022 and 2021.

27. 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 years ended 30 June 2022 and 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 **30 June 2022**	1,720,016,333	172,002

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,059,073,666 (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 year ended 30 June 2022, 1,388,000 (2021: 8,476,000) shares were issued upon the exercise of share options.

28. SHARE OPTION SCHEMES

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

During the years ended 30 June 2022 and 2021, there were no share options outstanding under the Old Scheme. During the year ended 30 June 2022, 11,320,000 (2021: 14,970,000) share options were granted to a director, employees and other participants (2021: certain directors, employees and other participants) under the 2012 Scheme. Particulars of the share options granted under the 2012 Scheme and their movements during the years ended 30 June 2022 and 2021 were as follows:

For the year ended 30 June 2022

				Number of share options				
Grantees	Date of grant	Exercise price per share *HK$*	Exercise period	Balance as at 01.07.2021	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 30.06.2022
Directors	19.06.2018	5.048	19.06.2019 to 18.06.2023	5,500,000	–	–	–	5,500,000
	22.05.2019	6.688	22.05.2020 to 21.05.2024	6,790,000	–	–	–	6,790,000
	05.05.2021	7.982	05.05.2022 to 04.05.2026	9,000,000	–	–	–	9,000,000
	04.05.2022	6.532	04.05.2023 to 03.05.2027	N/A	4,000,000	–	–	4,000,000
Employees	19.06.2018	5.048	19.06.2019 to 18.06.2023	970,000	–	(40,000)	–	930,000
	22.05.2019	6.688	22.05.2020 to 21.05.2024	3,017,000	–	(30,000)	(180,000)	2,807,000
	17.06.2020	5.39	17.06.2021 to 16.06.2025	10,030,000	–	(1,208,000)	(1,050,000)	7,772,000
	17.06.2020	5.39	01.07.2021 to 16.06.2025	500,000	–	(50,000)	–	450,000
	17.06.2020	5.39	02.09.2021 to 16.06.2025	600,000	–	–	–	600,000
	05.05.2021	7.982	05.05.2022 to 04.05.2026	4,370,000	–	–	(220,000)	4,150,000
	05.05.2021	7.982	15.07.2022 to 04.05.2026	400,000	–	–	–	400,000
	04.05.2022	6.532	04.05.2023 to 03.05.2027	N/A	6,870,000	–	–	6,870,000
	04.05.2022	6.532	01.06.2023 to 03.05.2027	N/A	350,000	–	–	350,000
Other participants	17.06.2020	5.39	17.06.2021 to 16.06.2025	200,000	–	(60,000)	(140,000)	–
	05.05.2021	7.982	05.05.2022 to 04.05.2026	400,000	–	–	(400,000)	–
	05.05.2021	7.982	05.10.2022 to 04.05.2026	800,000	–	–	–	800,000
	04.05.2022	6.532	04.05.2023 to 03.05.2027	N/A	100,000	–	–	100,000
Total				42,577,000	11,320,000	(1,388,000)	(1,990,000)	50,519,000
Exercisable at the end of the year								25,095,000
Weighted average exercise price				6.55	6.53	5.41	6.31	6.59

28. SHARE OPTION SCHEMES (continued)

For the year ended 30 June 2021

				Number of share options				
Grantees	Date of grant	Exercise price per share *HK$*	Exercise period	Balance as at 01.07.2020	Granted during the year	Exercised during the year	Lapsed during the year	Balance as at 30.06.2021
Directors	08.03.2016	2.45	08.03.2017 to 07.03.2021	5,000,000	–	(5,000,000)	–	–
	19.06.2018	5.048	19.06.2019 to 18.06.2023	5,500,000	–	–	–	5,500,000
	22.05.2020	6.688	22.05.2021 to 21.05.2024	7,000,000	–	(210,000)	–	6,790,000
	05.05.2021	7.982	05.05.2022 to 04.05.2026	N/A	9,000,000	–	–	9,000,000
Employees	08.03.2016	2.45	08.03.2017 to 07.03.2021	905,000	–	(905,000)	–	–
	19.06.2018	5.048	19.06.2019 to 18.06.2023	2,705,000	–	(1,255,000)	(480,000)	970,000
	22.05.2019	6.688	22.05.2020 to 21.05.2024	3,740,000	–	(506,000)	(217,000)	3,017,000
	17.06.2020	5.39	17.06.2021 to 16.06.2025	10,700,000	–	(600,000)	(70,000)	10,030,000
	17.06.2020	5.39	01.07.2021 to 16.06.2025	500,000	–	–	–	500,000
	17.06.2020	5.39	02.09.2021 to 16.06.2025	600,000	–	–	–	600,000
	17.06.2020	5.39	08.10.2021 to 16.06.2025	150,000	–	–	(150,000)	–
	05.05.2021	7.982	05.05.2022 to 04.05.2026	N/A	4,370,000	–	–	4,370,000
	05.05.2021	7.982	15.07.2022 to 04.05.2026	N/A	400,000	–	–	400,000
Other participants	17.06.2020	5.39	17.06.2021 to 16.06.2025	1,000,000	–	–	(800,000)	200,000
	05.05.2021	7.982	05.05.2022 to 04.05.2026	N/A	400,000	–	–	400,000
	05.05.2021	7.982	05.10.2022 to 04.05.2026	N/A	800,000	–	–	800,000
Total				37,800,000	14,970,000	(8,476,000)	(1,717,000)	42,577,000
Exercisable at the end of the year								15,605,000
Weighted average exercise price				5.23	7.98	3.40	5.46	6.55

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 share options granted to certain employees and other participants of the Group, 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 and other participants ("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).

Share options exercised during the year resulted in 1,388,000 (2021: 8,476,000) shares being issued. The related weighted average share price at the time of exercise was HK$6.87 (2021: HK$7.22) per share.

The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$6.55 (2021: HK$7.90) per share.

28. SHARE OPTION SCHEMES (continued)

The fair values of the share options granted by the Company were determined by using the Black-Scholes model which is one of the models to estimate the fair value of a share option. The total value of the share options granted during the year ended 30 June 2022 under the 2012 Scheme amounting to approximately HK$14,142,000 (2021: HK$37,131,000) was estimated based on the following variables and assumptions:

	Options granted during 2022	Options granted during 2021
Risk-free interest rate	**2.71%[1]**	0.61%
Expected volatility	**24.95%[2]**	42.90%
Expected dividend yield	**2.97%[3]**	2.22%
Expected life of the share options	**5 years[4]**	5 years

Notes:

1. This represented the approximate yield of 5-year Exchange Fund Note traded on 4 May 2022.

2. This represented the annualised volatility of the closing price of the shares of the Company in the year preceding the date of grant.

3. This represented the yield of the expected dividend, being the historical dividend of the shares of the Company in the year preceding the date of grant.

4. This was based on the assumption that there was no material difference between the expected volatility over the whole life of the share options and the historical volatility of the shares of the Company in the year preceding the date of grant.

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

The Group recognised total expenses of HK$25,518,000 for the year ended 30 June 2022 (2021: HK$18,147,000) in relation to share options granted by the Company.

29. RELATED PARTY TRANSACTIONS AND BALANCES

Other than the transactions and balances with related parties disclosed elsewhere in these consolidated financial statements, the Group also had the following significant transactions with related parties during the year and significant balances with them at the end of the reporting period:

(a) Transactions with the SHKP Group

	2022 ***HK$'000***	2021 *HK$'000*
Income from installation, operation and provision of cable networking	**81,066**	57,913
Income from maintenance and repair of network infrastructure and security systems	**54,713**	61,415
Income from data centre and IT facilities	**3,645**	3,630
Expense relating to short-term leases and licence and management fee charges	**360**	347
Property management service fees paid	**8,923**	10,919
Cable networking installation charges	**4,483**	4,169
Maintenance and repair charges of network infrastructure and security system	**3,541**	4,152
Management fee charges	**2,000**	2,000
Insurance service charges paid	**4,390**	3,678
Construction work charges	**899,974**	210,226
Interest on shareholder's loan	**108,370**	101,803
Interest on lease liabilities	**106**	124
Other finance costs	**375**	1,000

(b) Balances with the SHKP Group

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

	2022 ***HK$'000***	2021 *HK$'000*
Trade and other receivables	**33,210**	8,974
Contract assets	**26,712**	11,795
Trade and other payables	**469,352**	420,756
Shareholder's loan	**3,800,000**	3,300,000
Lease liabilities (note)	**2,550**	4,475

Trade receivables and trade payables are unsecured, interest-free and have credit period of 30 days.

Note: During the year ended 30 June 2021, the Group entered into several new lease agreements for the use of office and data centre for 3 years. The Group had recognised an addition of right-of-use assets and lease liabilities of HK$3,274,000 and HK$3,274,000, respectively.

29. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Transaction with a director

During the year, professional fees of HK$439,000 (2021: HK$4,254,000) 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.

(d) Compensation of key management personnel

The directors' emoluments set out in note 11 represent the compensation paid/payable to the key management personnel.

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

30. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group mainly consists of net debt, which includes the bank borrowings and shareholder's loan disclosed in notes 25 and 26, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and reserves.

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

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments at the end of the reporting period were as follows:

	2022 HK$'000	2021 HK$'000
Financial assets		
Amortised cost	705,714	695,497
Equity instrument at FVTOCI	3,710	3,710
Financial liabilities		
Amortised cost	12,611,420	11,165,281

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and deposits, equity instrument at FVTOCI, trade and other payables, bank borrowings, shareholder's loan and lease liabilities. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

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

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

	2022 HK$'000	2021 HK$'000
Assets		
US$		
– Trade and other receivables	4,734	5,138
– Bank balances and deposits	2,847	151,055
	7,581	156,193
Liabilities		
US$		
– Trade and other payables	6,514	6,351

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

31. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to bank deposits, fixed-rate shareholder's loan (see note 26 for details of the shareholder's loan) and lease liabilities.

The Group is exposed to cash flow interest rate risk in relation to the impacts of rate changes on interest-bearing bank balances (see note 20 for details of bank balances and deposits) and interest-bearing bank borrowings (see note 25 for details of bank borrowings).

The Group's exposure to (i) interest rates on bank balances is considered insignificant and; (ii) the interest rate on financial liabilities is shown in the liquidity risk management section of this note. The Group's cash flow interest rate risk in relation to variable-rate bank borrowings is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points (2021: 25 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2021: 25 basis points) higher/lower and all other variables were held constant, the Group's interest on bank borrowings would increase/decrease by approximately HK$20,375,000 (2021: HK$18,250,000) and the profit after taxation would decrease/increase by approximately HK$4,428,000 (2021: HK$3,903,000) for the year ended 30 June 2022, after taking into effect of capitalisation of borrowing costs. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, unbilled revenue, other receivables and deposits paid, bank balances and deposits and contract assets. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

In order to minimise the credit risk, management of the Group has formulated policies for determination of credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group reviews the recoverable amount of the individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on collective basis. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 30 June 2022 and 2021, the Group assessed the ECL for other receivables and deposits are not significant and thus no loss allowance (2021: nil) is recognised.

31. FINANCIAL INSTRUMENTS (continued)

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

Credit risk and impairment assessment (continued)

Bank balances and deposits

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

The Group does not have significant concentration of credit risk. Trade receivables consist of a number of customers and spread across diverse industries.

The Group's internal credit risk grading assessment comprises the following categories.

Internal credit rating	Description	Trade receivables, unbilled revenue and contract assets	Other financial assets
Group A	The counterparties are multinational companies or listed companies which have a low risk of the default through information developed internally	Lifetime ECL – not credit-impaired	12-month ECL
Group B	The counterparties are unlisted entities or small to medium entities which have a medium risk of the default through information developed internally	Lifetime ECL – not credit-impaired	12-month ECL
Group C	There have been significant increases in credit risk since initial recognition through information developed internally	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Group D	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Group E	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

31. FINANCIAL INSTRUMENTS (continued)

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

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2022 HK$'000	Gross carrying amount 2021 HK$'000
Financial assets at amortised cost						
Trade receivables	18	N/A	Group A (Note i)	Lifetime ECL (not credit-impaired) (individually assessed)	226,437	152,559
			Group B (Note i)	Lifetime ECL (not credit-impaired) (individually assessed)	36,793	16,894
			Group C (Note i)	Lifetime ECL (not credit-impaired) (collective basis)	4,499	10,155
Unbilled revenue for use of data centre and IT facilities	18	N/A	Group A (Note i)	Lifetime ECL (not credit-impaired) (individually assessed)	56,696	71,265
Other receivables and deposits paid	18	N/A	Group A (Note ii)	12-month ECL	68,175	56,053
			Group B (Note ii)	12-month ECL	4,326	3,571
Bank balances and deposits	20	Aa2/Aa3/A1/A2/A3	N/A	12-month ECL	309,669	387,316
Other item						
Contract assets	19	N/A	Group A (Note i)	Lifetime ECL (not credit-impaired) (individually assessed)	39,220	18,537

Notes:

(i) For trade receivables, unbilled revenue and contract assets, the Group has applied simplified approach in HKFRS 9 to measure loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items by using a collective basis, grouped by internal credit rating based on historical repayment record and reputation.

(ii) For the purpose of internal credit risk management, the Group uses past due information to assess whether the credit risk has increased significantly since initial recognition. No other receivables and deposits paid are more than 30 days past due. Based on assessment by the management of the Group, the ECL for other receivables and deposits paid is not material.

31. FINANCIAL INSTRUMENTS (continued)

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

Credit risk and impairment assessment (continued)

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on collective basis within lifetime ECL (not credit-impaired). As at 30 June 2022, trade receivables, unbilled revenue and contract assets which are significant balances and not credit-impaired amounted to HK$263,230,000, HK$56,696,000 and HK$39,220,000 (2021: HK$169,453,000, HK$71,265,000 and HK$18,537,000), respectively, are assessed individually and trade receivables which are not credit-impaired amounted to HK$4,499,000 (2021: HK$10,155,000) under a collective basis based on internal credit rating. Based on assessment by the management of the Group, the ECL for trade receivables, unbilled revenue and contract assets which are assessed individually is not material.

As at 30 June 2022

	Average loss rate	**Trade receivables** ***HK$'000***	**Loss allowances** ***HK$'000***
Group C	**19.6%**	**4,499**	**881**

As at 30 June 2021

	Average loss rate	Trade receivables *HK$'000*	Loss allowances *HK$'000*
Group C	22.8%	10,155	2,316

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

31. FINANCIAL INSTRUMENTS (continued)

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

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL not credit-impaired *HK$'000*	Lifetime ECL credit-impaired *HK$'000*	Total *HK$'000*
As at 1 July 2020	1,074	–	1,074
Changes due to financial instruments recognised as at 1 July 2020:			
– Transfer to credit-impaired with gross carrying amount of HK$421,000	(82)	82	–
– Impairment losses recognised	–	339	339
– Impairment losses reversed with full settlement of trade debtors with gross carrying amount of HK$5,079,000	(992)	–	(992)
– Write-offs	–	(421)	(421)
New financial assets originated with gross carrying amounts of HK$10,155,000	2,316	–	2,316
As at 30 June 2021	2,316	–	2,316
Changes due to financial instruments recognised as at 1 July 2021:			
– Transfer to credit-impaired with gross carrying amount of HK$2,446,000	(558)	558	–
– Impairment losses recognised	–	1,888	1,888
– Impairment losses reversed with full settlement of trade debtors with gross carrying amount of HK$7,709,000	(1,758)	–	(1,758)
– Write-offs	–	(2,446)	(2,446)
New financial assets originated with gross carrying amounts of HK$4,499,000	881	–	881
As at 30 June 2022	**881**	**–**	**881**

31. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk

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

Liquidity risk tables

	Weighted average interest rate	Less than 3 months HK$'000	3 months – 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 30 June 2022							
Trade and other payables	–	721,296	2,987	–	–	724,283	724,283
Bank borrowings	1.20%	22,983	2,368,080	69,648	5,964,216	8,424,927	8,087,137
Shareholder's loan	3.00%	27,460	85,266	114,312	3,858,406	4,085,444	3,800,000
Lease liabilities	3.00%	2,781	7,544	928	249	11,502	11,290
		774,520	2,463,877	184,888	9,822,871	13,246,156	12,622,710

	Weighted average interest rate	Less than 3 months HK$'000	3 months – 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 30 June 2021							
Trade and other payables	–	599,612	3,979	–	–	603,591	603,591
Bank borrowings	1.09%	20,224	74,532	4,361,936	3,053,721	7,510,413	7,261,690
Shareholder's loan	3.00%	24,953	74,047	99,000	3,449,992	3,647,992	3,300,000
Lease liabilities	3.00%	595	1,611	1,925	576	4,707	4,549
		645,384	154,169	4,462,861	6,504,289	11,766,703	11,169,830

31. FINANCIAL INSTRUMENTS (continued)

(c) Fair values

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

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

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

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

Fair value measurement recognised in the consolidated statement of financial position

The Group's financial instrument that are measured subsequent to initial recognition at fair value, is categorised as Level 3 fair value measurements based on the degree to which the fair value is observable.

	2022 *HK$'000*	2021 *HK$'000*
Unlisted equity instrument (Level 3)	**3,710**	3,710

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

There was no transfer of financial assets and financial liabilities between fair value hierarchy classifications during the years ended 30 June 2022 and 2021.

32. SERVICE COMMITMENTS AND OPERATING LEASING ARRANGMENTS

As service provider

Service income from data centre and IT facilities, earned during the year was HK$1,489,722,000 (2021: HK$1,303,918,000). All of the data centre and IT facilities have committed customers for one to ten years (2021: one to seven years).

At the end of the reporting period, the Group had contracted with customers but not accounted for in respect of the following future minimum payments for services for data centre and IT facilities:

	2022 ***HK$'000***	2021 *HK$'000*
Within one year	**965,155**	961,488
In the second to fifth year inclusive	**2,108,515**	2,031,898
Over five years	**591,850**	125,660
	3,665,520	3,119,046

The Group as lessor

The property held by the Group for rental purposes has committed lessee for the next 4 years.

Undiscounted lease payments receivable on leases are as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Within one year	**1,229**	–
In the second year	**1,229**	–
In the third year	**1,229**	–
In the fourth year	**645**	–
	4,332	–

33. CAPITAL COMMITMENTS

	2022 ***HK$'000***	2021 *HK$'000*
Capital expenditure in respect of development of construction in progress contracted for but not provided in the consolidated financial statements	**2,425,010**	2,977,450

34. RETIREMENT BENEFITS SCHEMES

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

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

During the year, the retirement benefit scheme contributions incurred by the Group amounted to approximately HK$6,787,000 (2021: HK$6,959,000), after forfeited contributions of approximately HK$279,000 (2021: HK$42,000).

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities *HK$'000* (Note 23)	Bank borrowings *HK$'000* (Note 25)	Shareholder's loan *HK$'000* (Note 26)	Commitment fee and interest payable *HK$'000*	Dividend and distribution payable *HK$'000* (Note 12)	Total *HK$'000*
At 1 July 2020	3,522	5,816,494	3,300,000	77,605	–	9,197,621
Financing cash flows	(2,377)	1,411,250	–	(191,370)	(709,552)	507,951
New leases entered into	3,274	–	–	–	–	3,274
Finance cost incurred	130	15,196	–	163,680	–	179,006
Dividend and distribution declared	–	–	–	–	709,552	709,552
Settlement of provision for arrangement fee payable	–	18,750	–	–	–	18,750
At 30 June 2021	4,549	7,261,690	3,300,000	49,915	–	10,616,154
Financing cash flows	(9,048)	827,500	500,000	(201,979)	(787,313)	329,160
New leases entered into	15,403	–	–	–	–	15,403
Finance cost incurred	386	20,447	–	175,754	–	196,587
Dividend and distribution declared	–	–	–	–	787,313	787,313
Arrangement fee payable	–	(22,500)	–	–	–	(22,500)
At 30 June 2022	**11,290**	**8,087,137**	**3,800,000**	**23,690**	**–**	**11,922,117**

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

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

	2022 **HK$'000**	2021 HK$'000
Non-current assets		
Investments in subsidiaries	**1,409,885**	1,386,321
Amounts due from subsidiaries	**2,080,000**	2,080,000
	3,489,885	3,466,321
Current assets		
Amounts due from subsidiaries	**782,360**	775,695
Prepayments	**1,500**	1,550
Bank balance	**18,983**	11,472
	802,843	788,717
Current liability		
Accruals	**2,062**	2,050
Net current assets	**800,781**	786,667
Net assets	**4,290,666**	4,252,988
Capital and reserves		
Share capital	**233,906**	233,767
Reserve arising from issuance of convertible notes	**172,002**	172,002
Other reserves	**3,884,758**	3,847,219
Total equity	**4,290,666**	4,252,988

DIRECTORS:
Fung Yuk-lun, Allen
Tong Kwok-kong, Raymond

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

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

	Share capital HK$'000	Share premium HK$'000	Reserve arising from issuance of convertible notes HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2020	232,919	2,334,287	172,002	22,338	1,418,733	4,180,279
Profit and total comprehensive income for the year	–	–	–	–	735,288	735,288
Exercise of share options	848	33,931	–	(5,953)	–	28,826
Recognition of equity-settled share-based payments	–	–	–	18,147	–	18,147
Final dividend and distribution paid	–	–	–	–	(709,552)	(709,552)
At 30 June 2021	233,767	2,368,218	172,002	34,532	1,444,469	4,252,988
Profit and total comprehensive income for the year	–	–	–	–	791,966	791,966
Exercise of share options	139	9,322	–	(1,954)	–	7,507
Recognition of equity-settled share-based payments	–	–	–	25,518	–	25,518
Final dividend and distribution paid	–	–	–	–	(787,313)	(787,313)
At 30 June 2022	**233,906**	**2,377,540**	**172,002**	**58,096**	**1,449,122**	**4,290,666**

The Company's reserves available for distribution represent the aggregate of share premium and retained profits of HK$3,826,662,000 (2021: HK$3,812,687,000). Under the Companies Law of the Cayman Islands (2013 Revision), the share premium of the Company is available for paying distributions or dividends to the Company's shareholders subject to the provisions, if any, of its amended and restated memorandum and articles of association and provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. In accordance with Article 142 of the Company's amended and restated articles of association, no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution, including share premium.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 30 June 2022 and 2021 are as follows:

Name of subsidiary	Issued and fully paid share capital	Attributable equity interest held by the Company 2022	2021	Principal activities
iAdvantage Limited*	Ordinary shares – HK$2 Non-voting deferred shares – HK$2	100%	100%	Data centre services provision and operation
SUNeVision Super e-Technology Services Limited*	Ordinary shares – HK$11,000,002 Non-voting deferred shares –HK$2	100%	100%	Design, installation, operation, laying, cabling of ELV and IT system, and building access, voice, data, power supply systems and network, and other infrastructure networks, and provision of related repair and maintenance services
SUNeVision Super e-Network Limited*	Ordinary shares – HK$2 Non-voting deferred shares – HK$2	100%	100%	Provision of IT and optical fibre network and related maintenance services
Branhall Investments Limited	Ordinary shares – HK$2 Redeemable shares – HK$39,999,998	100%	100%	Property holding
Capital Way (H.K.) Limited*	HK$1	100%	100%	Property holding
Cherington Assets Limited	US$1	100%	100%	Holding of trademark
Easy Vision Development Limited*	HK$1	100%	100%	Property holding
Gain Channel Limited*	HK$1	100%	100%	Data centre services provision and operation
Grandwide Development Limited*	HK$1	100%	100%	Provision of financing
Huge Profit Investments Ltd.	US$7	100%	100%	Investment holding
SUNeVision Investments Limited	US$5	100%	100%	Investment holding
SUNeVision (Management Services) Limited*	HK$2	100%	100%	Provision of management services
SUNeVision Secretarial Services Limited*	HK$2	100%	100%	Provision of company secretary services
Top Merchant Investments Limited	US$1	100%	100%	Property holding
Wealth Up Development Limited*	HK$1	100%	100%	Property holding
Weelek Company Limited*	Ordinary shares – HK$762,000,200 Non-voting deferred shares – HK$200	100%	100%	Property holding

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Notes:

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

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

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

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

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

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

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

Particulars of Properties Held by the Group

At 30 June 2022

Name	Address	Use	Lease term	Lot no.
MEGA-i	399 Chai Wan Road and 1 Sun Yip Street Chai Wan Hong Kong	Information technology and telecommunications industries	Long-term (Note)	Remaining Portion of Chai Wan Inland Lot No. 30
ONE	Units 10 to 13 and 15 to 19 on Level 31 and units 1 to 3, 5 to 13 and 15 to 19 on Level 36 Standard Chartered Tower Millennium City 1 388 Kwun Tong Road Kwun Tong Kowloon	Other specified uses	Medium-term	Kwun Tong Inland Lot No. 733
MEGA Two	8-12 Wong Chuk Yeung Street Fo Tan Sha Tin New Territories	Information technology and telecommunications industries	Medium-term	Sha Tin Town Lot No. 135
JUMBO	145-159 Yeung Uk Road Tsuen Wan New Territories	Industrial	Medium-term	Lot No. 476 in Demarcation District No. 443
MEGA Plus	Wan Po Road Area 85 Tseung Kwan O New Territories	High-tier data centre	Medium-term	Tseung Kwan O Town Lot No. 122
MEGA IDC	Wan Po Road Area 85 Tseung Kwan O New Territories	High-tier data centre	Medium-term	Tseung Kwan O Town Lot No. 131
MEGA Gateway	Tsuen Wan Town Lot No. 428 Ma Kok Street Tsuen Wan New Territories	Information technology and telecommunications industries	Medium-term	Tsuen Wan Town Lot No. 428
HKIS-1	Chung Hom Kok Lot No. 1158 Hong Kong	External telecommunications station	Medium-term	Rural Building Lot No. 1158
HKIS-2	Chung Hom Kok Lot No. 1219 Hong Kong	External telecommunications station	Medium-term	Rural Building Lot No. 1219

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

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