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SUNEVISION HOLDINGS LTD.
新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1686)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS

(in HK$ million, unless specified) **For the 6 months ended 31 December**	2022	2023	% Change
Revenue	1,108	1,290	+16%
- Revenue from data centre and IT facilities	1,019	1,185	+16%
EBITDA	805	899	+12%
Profit attributable to owners of the Company	433	435	+1%
Net cash generated from operating activities excluding movement in working capital	662	715	+8%

RESULTS

During the period under review, the Group's revenue increased by 16% year on year reaching HK$1,290 million, primarily driven by price increases and enhanced power usage by our customers. EBITDA rose by 12% year on year to HK$899 million. Interest costs have risen substantially, but because of growth in business the profit attributable to shareholders still increased by 1% year on year to HK$435 million. The Group has maintained a strong operating cash inflow, with net cash generated from operating activities (excluding movement in working capital) increasing by 8% to HK$715 million, compared to the same period last year.

BUSINESS REVIEW

In the last six months the market demand for data centre services has experienced a significant uptick in interest and actual commitments. This demand uptick is evident both in "connectivity" data centre services as well as "hyperscale" data centre services. MEGA-i, one of Asia's largest connectivity data centre hubs, saw strong demand growth, with customers increasing their presence and undertaking capacity upgrades. With the recent landing of the Asia Direct Cable (ADC), we have seen an increase in the number of cross-connections within our data centres, a trend that is poised to bolster our operations further as the ADC cable's usage intensifies. Additionally, the introduction of new subsea cables in the next few years is expected to enhance our service offerings and infrastructure capabilities. Subsea cables are important not just to the Company but are even more important for Hong Kong. Hong Kong has historically been a major global data hub and a focal point of subsea cables, but in recent years other cities such as Singapore has been aggressive in landing such cables. We believe securing more subsea cables to Hong Kong is critically important for Hong Kong to maintain its strong connectivity with the rest of the world.

There is also a marked increase in the demand for "hyperscale" data centres from our cloud customers, both Chinese and multi-national companies. For some of our locations, we have substantially more demand than supply, and consequently, SUNeVision is prioritising investments to increase power capacity to meet our customers' needs. The first phase of our state-of-the-art facility, MEGA IDC, will be ready to move in by end of March. We already have two major international banks and one major cloud service provider committed as new customers. Furthermore, another major cloud service provider has in principle committed to a significant amount of space in our facility, and we are in the process of completing the legal agreement. In addition to this, we are also receiving a number of other promising enquiries.

Why is there a surge in interest and activity for high-tier data centres? We believe this surge is closely related to the development of artificial intelligence (AI). AI applications have grown substantially and they require high-power servers that can process large amounts of data, and hence AI applications and data centre needs actually grow hand-in-hand. While the most advanced AI servers are usually located in more remote places with cheap electricity, there is still a need for some high-power servers to be located near the end-users i.e. in major cities. We have seen that happening in many cities globally and in Asia, and we are starting to see this in Hong Kong.

Despite robust demand and a strong project pipeline we are exposed to increasing costs. We have witnessed escalating costs in labour, mechanical and electrical equipment, and general construction costs. The market interest rate has likely peaked with predictions they might remain "higher for longer". This financial year marks a peak in capital expenditure for the Group as we complete the buildout and related fit-out infrastructure for MEGA Gateway and Phase 1 of MEGA IDC. While these capital investments are critical for our growth and are expected to generate substantial returns, they exert short-term pressure on our balance sheet. Consequently, we continue to exercise a stringent cost and cash management discipline. Our capital expenditure is deployed on the basis of "just-in-time" to meet confirmed customer orders. Moreover, we continue to benchmark best global practices to enhance capital and operational efficiency. Backed by the continued commitment and support of our major shareholder, the Group is well positioned to meet its financing needs at highly competitive rates, reinforcing the financial strength and stability of the Group.

By the end of December 2023, the Group's total equity was HK$4.6 billion; this was based on the historical cost of the Group's data centres minus depreciation. If we base the equity on fair market value as at 30 June 2023, as assessed by an independent valuer with reference to open market rents and sales transactions, the Group's total equity would increase to HK$30.1 billion. Based on this market-based valuation, the Group's gearing ratio (Net Debt to Equity) would be at 49%[1] (with shareholder's loan) or 36%[1] (excluding shareholder's loan).

The Company has complained for many years against unlawful "subletting" by data centre operators in the Tseung Kwan O Industrial Estate (now called InnoPark) of the Hong Kong Science and Technology Parks Corporation ("HKSTP"), and in May 2022 we won the court case against HKSTP. We have recently been informed that the HKSTP has launched its own investigation and discovered clear evidence of "subletting". HKSTP has stated that it has given notices of breaches to these operators and will take action if such breaches are not completely remedied. We believe such breaches are serious matters as these rent-seeking activities will inevitably undermine Hong Kong's quest to be an innovation hub. Such subletting also hurts the end-user companies (which includes financial institutions) because they suffer from poor security and privacy under such arrangements. We urge the HKSTP to 1) publish the full details of their investigation, 2) take actions against rent-seeking operators, and 3) ensure no further subletting happens in the future. We also urge the HKSTP to review internally why it took them many years to realise there is indeed subletting. We support and respect HKSTP as the key entity to drive Hong Kong's push to be an innovation and technology hub, but precisely because HKSTP carries such an important responsibility that it needs to ensure its governance is robust.

PROSPECTS

One may debate whether there is too much "hype" over AI in recent months, but there is nonetheless a consensus that AI is real and will revolutionise the way we live and work. This has major implications for data centre demand. There will *not just* be substantially more demand for data centre space, there

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[1] Adjusted gearing ratios are calculated based on fair value of the major completed data centres as of 30 June 2023 and net debt as of 31 December 2023. 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.

will in particular be more demand for "high-end" data centre space. We have already seen this happening in North America, and this is starting to happen in Asia. This is because high-power AI servers are very demanding in terms of power, loading and cooling. Hong Kong may not house the most advanced servers, but the new servers in Hong Kong will still be much faster than before. These servers are very expensive, and they demand the best infrastructure and service to support their operations. We believe such developments play to the strengths of SUNeVision. For instance, the servers of one of the customers in MEGA IDC require a floor loading that no data centre building in Hong Kong that can satisfy, save MEGA IDC. And we believe such (and other) requirements will only be more demanding in the future.

We also believe Hong Kong remains an attractive market for data centre development. Hong Kong's geographical location is a strength. Hong Kong has a common-law legal system and strong rule-of-law, as evident from the fact that a private company like us can win a court case against the HKSTP. This is why we have been willing to invest over the past few years to expand our capacity. The future phases (beyond Phase 1) of MEGA IDC will comprise an additional 700,000 square feet of Gross Floor Area, which will underpin our growth in our "hyperscale" business. Such high-quality capacity will serve our customers as they grow their business with the advancement of AI. Our new data centres are truly state-of-the-art and can accommodate the most power-hungry AI servers. These new facilities, built by the SHKP Group, are delivered on time to the highest specifications. They are also fully self-owned and under our control. This differentiates us from our competitors who rent industrial buildings with the assets potentially changing hands every few years.

Given the possibility of sustained high interest rates, we will carefully adjust our capital allocation and cost structure to match customer demand. It's our priority to manage our financial leverage wisely, ensuring that we enhance long-term value for our shareholders. Our demand pipeline is robust, signalling strong customer confidence. SUNeVision remains committed to delivering superior infrastructure and services, maintaining our position as a supplier of choice in the Asia region for data centre services and connectivity. While the external environment remains uncertain, and especially if interest rates remain elevated, we shall closely align capital allocation and our cost structure with customer demand and maintain gearing prudently to ensure we drive long-term shareholder value. The demand pipeline is strong, and SUNeVision will continue to serve its customers with superior infrastructure and service.

The Group will continue to deliver on its Environmental, Social and Governance ("ESG") commitments, investing in and utilising the best-in-class energy-efficient equipment and infrastructure for its data centres. We adhere to environmentally friendly best practices in managing our data centres, with MEGA-i, MEGA Plus and MEGA Two achieving the highest Excellent grade in the Management aspect of BEAM Plus Certification, and the more recent MEGA Gateway, winning the 2023 CAHK STAR Best Data Centre Silver Award.

APPRECIATION

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

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 27 February 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

iAdvantage

SUNeVision operates its data centre business under iAdvantage. As at 31 December 2023, the Group operates seven data centres in Hong Kong (with six owned by the Group) and has one self-owned site under construction. To enhance international connectivity and resilience, the Group owns and operates a cable landing station ("HKIS-1") with another site ("HKIS-2") under construction. iAdvantage is the largest, most connected, carrier-neutral, cloud-neutral and cable-neutral data centre operator in Hong Kong. It offers best-in-class facilities built around the MEGA Campus (consisting of MEGA-i, MEGA Plus, MEGA Two, MEGA Fanling and MEGA Gateway) and is regarded as the preferred data centre operator to partner with in Hong Kong. Customers of iAdvantage include global and regional cloud service providers, new economy players, telcos, Internet Service Providers ("ISPs"), large multinationals and local enterprises.

The demand for the Group's data centre services remained strong during the period under review. Demand for "connectivity" capacity, mainly through MEGA-i, continued to be robust. Several subsea cables are expected to land in Hong Kong in 2024 and 2025, and will likely bring further demand for capacity in the Group's data centres. Demand for "hyperscale" capacity continued to increase, as cloud service clients with increased power requirements expanded their capacity at the Group's facilities. To accommodate the rising demand for more powerful computing capabilities for new applications, the Group has enhanced the electrical capacity at its facilities.

The well-established MEGA-i is a major connectivity hub in Asia, currently carrying around 15,000 cross-connects and interconnecting hundreds of global and regional telcos, ISPs, enterprises, cloud and new economy players within its ecosystem. The ongoing upgrade of power capacity at MEGA-i has further strengthened the Group's ability to meet customers' increasingly intense power needs and enhanced its leading position in connectivity. MEGA Gateway, the Company's new data centre in Tsuen Wan had its grand opening in the first quarter of 2023, and customers are ramping up accordingly. MEGA Gateway's strategic positioning as an expansion of MEGA-i, aimed at becoming the next major connectivity hub, has directed efforts towards attracting high-value, connectivity-intensive customers. This targeted approach has helped increase interconnection revenue. 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 enabled the Group to capture hyperscale and cloud customers with higher power requirements in this strategic location. MEGA Fanling, the single-user data centre project, based on an asset-light model, became operational in June 2022 and is ramping up ahead of schedule. The Group, owning the majority of its data centres has a strategic advantage enabling it to provide long-term service stability, which is valued by all its major customers, especially cloud players.

MEGA IDC is the Group's flagship greenfield project in Tseung Kwan O with approximately 1.2 million square feet GFA and is designed to support an ultra-high IT power capacity of up to 180MW. This truly state-of-the-art facility has extraordinarily abundant electricity provision and a superior infrastructure designed and capable of housing the most demanding servers, capturing the demand driven by artificial intelligence. It is located right next to MEGA Plus and connects directly to MEGA-i through MEGA Plus via a subsea cable system - TKO Connect, providing unrivalled connectivity for the customers. It is being built on land approved for data centre use and is free from any subletting restrictions which applies to data centres in the nearby industrial estate. Construction of Phase 1 of MEGA IDC, consisting of approximately 500,000 square feet GFA and 50MW, has been completed.

This facility is 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 committed several orders from major financial institutions and cloud service providers for this facility. The future phases of MEGA IDC will comprise an additional 700,000 square feet of Gross Floor Area.

The completion of the entire MEGA IDC development project, will increase the total gross floor area of the Group's data centres in Hong Kong from 1.7 million square feet as at 31 December 2023 to almost 3 million square feet, and its power capacity will increase from 100MW to over 280MW when the facilities are fully operational.

The Hong Kong Segment of China Telecom Global's Asia Direct Cable ("ADC") has landed at the Group's HKIS-1 cable landing station. The added capability of the cable landing stations reinforces the Group's strategy of providing a one-stop data centre service solution, being a carrier, cloud and now cable-neutral service provider. In March 2022, the Group won the tender for a site in Chung Hom Kok ("RBL1219") to develop its second cable landing station HKIS-2 for international submarine cables. The two neighbouring sites will offer path diversity and expansion capacity for the subsea cables being planned for Hong Kong.

Cost inflation remains a recurring theme, resulting in an increase in operating costs, including labour, construction, mechanical and electrical equipment costs. The higher for longer interest rate environment has also increased the Group's financing costs. The Group has been taking action and adopting just-in-time delivery to meet concrete and confirmed customer orders and which reinforces the Group's discipline on cost and cash management.

As the largest data centre service provider in Hong Kong with Asia's number one connectivity, the Group is pleased to be the winner of W. Media 2023 Asia Pacific Cloud & Datacenter, in the category of Project – Data Centre Design & Build. The Group also won the 2023 CAHK STAR Award – Best Data Centre Silver Award for its excellence in MEGA Gateway's design, build, operations and sustainable data centre solutions. HKIS-1 has been recognised as a Gold winner in the 10th annual Asia-Pacific Stevie Awards® for Innovation in Technology Development – Computer Industries. It has also achieved a Rated-4 Certification of "ANSI/TIA-942 DCCC" for HKIS-1. The Group is honoured to have won Data Centre Partner for two consecutive years from HKBN Enterprise Solutions. The Group has received a double win at the 17th China IDC Industry Annual Ceremony, getting the "Best IDC Provider" for 4 consecutive years and the first triumph of "Trusted Partner of Chinese Companies Going Overseas". These industry awards are a recognition of the Group's leading position both in Hong Kong's data centre industry and as a provider of connectivity ecosystem in the region. The Group has received the highest Excellent grade in the Management category of "BEAM Plus Existing Buildings Version 2.0 Selective Scheme" for MEGA-i, MEGA Plus and MEGA Two as well as the certification of LEED Gold Building Design and Construction for MEGA Gateway. The recognition reaffirms that the Group's energy-efficient data centre management practice is reinforcing its environmental goals and supporting its customers' sustainability targets.

With a commitment to improving the Group's environmental, social and governance performance, and contributing to Hong Kong's innovation and technology development, the Group launched its first Startup Programme to help startups scale and provide them with access to a range of infrastructure solutions and a robust ecosystem. The Group actively finds new ways to finance and operate in a more sustainable manner. The Group has secured its first sustainability-linked loan of HK$3 billion from HSBC, the first of its kind in the Hong Kong data centre sector, to help underpin the long-term sustainability performance of the Group. The Group completed the first purchase of International Renewable Energy Certificates to offset all the carbon emission of general building electricity usage. To reduce its carbon footprint, the Group has installed solar panels in MEGA Plus, and has been involved in the CLP Retro-Commissioning Charter programme to improve the energy efficiency of its buildings. In addition, the Group was awarded the InnoESG Prize in the category of "Sustainable Technology Award 2022" from SocietyNext together with "Recognised Organisation - UNSDG Achievement Awards Hong Kong 2023" from Green Council for its proven track record in ESG. These awards serve as a recognition and are a 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.

Super e-Technology and Super e-Network

Super e-Technology secured contracts for the installation of Extra Low Voltage ("ELV") and IT systems totaling HK$41 million during the period under review. Super e-Technology is seeking new opportunities to enhance its service offerings and maintains a positive outlook for the ELV sector.

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

FINANCIAL REVIEW

Review of operating results

During the period under review, the Group's revenue increased by 16% year on year to HK$1,290 million. Revenue from data centre and IT facilities business rose by 16% year on year to HK$1,185 million, primarily driven by increased contract price and power increment for our customers, together with the full year contribution from new contracts signed in the financial year 2022/23. Revenue from the ELV and IT systems business increased by 17% year on year to HK$105 million as a result of an increased installation fee income. The Group's cost of sales increased by 27% year on year to HK$607 million, primarily due to higher depreciation charges and operating costs attributable to the expansion of the Group's data centre facilities. Operating expenditure decreased by 7% year on year to HK$72 million predominantly due to cost efficiencies. The Group's operating expenditure to sales ratio improved from 7% in the previous comparable period to 6%.

Operating profit of the Group rose by 11% year on year to HK$622 million. Operating profit from data centre and IT facilities (before corporate expenses, interest and tax) rose by 10% year on year to HK$623 million and operating profit from ELV and IT systems (before corporate expenses, interest and tax) stayed steady at HK$19 million supported by an increase in installation services.

EBITDA of the Group increased by 12% year on year to HK$899 million, driven mainly by EBITDA growth from the data centre business. EBITDA margin dropped slightly to 70% due to new sites beginning operations and starting to ramp up.

Profit attributable to owners of the Company stayed steady year on year at HK$435 million. Finance costs increased by 173% year on year to HK$104 million mainly due to the increase in borrowing rate.

Net cash generated from operating activities excluding movement in working capital of the Group increased by 8% year on year to HK$715 million, driven by business growth.

Capital Investment

The data centre developments and fit-outs of MEGA Gateway, MEGA IDC and investment in cable landing stations HKIS-1 and HKIS-2 will enhance and expand the Group's high-tier data centre capacity to meet the increasing data demands and operational requirements of the Group's customers. The capital expenditure of the Group is reaching a peak level in this financial year as we are completing the buildout and related fit-out infrastructure for MEGA Gateway and Phase 1 of MEGA IDC. We continue to exercise the highest level of discipline on cost and cash management. All our capital expenditure will be deployed on the basis of just-in-time to meet concrete and confirmed customer orders. The 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 the changing customer and market environment.

Other financial discussion and analysis

The Group had HK$354 million bank balances and deposits as of 31 December 2023, while bank borrowings were HK$11,331 million. Total net bank borrowings increased by 16% to HK$10,977 million compared to HK$9,498 million as at 30 June 2023. The shareholder's loan was HK$3,800 million as at 31 December 2023, 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. SHKP Group will continue to support the Group's development in the long term.

The gearing ratio, being net debt divided by equity attributable to owners of the Company, as of 31 December 2023 was 319%; excluding the long-term unsecured shareholder's loan of HK$3,800 million from SHKP Group, such ratio was 237%.

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 ratios including and excluding shareholder's loan would be substantially reduced to 49% and 36% 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 more meaningful insight to the Group's financial position.

As of 31 December 2023, the Group had no contingent liability while the Company had an aggregate of HK$11,450 million contingent liabilities in respect of guarantees for general banking facilities utilised by the Group's subsidiaries and other guarantees. The Group's core operations are based in Hong Kong and its assets are primarily in Hong Kong or US dollars. It had no significant exposure to foreign exchange rate fluctuations. The Group had not pledged any of its assets as of 31 December 2023.

EMPLOYEES

The Group employed 491 full-time employees as of 31 December 2023. During the period under review, SUNeVision continued to promote and protect the health and safety of its employees. The Group has implemented various measures to safeguard the wellbeing of its employees whilst maintaining the highest service standards for customers.

To remain an employer of choice and attract new talent in an increasingly competitive labour market, SUNeVision has introduced a range of programmes to support the development and retention of its people. Training workshops are organised regularly whereby employees can develop skills to enhance their career. In addition, the Group offers a competitive remuneration package to employees. Fringe benefits, including Mandatory Provident Fund contributions and medical insurance, are reviewed regularly. Share options are granted to selected Directors and employees based on performance and as part of the package to retain talents.

Consolidated Statement of Profit or Loss

For the six months ended 31 December 2023

	NOTES	Six months ended 31 December 2023 HK$'000 (unaudited)	2022 HK$'000 (unaudited)
Revenue	3	**1,289,640**	1,108,123
Cost of sales		**(607,103)**	(477,504)
Gross profit		**682,537**	630,619
Other income	4	**11,676**	5,044
Selling expenses		**(18,904)**	(15,747)
Administrative expenses		**(53,311)**	(61,760)
Profit from operations		**621,998**	558,156
Finance costs		**(104,106)**	(38,160)
Profit before taxation		**517,892**	519,996
Income tax expense	5	**(82,452)**	(86,872)
Profit for the period attributable to owners of the Company	6	**435,440**	433,124
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)	8		
Basic (Remark (i))		**10.73 cents**	10.67 cents
Diluted (Remark (i))		**10.73 cents**	10.67 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 and share options exercised.

(ii) Details of earnings per share calculation and the Company's share capital are set out in notes 8 and 13 respectively.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2023

	Six months ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period	**435,440**	433,124
Other comprehensive income for the period		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Exchange differences arising from translation of operations outside Hong Kong	**-**	29
	-	29
Total comprehensive income for the period	**435,440**	433,153
Total comprehensive income (expense) attributable to:		
Owners of the Company	**435,440**	433,626
Non-controlling interests	**-**	(473)
	435,440	433,153

Consolidated Statement of Financial Position

At 31 December 2023

	NOTES	**31 December 2023** *HK$'000* *(unaudited)*	30 June 2023 *HK$'000* *(audited)*
Non-current assets			
Investment property		**58,000**	58,000
Property, plant and equipment		**21,268,687**	19,845,823
Equity instrument at fair value through other comprehensive income		**3,710**	3,710
		21,330,397	19,907,533
Current assets			
Inventories		**5,325**	9,569
Trade and other receivables	9	**523,201**	593,686
Contract assets		**39,712**	29,545
Cash and cash equivalents		**353,566**	237,279
		921,804	870,079
Current liabilities			
Trade and other payables	10	**1,756,923**	1,734,761
Contract liabilities		**98,151**	113,857
Lease liabilities		**17,867**	16,518
Tax payables		**59,305**	183,864
Bank borrowings	11	**2,992,500**	-
		4,924,746	2,049,000
Net current liabilities		**(4,002,942)**	(1,178,921)
Total assets less current liabilities		**17,327,455**	18,728,612
Non-current liabilities			
Contract liabilities		**3,555**	4,521
Lease liabilities		**196,199**	202,140
Deferred tax liabilities		**349,893**	330,630
Bank borrowings	11	**8,338,016**	9,735,500
Shareholder's loan	12	**3,800,000**	3,800,000
		12,687,663	14,072,791
Net assets		**4,639,792**	4,655,821
Capital and reserves			
Share capital	13	**233,906**	233,906
Reserve arising from issuance of convertible notes	13	**172,002**	172,002
Other reserves	13	**4,231,856**	4,247,885
Equity attributable to owners of the Company		**4,637,764**	4,653,793
Non-controlling interests		**2,028**	2,028
Total equity		**4,639,792**	4,655,821

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

	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$'000*	Property valuation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2023 (audited)	233,906	2,377,540	172,002	68,700	-	48,639	1,753,006	4,653,793	2,028	4,655,821
Profit and total comprehensive income for the period	-	-	-	-	-	-	435,440	435,440	-	435,440
Recognition of equity-settled share-based payments	-	-	-	3,147	-	-	-	3,147	-	3,147
Lapse of share options	-	-	-	(6,894)	-	-	6,894	-	-	-
Final dividend and distribution paid (note 7)	-	-	-	-	-	-	(454,616)	(454,616)	-	(454,616)
At 31 December 2023 (unaudited)	**233,906**	**2,377,540**	**172,002**	**64,953**	**-**	**48,639**	**1,740,724**	**4,637,764**	**2,028**	**4,639,792**

	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$'000*	Property valuation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2022 (audited)	233,906	2,377,540	172,002	58,096	2,288	48,639	1,684,299	4,576,770	14,766	4,591,536
Profit for the period	-	-	-	-	-	-	433,124	433,124	-	433,124
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	502	-	-	502	(473)	29
Total comprehensive income (expense) for the period	-	-	-	-	502	-	433,124	433,626	(473)	433,153
Recognition of equity-settled share-based payments	-	-	-	7,757	-	-	-	7,757	-	7,757
Final dividend and distribution paid (note 7)	-	-	-	-	-	-	(844,287)	(844,287)	-	(844,287)
At 31 December 2022 (unaudited)	233,906	2,377,540	172,002	65,853	2,790	48,639	1,273,136	4,173,866	14,293	4,188,159

Note:

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

Reserve arising from issuance of the Convertible Notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the Convertible Notes. This reserve balance represented the aggregate amount of the Convertible Notes outstanding at the period end. No Convertible Notes were exercised and converted into ordinary shares by noteholders during the six months ended 31 December 2023 and 2022. As a result, the Convertible Notes in the amount of HK$172,001,633.30 remained outstanding as at 31 December 2023 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”.

1. BASIS OF PREPARATION

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

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$4,002,942,000 as at 31 December 2023. 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 i) internal resources, available; ii) unutilised facilities from financial institutions; and iii) refinancing of existing bank borrowings to long-term borrowings. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of the Hong Kong Financial Reporting Standards ("HKFRSs") and the amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2023.

Application of HKFRSs and amendments to HKFRSs

In the current interim period, the Group has applied the following HKFRSs and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 July 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definitions of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

3. SEGMENT INFORMATION

Disaggregation of revenue

For the six months ended 31 December 2023

Segments	**Data centre and IT facilities**	**ELV and IT systems**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Types of services recognised over time			
Income from data centre and information technology ("IT") facilities colocation services and interconnection services	**1,184,991**	**-**	**1,184,991**
Installation and maintenance fee of extra-low voltage ("ELV") and IT systems	**-**	**104,649**	**104,649**
Revenue from contract with customers	**1,184,991**	**104,649**	**1,289,640**

For the six months ended 31 December 2022

Segments	Data centre and IT facilities	ELV and IT systems	Total
	HK$'000	*HK$'000*	*HK$'000*
Types of services recognised over time			
Income from data centre and IT facilities colocation services and interconnection services	1,018,747	-	1,018,747
Installation and maintenance fee of ELV and IT systems	-	89,376	89,376
Revenue from contract with customers	1,018,747	89,376	1,108,123

All revenue is generated from Hong Kong for the six months ended 31 December 2023 and 2022.

3. SEGMENT INFORMATION – continued

Segment revenue and results

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' emoluments, interest income, investment income, certain rental 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 1) data centre and IT facilities colocation services to allow customers to house their IT infrastructure or equipment, 2) interconnection services to provide customers with high-speed and reliable interconnectivity, and 3) other managed services.

(b) ELV and IT systems comprise installation and maintenance services for the respective systems.

3. SEGMENT INFORMATION – continued

Segment revenue and results - continued

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

For the six months ended 31 December 2023

	Data centre and IT facilities *HK$'000*	**ELV and IT systems** *HK$'000*	**Elimination** *HK$'000*	**Consolidated total** *HK$'000*
REVENUE				
External	**1,184,991**	**104,649**	**-**	**1,289,640**
Inter-segment	**-**	**95**	**(95)**	**-**
Total	**1,184,991**	**104,744**	**(95)**	**1,289,640**
RESULTS				
Segment results	**622,921**	**19,358**	**-**	**642,279**
Unallocated corporate expenses				**(27,628)**
Interest income				**6,564**
Rental income				**783**
Finance costs				**(104,106)**
Profit before taxation				**517,892**

For the six months ended 31 December 2022

	Data centre and IT facilities *HK$'000*	ELV and IT systems *HK$'000*	Elimination *HK$'000*	Consolidated total *HK$'000*
REVENUE				
External	1,018,747	89,376	-	1,108,123
Inter-segment	-	95	(95)	-
Total	1,018,747	89,471	(95)	1,108,123
RESULTS				
Segment results	567,384	18,912	-	586,296
Unallocated corporate expenses				(31,249)
Interest income				2,188
Investment income				142
Rental income				779
Finance costs				(38,160)
Profit before taxation				519,996

3. SEGMENT INFORMATION – continued

Segment revenue and results - continued

Inter-segment sales are charged at prevailing market rates.

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

4. OTHER INCOME

	Six months ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Interest income	**6,564**	2,188
Investment income	**-**	142
Rental income	**2,469**	779
Miscellaneous	**2,643**	1,935
	---------	---------
	11,676	5,044
	=====	=====

5. INCOME TAX EXPENSE

	Six months ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Current tax		
- Hong Kong Profits Tax	**63,189**	92,208
Deferred tax charge (credit)	**19,263**	(5,336)
	---------	---------
	82,452	86,872
	=====	=====

Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) on the estimated assessable profits for the period.

6. PROFIT FOR THE PERIOD

	Six months ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Staff costs	**134,440**	118,848
Share-based payments	**3,147**	7,757
Retirement benefit scheme contributions	**3,869**	3,777
Total staff costs including directors' emoluments	**141,456**	130,382
Depreciation of property, plant and equipment	**293,100**	249,429
Less: amounts capitalised	**(9,062)**	-
	284,038	249,429
Loss on disposal of property, plant and equipment	**46**	-
Interest on bank borrowings	**297,586**	123,246
Interest on shareholder's loan	**57,468**	57,468
Other finance costs	**13,735**	15,106
Interest on lease liabilities	**3,249**	173
Less: amounts capitalised	**(267,932)**	(157,833)
Total finance costs	**104,106**	38,160

7. DIVIDENDS

During the period, a final dividend of HK11.20 cents per share in respect of the year ended 30 June 2023 (31 December 2022: a final dividend of HK20.80 cents per share in respect of the year ended 30 June 2022) was declared and paid to the owners and convertible noteholders of the Company. The aggregate amount of the final dividend declared and paid in the period amounted to HK$454,616,000 (31 December 2022: HK$844,287,000).

The board of directors does not recommend the payment of an interim dividend for the six months ended 31 December 2023 (31 December 2022: nil).

8. EARNINGS PER SHARE

Reported earnings per share

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

	Six months ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**435,440**	433,124
	======	======

	2023	2022
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**4,059,073,666**	4,059,073,666
	===========	===========

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

The computation of diluted earnings per share does not assume the exercise of all Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 31 December 2023 and 2022. Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the six months ended 31 December 2023 and 2022.

9. TRADE AND OTHER RECEIVABLES

	31 December 2023	30 June 2023
	HK$'000	*HK$'000*
Trade receivables	**245,844**	292,475
Less: allowance for credit losses	**(682)**	(598)
	245,162	291,877
Unbilled revenue for use of data centre and IT facilities (note)	**117,995**	111,578
Other receivables	**62,181**	69,346
Prepayments	**73,547**	98,657
Deposits paid	**24,316**	22,228
	523,201	593,686

Note: Unbilled revenue represents services provided but not yet billable according to the terms of the contract with customers. The amounts are unconditional and will be billed according to the billing arrangement as set out in the contract with customer.

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

	31 December 2023	30 June 2023
	HK$'000	*HK$'000*
0 - 60 days	**213,807**	265,705
61 - 90 days	**10,836**	7,696
> 90 days	**20,519**	18,476
	245,162	291,877

As at 31 December 2023, out of the past due balances, HK$20,519,000 (30 June 2023: HK$18,476,000) 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 material default history noted.

10. TRADE AND OTHER PAYABLES

	31 December 2023	30 June 2023
	HK$'000	*HK$'000*
Trade payables aged within 60 days	**31,641**	31,837
Trade payables aged over 60 days	**981**	2,503
Other payables and accruals	**1,566,727**	1,542,505
Deposits received	**157,574**	157,916
	1,756,923	1,734,761

11. BANK BORROWINGS

During the period, the Group obtained a new long term banking facility of HK$1,600,000,000 (31 December 2022: nil) and raised HK$1,590,000,000 (31 December 2022: HK$1,150,000,000) from its existing unutilised banking facilities to fund various new and existing data centre projects. As at 31 December 2023, the Group has available unutilised banking facility of HK$1,200,000,000 (30 June 2023: HK$1,190,000,000).

At 31 December 2023, the carrying amount of the Group's unsecured bank loans amounted to approximately HK$11,330,516,000 (30 June 2023: HK$9,735,500,000). All loans carry interest at the Hong Kong Interbank Offered Rate plus specific margins.

The carrying amounts of the unsecured bank loans are repayable:

	31 December 2023 *HK$'000*	30 June 2023 *HK$'000*
Within one year	**2,992,500**	-
Within a period of more than one year but less than two years	**-**	2,988,750
Within a period of more than two years but less than five years	**8,338,016**	6,746,750
	11,330,516	9,735,500

12. SHAREHOLDER'S LOAN

On 28 December 2018, the Group and Sun Hung Kai Properties Limited and its subsidiaries, other than members of the Group ("SHKP Group") entered into a loan agreement pursuant to which the SHKP Group had agreed to make available unsecured term loan facility in an aggregate amount of HK$3,800,000,000 to the Group for a term of 72 months from the first date of draw down 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 (30 June 2023: HK$3,800,000,000) was drawn down from such facility which was used to fund various existing data centre projects and for working capital requirements. The shareholder's loan is payable on January 2025.

13. SHARE CAPITAL AND OTHER RESERVES

	Number of ordinary shares	Amount *HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2022, 31 December 2022, 1 July 2023 and **31 December 2023**	**10,000,000,000**	**1,000,000**
Issued and fully paid:		
At 1 July 2023 and **31 December 2023**	**2,339,057,333**	**233,906**

Notes:

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

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

During the six months ended 31 December 2023 and 2022, 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 2023 and **31 December 2023**	**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 (30 June 2023: 4,059,073,666) fully paid ordinary shares of HK$0.1 each.

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

(ii) During the six months ended 31 December 2023 and 2022, no shares were issued upon exercise of share options.

(iii) Other reserves represented share premium, share option reserve, exchange reserve, property valuation reserve and retained profits. A dividend declared and paid of HK$454,616,000 (31 December 2022: HK$844,287,000) has been debited in the retained profits during the period.

DIVIDEND

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 31 December 2023 (2022: Nil).

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2023 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements will be set out in the 2023/24 interim report.

AUDIT COMMITTEE

The Audit Committee has four members comprising three Independent Non-Executive Directors, Mr. Wong Kai-man (Chairman of the Committee), Professor Li On-kwok, Victor and Professor King Yeo-chi, Ambrose, and one Non-Executive Director, Mr. Cheung Wing-yui, with written terms of reference in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Audit Committee has reviewed the interim results for the six months ended 31 December 2023 and has provided advice and comments thereon.

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

During the six months ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 31 December 2023, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, except that the Chairman of the Board was unable to attend the annual general meeting of the Company held on 27 October 2023 (the "AGM") due to other commitment. Question and answer session was arranged in the AGM to address questions from the shareholders of the Company (the "Shareholders") which fostered constructive dialogues between the Shareholders and the Directors.

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

Hong Kong, 27 February 2024

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