



SUNeVision Holdings Ltd.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1686



2022/23

INTERIM REPORT

中期報告

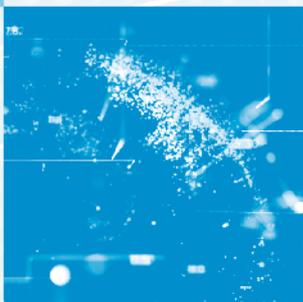
The technology arm of Sun Hung Kai Properties Limited

CHOICE OF LANGUAGE OR MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

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

If registered shareholders/noteholders, who have received or chosen to receive or are deemed to have consented to receive this interim report by electronic means, wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this interim report on the Company's website, they may obtain the same free of charge by sending a request to (a) in the case of registered shareholders, the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited ("Computershare"), by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at sunevision@computershare.com.hk; or (b) in the case of noteholders, the Company's registrar in respect of the convertible notes, Tricor Investor Services Limited ("Tricor"), by post to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email at sunevision-ecom@hk.tricorglobal.com.

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





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Financial Highlights

FINANCIAL HIGHLIGHTS

| For the period | 1 Jul 22 – 31 Dec 22 HK\$'000 | 1 Jan 22 – 30 Jun 22 HK\$'000 | 1 Jul 21 – 31 Dec 21 HK\$'000 | 1 Jan 21 – 30 Jun 21 HK\$'000 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Revenue | 1,108,123 | 1,090,517 | 995,328 | 950,796 |
| Cost of sales | (477,504) | (474,359) | (410,056) | (390,585) |
| Gross profit | 630,619 | 616,158 | 585,272 | 560,211 |
| Other income | 5,044 | 1,669 | 1,085 | 1,310 |
| Operating expenditure* | (77,507) | (79,359) | (82,245) | (70,778) |
| Profit from operations | 558,156 | 538,468 | 504,112 | 490,743 |
| Finance costs | (38,160) | (16,028) | (13,687) | (11,234) |
| Profit before taxation | 519,996 | 522,440 | 490,425 | 479,509 |
| Income tax expense | (86,872) | (85,947) | (80,087) | (80,443) |
| Profit for the period attributable to owners of the Company | 433,124 | 436,493 | 410,338 | 399,066 |
| EBITDA** | | | | |
| Data centre business | 815,900 | 786,035 | 747,046 | 714,956 |
| ELV system business and unallocated corporate expenses | (10,503) | (13,211) | (19,028) | (16,732) |
| | 805,397 | 772,824 | 728,018 | 698,224 |

* Selling, general and administrative expenses

** Earnings before interest, tax, depreciation and amortisation

Chairman's Statement

FINANCIAL HIGHLIGHTS

(in HK\$ million, unless specified)

| For the 6 months ended 31 December | 2021 | 2022 | % Change |
|--|------|--------------|----------|
| Revenue | 995 | 1,108 | +11% |
| – Revenue from data centre and IT facilities | 935 | 1,019 | +9% |
| EBITDA | 728 | 805 | +11% |
| Profit attributable to owners of the Company | 410 | 433 | +6% |

RESULTS

During the period under review, the Group's revenue increased 11% year on year to HK\$1,108 million, as a result of increased demand from new and existing customers. EBITDA rose 11% year on year to HK\$805 million, and profit attributable to owners of the Company increased 6% year on year to HK\$433 million.

BUSINESS REVIEW

Despite what is often reported in the media, Hong Kong's role as a connectivity hub in Asia remains strong. This has been reflected in the business of our MEGA-i, which is one of Asia's largest connectivity data centre hubs. Over the past six months, demand continued to be robust, and multiple clients have increased their presence. Several subsea cables are being planned to be connected to Hong Kong, further enhancing the demand for capacity in our data centres.

This strong momentum is also seen in the demand from cloud players. Globally, the cloud players' growth rate seemed to have slowed down based on the recently reported results, but this does not seem to be the case for Asia and certainly not for Hong Kong. During the last six months, we have seen multiple cloud player clients increase their presence in our facilities. Some are already planning for the next wave of expansion with state-of-the-art data centre equipment. These cloud players are looking for high-quality facilities in terms of location, infrastructure and management. Overall the data centre service is a relatively small proportion of their total cost compared to their investment in equipment, fibre and IT infrastructure. Cloud players cannot afford to compromise on the quality of their data centres which is where our strength lies. We shall continue to invest in our data centres to deliver the high-quality service demanded by our customers.

During the period, we saw the beginning of higher inflation resulting in higher costs, specifically electricity prices. Fortunately, most of the electricity costs incurred are "passed through" in our customers' contracts. Having said that, we want to help our customers lower their cost of ownership. Consequently, we have started an investment programme to improve our sites' energy efficiency, which will deliver cost benefits to our customers and for our own operations, as well as to reduce our carbon footprint.

Given the rising interest rate environment, we are carefully managing our balance sheet to ensure a cost-effective capital structure. We view our business as having two sets of assets. Our current data centres are delivering very good earnings and are essentially debt free. Our new suite of upcoming data centres are those that have incurred debt, but future revenue growth for these looks promising, as we have already secured strong customer pre-commitment and interest.

By end of December 2022, the Group's total equity was HK\$4.2 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 2022, as assessed by an independent valuer with reference to open market rents and sales transactions, the Group's total equity would increase to HK\$27.0 billion. Based on this market-based valuation, the Group's gearing ratio would be substantially lower at 47% (with shareholder's loan) or 33% (excluding shareholder's loan). The Group will continue to review annually the fair value of its existing and future data centre properties.

The Group is pleased with the final conclusion of the Judicial Review case regarding the subletting issue at the Tseung Kwan O Industrial Estate ("TKOIE") managed by the Hong Kong Science and Technology Parks Corporation ("HKSTPC"). The Court of Appeal refused to grant leave to HKSTPC to appeal, and subsequently, HKSTPC has not lodged an appeal to the Court of Final Appeal by the given deadline, effectively conceding the case. This is an important outcome for SUNeVision and the data centre industry to set a fair, competitive environment to deliver efficiency, innovation and growth. There are clear grounds to suspect there are breaches of lease provision by data centre operators in TKOIE, and HKSTPC should rectify them as soon as possible. We believe this will help eradicate the "rent-seekers" within TKOIE and ensure such land will not be misused for inappropriate data centre use.

PROSPECTS

Our existing data centres continue to perform well and will continue to grow organically. Looking ahead, SUNeVision is about to enter into a new chapter of growth with the completion of its two self-owned greenfield projects in 2023. The construction of MEGA Gateway in Tsuen Wan has been completed, adding approximately 200,000 square feet GFA and 20MW to the Company's data centre portfolio. Services will commence later this month as customers have started to move in and commence operations. Today we already have more than 60% of space being committed by customers. MEGA IDC, SUNeVision's flagship greenfield project in Tseung Kwan O, will see the completion of its first phase (approximately 500,000 square feet GFA) by the end of the year. This is a truly state-of-the-art facility that has extraordinarily abundant electricity provision and superior infrastructure. There is a robust pipeline of customers showing keen interest in this site.

The completion of the two projects will substantially increase SUNeVision's capacity to serve large cloud service providers and data-intensive customers. The total gross floor area of the Group's data centres in Hong Kong will grow from 1.5 million square feet as at 31 December 2022 to almost 3 million square feet, and its power capacity will increase from 80MW to over 280MW.

We are pleased to announce that the Hong Kong Segment of China Telecom Global's Asia Direct Cable ("ADC"), will be landing at SUNeVision's HKIS-1 cable landing station in the next few months. ADC will be Asia's highest-capacity submarine cable, the landing of which will provide substantially more connectivity between Hong Kong and other countries. This is only the first of a number of new subsea cables to land in Hong Kong in the next few years. These new cables have significant capacity, and our landing stations in Chung Hom Kok are in an ideal position for these cables to land and be connected to our data centres. These subsea cables are also very important for Hong Kong as a whole. They provide the connectivity needed for Hong Kong to be a hub, and facilitate external circulation and connectivity to the world.

As part of our commitment to provide state-of-the-art data centre services, the Group will continue to improve its existing facilities. The power density and the infrastructure of MEGA-i and MEGA Two are both being upgraded to allow existing customers to increase their power usage, and to enable new customers with high-power requirements to establish their presence in the facilities.

The Group maintains a priority to deliver on its Environmental, Social and Governance ("ESG") commitments. The Group will continue to invest in and utilise 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.

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

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, 21 February 2023

Management Discussion and Analysis

BUSINESS REVIEW

iAdvantage

SUNeVision operates its data centre business under iAdvantage. As at 31 December 2022, the Group operates six data centres in Hong Kong (with five owned by the Group) and has two self-owned sites 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, with best-in-class facilities built around the 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. Customers of iAdvantage include global and regional cloud service providers, new economy players, telcos, Internet Service Providers (“ISPs”), large multinationals and local enterprises.

Hong Kong’s role as a connectivity hub in Asia remained strong. During the period under review, the Group secured new contracts from hyperscalers and colocation customers, reflecting strong demand for high-quality data centre space driven by the ongoing digitalisation trends globally. Demand for connectivity continued to be robust, with multiple clients increasing presence. Several subsea cables are being planned to be connected to Hong Kong, further enhancing the demand for capacity in the Group’s data centres. Demand for hyperscale capacity also remained strong, with multiple cloud player clients expanding their capacity at the Group’s facilities, a number of which are planning for the next wave of expansion with state-of-the-art data centre equipment.

The well-established MEGA-i is a major connectivity hub in Asia, currently carrying around 15,000 cross-connects 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 leading position in connectivity. 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. MEGA Fanling, the single user data centre project utilising asset-light model became operational in June 2022 and is ramping up as planned. In addition, since most of the data centres are owned by the Group, it provides long-term service stability which is strongly preferred by all its major customers especially cloud players.

The Group has a very robust pipeline and is now entering into a new chapter of growth with the completion of MEGA Gateway and phase 1 of MEGA IDC in 2023.

Construction work for MEGA Gateway, which is designed to be the next connectivity hub complementing MEGA-i, has been completed. Customers have begun to move in according to their commissioning schedule. This will add approximately 200,000 square feet GFA and 20MW to the Group’s data centre portfolio. Services will commence later this month as customers have started to move in and commence operations. More than 60% of space has already been committed by customers.

MEGA IDC, the Group’s flagship greenfield project in TKOTL 131, Tseung Kwan O has approximately 1.2 million square feet GFA and is designed to support an ultra-high IT power capacity of up to 180MW. This is a truly state-of-the-art facility that has extraordinarily abundant electricity provision and superior infrastructure. It is located right next to MEGA Plus, thus enabling strong operating synergies between the two data centres. 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 GFA and is targeted to be completed in the fourth quarter 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 GFA, is set for 2026. The Group is adopting state-of-the-art technologies and designs in the construction of MEGA IDC.

Upon commissioning of MEGA Gateway and the completion of Phases 1 and 2 of MEGA IDC, the total gross floor area of the Group’s data centres in Hong Kong will grow from 1.5 million square feet as at 31 December 2022 to almost 3 million square feet, and its power capacity will increase from 80MW to over 280MW when the facilities are fully operational.

The Group has recently announced the landing of the Hong Kong Segment of China Telecom Global’s Asia Direct Cable (“ADC”) at HKIS-1 cable landing station, the first and only carrier-neutral cable landing station in Hong Kong. ADC will be Asia’s highest-capacity submarine cable, the landing of which provides substantially more connectivity between Hong Kong and other countries, and 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 future submarine cables. 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.

Inflationary pressures remained elevated, with various operating costs, specifically electricity prices, continuing to trend higher. However, the Group's business model is such that most of its electricity costs are borne directly by the Group's customers. However, to help the Group's customers lower their cost of ownership, the Group has started an investment programme to improve energy efficiency of its facilities, such efforts will deliver cost benefits to its customers and for the Group's own operations as well as a reduction in carbon footprint.

As the largest data centre service provider in Hong Kong with Asia's number one connectivity, the Group is pleased to have received W. Media Asia Pacific Cloud & Data Centre Awards 2022 for HKIS-1, in the category of Outstanding Data Centre Project – Connectivity and Innovation. 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 of the Year 2022 award from HKBN Enterprise Solutions. 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. The recognition reaffirms that the Group's energy-efficient data centre management practice is reinforcing its environmental goals and supporting its customers' sustainability journeys.

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 its carbon footprint. 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 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.

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\$14 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 11% year on year to HK\$1,108 million. Revenue from data centre and IT facilities business rose 9% year on year to HK\$1,019 million, driven largely by the demand from both existing and new customers for the Group's existing data centres, and the full period contribution of new contracts signed in the financial year 2021/22. Revenue from ELV and IT systems business increased 47% year on year to HK\$89 million as a result of an increased installation fee income. The Group's cost of sales increased 16% year on year to HK\$478 million, primarily due to higher depreciation charges and operating costs attributable to the expansion of the Group's data centre facilities. Operating expenditure decreased 6% year on year to HK\$78 million predominantly due to labour cost optimisation. The Group's operating expenditure to sales ratio improved from 8% in the previous comparable period to 7%.

Operating profit of the Group rose 11% year on year to HK\$558 million. Operating profit from data centre and IT facilities (before corporate expenses, interest and tax) rose 8% year on year to HK\$567 million and operating profit from ELV and IT systems (before corporate expenses, interest and tax) increased 19% year on year to HK\$19 million due to increasing level of installations services.

EBITDA of the Group increased 11% year on year to HK\$805 million, driven mainly by EBITDA growth from the data centre business. The EBITDA margin remained strong at 73%.

Profit attributable to owners of the Company increased 6% year on year to HK\$433 million. Finance costs increased 179% year on year to HK\$38 million mainly due to the increase in borrowing rate and 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 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. 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\$253 million bank balances and deposits as of 31 December 2022, while bank borrowings were HK\$9,221 million. Total net bank borrowings increased 15% to HK\$8,968 million compared to HK\$7,777 million as at 30 June 2022. The shareholder's loan was HK\$3,800 million as at 31 December 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. 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 2022 was 306%; excluding the long-term unsecured shareholder's loan of HK\$3,800 million from SHKP Group, such ratio was 215%.

The Group's self-occupied data centres are recorded at historical cost less depreciation on its financial statements. 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 including and excluding shareholder's loan would be substantially reduced to 47%¹ and 33%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 31 December 2022, the Group had no contingent liability while the Company had an aggregate of HK\$9,339 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 2022.

EMPLOYEES

The Group employed 452 full-time employees as of 31 December 2022. During the period under review, SUNeVision continued to promote and protect the health and safety of its employees. 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 Adjusted gearing ratios calculated based on fair value of the major completed data centres as of 30 June 2022 and net debt as of 31 December 2022. 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 received a director's fee of HK\$60,000 for being the Chairman of the Company. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

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, the vice president of The Hong Kong Federation of Youth Groups, and has been elected a professor of practice 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 received a director's fee of HK\$52,500 for being the Vice Chairman of the Company and a member of each of the Remuneration Committee and Corporate Governance Committee of the Board. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Tong Kwok-kong, Raymond (Age: 48)

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 received 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 contribution 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 received a director's fee of HK\$45,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Directors' Profile

Chan Man-yuen, Martin (Age: 66)

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' experience 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-notch facilities and best practice operation, meeting the demand of global internet companies.

Before joining the Group, Mr. Chan was the senior vice president of PCCW Limited and has served in the information technology division for 23 years, during which he had held various senior management positions in application development, operation management, outsourcing as well as data 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 received 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 contribution 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: 73)

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 received a director's fee of HK\$270,000 for being the Vice Chairman of the Company and a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Board. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Kwok Kai-wang, Christopher (Age: 36)

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 received a director's fee of HK\$45,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

David Norman Prince (Age: 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.

Directors' Profile

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

There is no service contract entered into between the Company and Mr. Prince. Mr. Prince received an appointment letter from the Company for his appointment as a Non-Executive Director of the Company, 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 received a director's fee of HK\$150,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Siu Hon-wah, Thomas (Age: 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 received a director's fee of HK\$45,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Chan Hong-ki, Robert (Age: 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 and has progressed through the ranks. He is an executive director and a member of the executive committee of SHKP. Mr. Chan is also a director of certain subsidiaries of SHKP. He is a project director for various key residential, commercial, industrial and mixed developments of the SHKP group both in Hong Kong and on the mainland. Mr. Chan is also responsible for design aspects including architectural, structural, electrical and mechanical, landscape and interior design of various development projects of the SHKP group.

Directors' Profile

Mr. Chan is a member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors and a Registered Professional Surveyor. He is also an Authorised Person under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong) 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 received a director's fee of HK\$45,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Lau Yeuk-hung, Fiona (Age: 41)

Ms. Lau had been an Executive Director of the Company since 31 October 2019. She was re-designated as a Non-Executive Director of the Company and ceased to act as the Chief Commercial Officer of the Company on 15 February 2023. Ms. Lau has been appointed as an executive director and the chief executive officer of SmarTone Telecommunications Holdings Limited with effect from 15 February 2023. 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. 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.

There is no service contract entered into between the Company and Ms. Lau. Ms. Lau received an appointment letter from the Company for her 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, Ms. Lau received 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. She continues to be entitled to a director's fee of HK\$45,000 per annum for being a director of the Company. Her director's fee is fixed by the Board while her annual salary, if any, is determined by the Board from time to time with reference to her contribution in terms of time, effort and her expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li On-kwok, Victor (Age: 68)

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 received a director's fee of HK\$240,000 for being a director of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

King Yeo-chi, Ambrose (Age: 88)

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.

Directors' Profile

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 received a director's fee of HK\$240,000 for being a director of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Wong Kai-man (Age: 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 received a director's fee of HK\$240,000 for being a director of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Lee Wai-kwong, Sunny (Age: 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 is also an independent non-executive director, a member of each of audit committee, risk committee, strategy and budget committee as well as sustainability committee of BOC Hong Kong (Holdings) Limited and its principal operating subsidiary, Bank of China (Hong Kong) Limited. He has more than 30 years of experience in business and technology management gained in both Hong Kong and overseas. Mr. Lee was the executive director of information technology ("IT") of The Hong Kong Jockey Club ("HKJC"), where he served as member of board of management and had overall responsibility for HKJC's IT strategy and innovation.

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

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

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

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

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 received a director's fee of HK\$150,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

Directors' Profile

Cheng Ka-lai, Lily (Age: 44)

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 received 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: 62)

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 and the chairman of the audit committee 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 an executive committee member of The Hong Kong Housing Society ("HKHS"). He was the chairman of the Quality Assurance Council of the University Grants Committee and a member of the Supervisory Board of HKHS.

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 received a director's fee of HK\$150,000 for being a director of the Company. His director's fee is fixed by the Board while his annual salary, if any, is determined by the Board from time to time with reference to his contribution in terms of time, effort and his expertise and is reviewed on an annual basis, and the sum of discretionary bonus, if any, is determined by the Board at its absolute discretion having regard to the operating results of the Company, its subsidiaries and its associated companies from time to time and the performance of the Director.

SENIOR MANAGEMENT

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

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SUNEVISION HOLDINGS LTD.

新意網集團有限公司

INTRODUCTION

We have reviewed the condensed consolidated financial statements of SUNeVision Holdings Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 24 to 40, which comprise the consolidated statement of financial position as of 31 December 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21 February 2023

Consolidated Statement of Profit or Loss

For the six months ended 31 December 2022

| | NOTES | Six months ended 31 December | |
|--|-------|---------------------------------|---------------------------------|
| | | 2022 HK\$'000 (unaudited) | 2021 HK\$'000 (unaudited) |
| Revenue | 3 | 1,108,123 | 995,328 |
| Cost of sales | | (477,504) | (410,056) |
| Gross profit | | 630,619 | 585,272 |
| Other income | 4 | 5,044 | 1,085 |
| Selling expenses | | (15,747) | (16,473) |
| Administrative expenses | | (61,760) | (65,772) |
| Profit from operations | | 558,156 | 504,112 |
| Finance costs | | (38,160) | (13,687) |
| Profit before taxation | | 519,996 | 490,425 |
| Income tax expense | 5 | (86,872) | (80,087) |
| Profit for the period attributable to owners of the Company | 6 | 433,124 | 410,338 |
| Earnings per share based on profit attributable to owners of the Company (reported earnings per share) | | | |
| Basic | 8 | 10.67 cents | 10.11 cents |
| Diluted | | 10.67 cents | 10.10 cents |

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2022

| | Six months ended 31 December | |
|---|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (unaudited) | 2021 HK\$'000 (unaudited) |
| Profit for the period | 433,124 | 410,338 |
| Other comprehensive income (expense) for the period | | |
| Item that may be reclassified subsequently to the consolidated statement of profit or loss: | | |
| Exchange differences arising from translation of operations outside Hong Kong | 29 | (11) |
| | 29 | (11) |
| Total comprehensive income for the period | 433,153 | 410,327 |
| Total comprehensive income (expense) attributable to: | | |
| Owners of the Company | 433,626 | 410,044 |
| Non-controlling interests | (473) | 283 |
| | 433,153 | 410,327 |

Consolidated Statement of Financial Position

At 31 December 2022

| | NOTES | 31 December 2022 HK\$'000 (unaudited) | 30 June 2022 HK\$'000 (audited) |
|---|-------|--|--|
| Non-current assets | | | |
| Investment property | 9 | 58,000 | 58,000 |
| Property, plant and equipment | 10 | 18,251,412 | 17,275,625 |
| Equity instrument at fair value through other comprehensive income ("FVTOCI") | 11 | 3,710 | 3,710 |
| | | 18,313,122 | 17,337,335 |
| Current assets | | | |
| Inventories | | 11,649 | 5,654 |
| Trade and other receivables | 12 | 492,365 | 450,904 |
| Contract assets | 13 | 42,922 | 39,220 |
| Bank balances and deposits | | 253,273 | 309,669 |
| | | 800,209 | 805,447 |
| Current liabilities | | | |
| Trade and other payables | 14 | 1,338,560 | 1,075,034 |
| Contract liabilities | 15 | 127,433 | 82,028 |
| Lease liabilities | | 6,584 | 10,137 |
| Tax payables | | 130,711 | 189,017 |
| Bank borrowings | 16 | 2,298,152 | 2,296,304 |
| | | 3,901,440 | 3,652,520 |
| Net current liabilities | | (3,101,231) | (2,847,073) |
| Total assets less current liabilities | | 15,211,891 | 14,490,262 |
| Non-current liabilities | | | |
| Contract liabilities | 15 | 6,362 | 9,079 |
| Lease liabilities | | 2,294 | 1,153 |
| Deferred tax liabilities | | 292,326 | 297,661 |
| Bank borrowings | 16 | 6,922,750 | 5,790,833 |
| Shareholder's loan | 17 | 3,800,000 | 3,800,000 |
| | | 11,023,732 | 9,898,726 |
| Net assets | | 4,188,159 | 4,591,536 |
| Capital and reserves | | | |
| Share capital | 18 | 233,906 | 233,906 |
| Reserve arising from issuance of convertible notes | 18 | 172,002 | 172,002 |
| Other reserves | 18 | 3,767,958 | 4,170,862 |
| Equity attributable to owners of the Company | | 4,173,866 | 4,576,770 |
| Non-controlling interests | | 14,293 | 14,766 |
| Total equity | | 4,188,159 | 4,591,536 |

Consolidated Statement of Changes in Equity

For the six months ended 31 December 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 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 |

| | Attributable to owners of the Company | | | | | | | | | |
|---|---------------------------------------|---------------------------|--|----------------------------------|------------------------------|------------------------------|-------------------|---------------------------------------|--------------------------|--|
| | Share capital HK\$'000 | Share premium HK\$'000 | Reserve arising from issuance of convertible notes HK\$'000 (Note) | Share option reserve HK\$'000 | Exchange reserve HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | Total equity HK\$'000 | |
| At 1 July 2021 (audited) | 233,767 | 2,368,218 | 172,002 | 34,532 | 1,923 | 1,624,781 | 4,435,223 | 15,109 | 4,450,332 | |
| Profit for the period | - | - | - | - | - | 410,338 | 410,338 | - | 410,338 | |
| Exchange differences arising from translation of operations outside Hong Kong | - | - | - | - | (294) | - | (294) | 283 | (11) | |
| Total comprehensive (expense) income for the period | - | - | - | - | (294) | 410,338 | 410,044 | 283 | 410,327 | |
| Exercise of share options (note 18) | 67 | 4,539 | - | (948) | - | - | 3,658 | - | 3,658 | |
| Recognition of equity-settled share-based payments | - | - | - | 12,221 | - | - | 12,221 | - | 12,221 | |
| Final dividend and distribution paid (note 7) | - | - | - | - | - | (787,313) | (787,313) | - | (787,313) | |
| At 31 December 2021 (unaudited) | 233,834 | 2,372,757 | 172,002 | 45,805 | 1,629 | 1,247,806 | 4,073,833 | 15,392 | 4,089,225 | |

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 2022 and 2021. As a result, the Convertible Notes in the amount of HK\$172,001,633.30 remained outstanding as at 31 December 2022 and 2021.

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2022

| | Six months ended 31 December | |
|--|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (unaudited) | 2021 HK\$'000 (unaudited) |
| OPERATING ACTIVITIES | | |
| Profit for the period | 433,124 | 410,338 |
| Adjustments for: | | |
| Income tax expense | 86,872 | 80,087 |
| Depreciation of property, plant and equipment | 249,429 | 224,217 |
| Finance costs | 38,160 | 13,687 |
| Others | 5,426 | 13,367 |
| Operating cash flows before movements in working capital | 813,011 | 741,696 |
| Changes in working capital | (10,010) | (45,169) |
| CASH GENERATED FROM OPERATIONS | 803,001 | 696,527 |
| Hong Kong profits tax paid | (150,514) | (114,271) |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | 652,487 | 582,256 |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (885,324) | (618,640) |
| Interest received | 2,056 | 302 |
| Investment income received | 142 | 142 |
| NET CASH USED IN INVESTING ACTIVITIES | (883,126) | (618,196) |
| FINANCING ACTIVITIES | | |
| New bank loans raised | 1,150,000 | 400,000 |
| New shareholder's loan raised | – | 500,000 |
| Dividends and distribution paid | (844,287) | (787,313) |
| Interest paid | (125,709) | (109,291) |
| Others | (5,761) | (22,106) |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | 174,243 | (18,710) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (56,396) | (54,650) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 309,669 | 387,316 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | – | 1 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and deposits | 253,273 | 332,667 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

1. BASIS OF PREPARATION

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

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$3,101,231,000 as at 31 December 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, available unutilised facilities from financial institutions or obtaining additional financing from financial institutions, taking into account the fair value of the Group’s assets which are not pledged. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2022 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|-----------------------|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds Before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018–2020 |

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

3. SEGMENT INFORMATION

Disaggregation of revenue

For the six months ended 31 December 2022

| Segments | Data centre and IT facilities HK\$'000 | ELV and IT systems HK\$'000 | Total HK\$'000 |
|--|--|-----------------------------------|-------------------|
| Types of services recognised over time | | | |
| Income from data centre and information technology ("IT") facilities | 1,018,747 | – | 1,018,747 |
| Installation and maintenance fee of extra-low voltage ("ELV") and IT systems | – | 89,376 | 89,376 |
| Revenue from contract with customers | 1,018,747 | 89,376 | 1,108,123 |

For the six months ended 31 December 2021

| Segments | Data centre and IT facilities HK\$'000 | ELV and IT systems HK\$'000 | Total HK\$'000 |
|--|--|-----------------------------------|-------------------|
| Types of services recognised over time | | | |
| Income from data centre and IT facilities | 934,615 | – | 934,615 |
| Installation and maintenance fee of ELV and IT systems | – | 60,713 | 60,713 |
| Revenue from contract with customers | 934,615 | 60,713 | 995,328 |

Segment revenue and results

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

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 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 | | | | (30,470) |
| Interest income | | | | 2,188 |
| Investment income | | | | 142 |
| Finance costs | | | | (38,160) |
| Profit before taxation | | | | 519,996 |

For the six months ended 31 December 2021

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

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

4. OTHER INCOME

| | Six months ended 31 December | |
|-------------------|------------------------------|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Interest income | 2,188 | 311 |
| Investment income | 142 | 142 |
| Miscellaneous | 2,714 | 632 |
| | 5,044 | 1,085 |

5. INCOME TAX EXPENSE

| | Six months ended 31 December | |
|-------------------------|------------------------------|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Current tax | | |
| – Hong Kong Profits Tax | 92,208 | 83,783 |
| Deferred tax credit | (5,336) | (3,696) |
| | 86,872 | 80,087 |

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

6. PROFIT FOR THE PERIOD

| | Six months ended 31 December | |
|---|------------------------------|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Profit for the period has been arrived at after charging (crediting): | | |
| Staff costs including directors' emoluments | 118,848 | 112,554 |
| Share-based payments | 7,757 | 12,221 |
| Retirement benefit scheme contributions | 3,777 | 3,146 |
| Total staff costs | 130,382 | 127,921 |
| Depreciation of property, plant and equipment | 249,429 | 224,217 |
| Loss on disposal of property, plant and equipment | – | 356 |
| Credit loss allowance on trade and other receivables | – | 1,061 |
| Interest on bank borrowings | 123,246 | 30,220 |
| Interest on shareholder's loan | 57,468 | 51,838 |
| Other finance costs | 15,106 | 9,126 |
| Less: amounts capitalised | (157,833) | (77,668) |
| | 37,987 | 13,516 |
| Interest on lease liabilities | 173 | 171 |
| Total finance costs | 38,160 | 13,687 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

7. DIVIDENDS

During the period, a final dividend of HK20.80 cents per share in respect of the year ended 30 June 2022 (2021: a final dividend of HK19.40 cents per share in respect of the year ended 30 June 2021) 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\$844,287,000 (2021: HK\$787,313,000).

The board of directors does not recommend the payment of an interim dividend for the six months ended 31 December 2022 (2021: 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 | |
|---|------------------------------|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Earnings for the purposes of basic and diluted earnings per share | 433,124 | 410,338 |

| | 2022 | 2021 |
|--|---------------------|---------------------|
| | Number of shares | Number of shares |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 4,059,073,666 | 4,058,073,356 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | – | 5,549,234 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 4,059,073,666 | 4,063,622,590 |

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 18.

The computation of diluted earnings per share does not assume the exercise of all (2021: certain) Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 31 December 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 2022 and 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

9. INVESTMENT PROPERTY

| | <i>HK\$'000</i> |
|--|-----------------|
| At 1 July 2022 and 31 December 2022 | 58,000 |

The fair value of the Group's investment property, which is located in Hong Kong, at 31 December 2022 has been determined with reference to a valuation on market value basis carried out by Knight Frank Petty Limited, independent qualified professional surveyors not connected with the Group. The valuation was valued using the income capitalisation method by capitalising the net income from the existing tenancy and reversionary income potential at appropriate capitalisation rates. The capitalisation rate adopted is derived by making reference to the yields achieved from analysis of comparable property investment transactions and valuer's view of prevailing investor expectations regarding rental growth and perceived risks.

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.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment including right-of-use assets amounted to approximately HK\$1,225,215,000 (2021: HK\$853,722,000).

During the period, the Group entered into new lease agreements for office usage (2021: data centre operation) for 3 years (2021: 1 year and 9 months). The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognised HK\$3,350,000 (2021: HK\$15,206,000) of right-of-use asset and HK\$3,350,000 (2021: HK\$15,206,000) of lease liability.

11. EQUITY INSTRUMENT AT FVTOCI

| | 31 December 2022 <i>HK\$'000</i> | 30 June 2022 <i>HK\$'000</i> |
|---|---|------------------------------------|
| Equity instrument at FVTOCI: | | |
| Unlisted equity instrument | 3,710 | 3,710 |
| | | |
| | 31 December 2022 <i>HK\$'000</i> | 30 June 2022 <i>HK\$'000</i> |
| Carrying amount analysed for reporting purposes as: | | |
| Non-current asset | 3,710 | 3,710 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

12. TRADE AND OTHER RECEIVABLES

| | 31 December 2022 HK\$'000 | 30 June 2022 HK\$'000 |
|--|--|-----------------------------|
| Trade receivables | 280,488 | 267,729 |
| Less: allowance for credit losses | (599) | (881) |
| | 279,889 | 266,848 |
| Unbilled revenue for use of data centre and IT facilities (Note) | 65,734 | 56,696 |
| Other receivables | 61,196 | 57,092 |
| Prepayments | 67,559 | 54,859 |
| Deposits paid | 17,987 | 15,409 |
| | 492,365 | 450,904 |

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

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

| | 31 December 2022 HK\$'000 | 30 June 2022 HK\$'000 |
|--------------|--|-----------------------------|
| 0 – 60 days | 257,386 | 242,966 |
| 61 – 90 days | 5,682 | 3,815 |
| > 90 days | 16,821 | 20,067 |
| | 279,889 | 266,848 |

As at 31 December 2022, out of the past due balances, HK\$16,821,000 (30 June 2022: HK\$20,067,000) 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

13. CONTRACT ASSETS

| | 31 December 2022 HK\$'000 | 30 June 2022 HK\$'000 |
|--|---------------------------------|-----------------------------|
| Unbilled revenue for installation services | 30,828 | 31,156 |
| Retention receivables of installation services | 12,094 | 8,064 |
| Total contract assets | 42,922 | 39,220 |

14. TRADE AND OTHER PAYABLES

| | 31 December 2022 HK\$'000 | 30 June 2022 HK\$'000 |
|------------------------------------|---------------------------------|-----------------------------|
| Trade payables aged within 60 days | 27,635 | 23,071 |
| Trade payables aged over 60 days | 2,036 | 925 |
| Other payables and accruals (Note) | 1,149,741 | 892,583 |
| Deposits received | 159,148 | 158,455 |
| | 1,338,560 | 1,075,034 |

Note: Other payables and accruals include payables for property, plant and equipment of HK\$872,242,000 (30 June 2022: HK\$693,533,000).

15. CONTRACT LIABILITIES

The carrying amounts of contract liabilities are as follows:

| | 31 December 2022 HK\$'000 | 30 June 2022 HK\$'000 |
|---|---------------------------------|-----------------------------|
| Current liabilities (release to the consolidated statement of profit or loss within one year) | 127,433 | 82,028 |
| Non-current liabilities | 6,362 | 9,079 |
| | 133,795 | 91,107 |

During the six months ended 31 December 2022, revenue recognised in the current period relating to contract liabilities at the beginning of the period was HK\$48,091,000 (2021: HK\$38,936,000). The Group receives upfront lump sum payments from certain customers before the commencement of use of data centre and IT facilities and monthly fee in advances from certain customers at the beginning of each month. The upfront lump sum and advance payment result in contract liabilities being recognised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

16. BANK BORROWINGS

During the period, the Group did not obtain any new long term banking facility (2021: HK\$3,000,000,000) and raised HK\$1,150,000,000 (2021: HK\$400,000,000) from its existing unutilised banking facilities to fund various new and existing data centre projects. As at 31 December 2022, the Group has available unutilised banking facility of HK\$1,000,000,000 (30 June 2022: HK\$2,150,000,000).

At 31 December 2022, the carrying amount of the Group's unsecured bank loans amounted to approximately HK\$9,220,902,000 (30 June 2022: HK\$8,087,137,000). 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 2022 HK\$'000 | 30 June 2022 HK\$'000 |
|---|--|-----------------------------|
| Within one year | 2,298,152 | 2,296,304 |
| Within a period of more than one year but less than two years | 2,985,000 | – |
| Within a period of more than two years but less than five years | 3,937,750 | 5,790,833 |
| Total | 9,220,902 | 8,087,137 |

17. SHAREHOLDER'S LOAN

On 28 December 2018, the Group and Sun Hung Kai Properties Limited and its subsidiaries, other than members of the Group ("SHKP Group") entered into a loan agreement pursuant to which the SHKP Group had agreed to make available unsecured term loan facility in an aggregate amount of HK\$3,800,000,000 to the Group for a term of 72 months at a fixed interest rate of 4% per annum. The fixed interest rate of 4% per annum was then amended to 3% per annum effective from 1 August 2020. At the end of the reporting period, HK\$3,800,000,000 (30 June 2022: HK\$3,800,000,000) had been drawn down from such facility which was used to fund various existing data centre projects and for working capital requirements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

18. SHARE CAPITAL AND OTHER RESERVES

| | Number of ordinary shares | Amount HK\$'000 |
|---|------------------------------|--------------------|
| Ordinary shares of HK\$0.1 each | | |
| Authorised: | | |
| At 1 July 2021, 31 December 2021, 1 July 2022 and 31 December 2022 | 10,000,000,000 | 1,000,000 |
| Issued and fully paid: | | |
| At 1 July 2022 and 31 December 2022 | 2,339,057,333 | 233,906 |
| At 1 July 2021 | 2,337,669,333 | 233,767 |
| Exercise of share option | 674,000 | 67 |
| At 31 December 2021 | 2,338,343,333 | 233,834 |

Notes:

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

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

During the six months ended 31 December 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 2022 and 31 December 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 (30 June 2022: 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 2022, no (2021: 674,000) 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\$844,287,000 (2021: HK\$787,313,000) has been debited in the retained profits during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

19. RELATED PARTY TRANSACTIONS

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

(a) Transactions with the SHKP Group

| | Six months ended 31 December | |
|---|------------------------------|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Income from installation, operation and provision of cable networking | 55,774 | 31,147 |
| Income from maintenance and repair of network infrastructure and security systems | 28,599 | 26,514 |
| Income from data centre and IT facilities | 2,073 | 1,726 |
| Expense relating to short-term leases and licence and management fee charge | 555 | 174 |
| Property management service fees paid | 4,786 | 6,149 |
| Cable networking installation charges | 1,448 | 813 |
| Maintenance and repair charges of network infrastructure and security system | 1,819 | 1,810 |
| Management fee charges | 1,000 | 1,000 |
| Insurance service charges paid | 2,274 | 2,157 |
| Construction work charges | 676,925 | 406,791 |
| Interest on shareholder's loan | 57,468 | 51,838 |
| Interest on lease liabilities | 57 | 171 |
| Other finance costs | – | 375 |

(b) Transaction with a director

During the period, professional fees of HK\$540,000 (2021: HK\$322,000) were paid/payable by the Group to Messrs. Woo Kwan Lee & Lo, a firm of solicitors which provided professional services to the Group. Mr. Cheung Wing-yui, a director of the Company, is a consultant of Messrs. Woo Kwan Lee & Lo.

(c) Compensation of key management

Fees, salaries and other benefits paid/payable by the Group to the key management during the period amounted to HK\$13,199,000 (2021: HK\$14,340,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2022

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

| | 31 December 2022 HK\$'000 | 30 June 2022 HK\$'000 |
|--------------------------------------|--|-----------------------------|
| Unlisted equity instrument (Level 3) | 3,710 | 3,710 |

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

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

There was no transfer of financial assets and financial liabilities between fair value hierarchy classifications during the six months ended 31 December 2022 and 2021.

21. CAPITAL COMMITMENTS

| | 31 December 2022 HK\$'000 | 30 June 2022 HK\$'000 |
|--|--|-----------------------------|
| Capital expenditure in respect of development of construction in progress contracted for but not provided in the condensed consolidated financial statements | 2,035,452 | 2,425,010 |

Other Information

DIVIDEND

The board of Directors (the "Board") does not recommend the payment of an interim dividend for the six months ended 31 December 2022 (2021: Nil).

DIRECTORS' INTERESTS

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

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

| Name of Director | Number of shares held | | | | Sub-total | Number of underlying shares held under equity derivatives | Total | % of shares in issue as at 31.12.2022 |
|----------------------------|---|--|--|---------------------------|------------|---|------------|---------------------------------------|
| | Personal interests (held as beneficial owner) | Family interests (interests of spouse or child under 18) | Corporate interests (interests of corporation) | Other interests | | | | |
| Kwok Ping-luen, Raymond | - | - | - | 3,485,000 ¹ | 3,485,000 | - | 3,485,000 | 0.15 |
| Fung Yuk-lun, Allen | 4,000,000 | - | - | - | 4,000,000 | 8,000,000 ² | 12,000,000 | 0.51 |
| Tong Kwok-kong, Raymond | 300,000 | - | - | - | 300,000 | 8,000,000 ² | 8,300,000 | 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 | - | - | - | 13,272,658 ¹⁸³ | 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:

- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 3,485,000 shares in the Company by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- These underlying shares of the Company held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its share option schemes. Particulars of these share options and their movements during the six months ended 31 December 2022 are set out in the section headed "Share Option Schemes".
- 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.
- These shares in the Company were held by a corporation wholly-owned and controlled by Mr. Leong Kwok-kuen, Lincoln.

Other Information

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

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

| Name of Director | Number of shares held | | | | Sub-total | Number of underlying shares held under equity derivatives | Total | % of shares in issue as at 31.12.2022 |
|----------------------------|---|--|---|--------------------------------|-------------|---|-------------|---------------------------------------|
| | Personal interests (held as beneficial owner) | Family interests (interests of spouse or child under 18) | Corporate interests (interests of controlled corporation) | Other interests | | | | |
| Kwok Ping-luen, Raymond | 188,743 | 1,580,000 ¹ | – | 550,237,686 ² | 552,006,429 | – | 552,006,429 | 19.05 |
| Kwok Kai-wang, Christopher | 110,000 ³ | 60,000 ¹ | – | 677,191,101 ^{2&4} | 677,361,101 | – | 677,361,101 | 23.38 |
| 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:

- These shares in SHKP were held by the spouse of the Director concerned.
- Messrs. Kwok Ping-luen, Raymond and Kwok Kai-wang, Christopher were deemed to be interested in 550,237,686 shares in SHKP by virtue of them being beneficiaries of certain discretionary trusts for the purpose of Part XV of the SFO. Such shares represented the same interests and were therefore duplicated between them.
- These shares in SHKP were held jointly with the spouse of Mr. Kwok Kai-wang, Christopher.
- Mr. Kwok Kai-wang, Christopher was also deemed to be interested in 126,953,415 shares in SHKP by virtue of him being a beneficiary of a discretionary trust for the benefit of the sons of the late Mr. Kwok Ping-sheung, Walter, of Mr. Kwok Ping-kwong, Thomas and of Mr. Kwok Ping-luen, Raymond respectively for the purpose of Part XV of the SFO.
- These shares in SHKP were held jointly with the spouse of Mr. Siu Hon-wah, Thomas.
- 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.
- Mr. Leong is one of the executors of an estate, which consists of 1,124,118 shares in SHKP.

Other Information

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

| Name of Director | Number of shares held | | | Number of underlying shares held under equity derivatives | Total | % of shares in issue as at 31.12.2022 |
|----------------------------|---|-------------------------------|------------|---|------------|---------------------------------------|
| | Personal interests (held as beneficial owner) | Other interests | Sub-total | | | |
| Kwok Ping-luen, Raymond | – | 5,162,337 ¹ | 5,162,337 | – | 5,162,337 | 0.47 |
| 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:

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

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

| Name of associated corporation | Actual shares held through corporation | Actual % of interests in issued shares as at 31.12.2022 |
|---|--|---|
| Splendid Kai Limited <i>(commenced members' voluntary liquidation on 15 June 2022)</i> | 2,500 ¹ | 25.00 |
| Hung Carom Company Limited | 25 ¹ | 25.00 |
| Tinyau Company Limited | 1 ¹ | 50.00 |
| Open Step Limited | 8 ¹ | 80.00 |
| Vivid Synergy Limited | 963,536,900 ¹ | 20.00 |

Note:

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

Save as disclosed above, as at 31 December 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 SCHEMES

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").

Due to the expiry of the 2012 Scheme on 15 November 2022, an ordinary resolution was passed by the shareholders of the Company at the annual general meeting held on 28 October 2022 for approving the adoption of a new share option scheme (the "2022 Scheme") and the termination of the 2012 Scheme. The adoption of the 2022 Scheme and the termination of the 2012 Scheme became effective on 1 November 2022 following the granting of listing approval by the Stock Exchange on 1 November 2022. No share options can be granted under the 2012 Scheme upon its termination.

During the six months ended 31 December 2022, no share options had been granted under the 2012 Scheme and the 2022 Scheme. Accordingly, there were no shares of the Company that might be issued in respect of share options granted under all share schemes of the Company during the said period. Particulars of the outstanding share options granted under the 2012 Scheme and their movements during the six months ended 31 December 2022 were as follows:

| Grantees | Date of grant | Exercise price per share | Exercise period ¹ | Number of share options | | | | |
|-------------------------|---------------|--------------------------|------------------------------|--------------------------|---------------------------|-----------------------------|------------------------------------|--------------------------|
| | | | | Balance as at 01.07.2022 | Granted during the period | Exercised during the period | Cancelled/Lapsed during the period | Balance as at 31.12.2022 |
| | | 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 |
| | 04.05.2022 | 6.532 | 04.05.2023 to 03.05.2027 | 4,000,000 | – | – | – | 4,000,000 |
| Tong Kwok-kong, Raymond | 19.06.2018 | 5.048 | 19.06.2019 to 18.06.2023 | 4,000,000 | – | – | – | 4,000,000 |
| | 05.05.2021 | 7.982 | 05.05.2022 to 04.05.2026 | 4,000,000 | – | – | – | 4,000,000 |
| Chan Man-yuen, Martin | 22.05.2019 | 6.688 | 22.05.2020 to 21.05.2024 | 1,790,000 | – | – | – | 1,790,000 |
| | 05.05.2021 | 7.982 | 05.05.2022 to 04.05.2026 | 2,500,000 | – | – | – | 2,500,000 |
| Lau Yeuk-hung, Fiona | 19.06.2018 | 5.048 | 19.06.2019 to 18.06.2023 | 1,500,000 | – | – | – | 1,500,000 |
| | 22.05.2019 | 6.688 | 22.05.2020 to 21.05.2024 | 1,000,000 | – | – | – | 1,000,000 |
| | 05.05.2021 | 7.982 | 05.05.2022 to 04.05.2026 | 2,500,000 | – | – | – | 2,500,000 |

Other Information

| Grantees | Date of grant | Exercise price per share | Exercise period ¹ | Number of share options | | | | |
|--|---------------|--------------------------|------------------------------|--------------------------|---------------------------|-----------------------------|------------------------------------|--------------------------|
| | | | | Balance as at 01.07.2022 | Granted during the period | Exercised during the period | Cancelled/Lapsed during the period | Balance as at 31.12.2022 |
| | | HK\$ | | | | | | |
| (ii) Other employees | 19.06.2018 | 5.048 | 19.06.2019 to 18.06.2023 | 930,000 | – | – | (200,000) | 730,000 |
| | 22.05.2019 | 6.688 | 22.05.2020 to 21.05.2024 | 2,807,000 | – | – | – | 2,807,000 |
| | 17.06.2020 | 5.39 | 17.06.2021 to 16.06.2025 | 7,772,000 | – | – | (560,000) | 7,212,000 |
| | 17.06.2020 | 5.39 | 01.07.2021 to 16.06.2025 | 450,000 | – | – | – | 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 | 4,150,000 | – | – | (470,000) | 3,680,000 |
| | 05.05.2021 | 7.982 | 15.07.2022 to 04.05.2026 | 400,000 | – | – | (280,000) | 120,000 |
| | 04.05.2022 | 6.532 | 04.05.2023 to 03.05.2027 | 6,870,000 | – | – | (1,320,000) | 5,550,000 |
| | 04.05.2022 | 6.532 | 01.06.2023 to 03.05.2027 | 350,000 | – | – | – | 350,000 |
| (iii) Related entity participants | 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 | 100,000 | – | – | – | 100,000 |
| Total | | | | 50,519,000 | – | – | (2,830,000) | 47,689,000 |

Note:

- 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 the related entity 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 related entity 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).

Save as disclosed above, there were no outstanding share options granted under the 2012 Scheme and the 2022 Scheme during the six months ended 31 December 2022.

As at 1 July 2022, the total number of share options available for grant under the scheme mandate of the 2012 Scheme was 165,029,953 share options. No further share options can be granted under the 2012 Scheme upon its termination on 1 November 2022.

The 2022 Scheme was adopted and became effective on 1 November 2022 and the total number of share options available for grant under the scheme mandate of the 2022 Scheme as at the effective date and as at 31 December 2022 was 233,905,733 share options.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes as mentioned above, at no time during the six months ended 31 December 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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 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 31.12.2022 |
|---|-----------------------|---|---------------|---------------------------------------|
| Sunco Resources Limited ("Sunco") ¹ | 1,720,026,500 | 1,719,427,500 ² | 3,439,454,000 | 147.04 |
| SHKP ³ | 1,720,026,500 | 1,719,427,500 ² | 3,439,454,000 | 147.04 |
| HSBC Trustee (C.I.) Limited ("HSBCCI") ⁴ | 1,722,166,500 | 1,719,427,500 ² | 3,441,594,000 | 147.14 |

Notes:

1. Sunco is the beneficial owner of the 1,720,026,500 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 3,439,454,000 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 3,439,454,000 shares of the Company (including 1,719,427,500 underlying shares referred to in Note 2 above) held indirectly by SHKP for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 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.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim results for the six months ended 31 December 2022 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by Messrs. Deloitte Touche Tohmatsu, whose report on review of condensed consolidated financial statements is set out on page 23 of this report.

AUDIT COMMITTEE

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

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

During the six months ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

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.

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

The Company has adopted the Model Code in Appendix 10 to the Listing Rules as the code of conduct for the Directors and the relevant employees who are likely to possess inside information of the Group in their dealings in the securities of the Company. Upon the Company's specific enquiry, each Director has confirmed that during the six months ended 31 December 2022, he/she has fully complied with the Model Code and there is no event of non-compliance.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 31 December 2022, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules.

On behalf of the Board

Kwok Ping-luen, Raymond

Chairman

Hong Kong, 21 February 2023

As at the date of this report, the Board comprises five Executive Directors, being Kwok Ping-luen, Raymond, Fung Yuk-lun, Allen, Tong Kwok-kong, Raymond, 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.

SUNeVision Holdings Ltd. 新意網集團有限公司

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

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

www.sunevision.com

