SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1686)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2019

CHAIRMAN'S STATEMENT

SUNeVision achieved solid results for the financial year ended 30 June 2019, with a profit attributable to the owners of the Company amounted to HK$865.2 million for the year, representing an increase of 11%. The underlying profit attributable to the owners of the Company (excluding the effect of other gains) was HK$670.2 million, with an increase of HK$58.7 million, or 10%, while EBITDA amounted to HK$1,056.4 million, rising 20% year on year.

FINANCIAL HIGHLIGHTS

The Group's revenue for the year increased 19% to HK$1,625.1 million, driven mainly by revenue growth from the Group's data centre operations. The increase was attributable both to new contracts (including major cloud players) and revenue growth from existing customers. Cost of sales for the year expanded 23% to HK$695.9 million, largely due to higher depreciation charges and increased operating costs as a result of pre-move-in expenses for new customers.

Operating expenditure for the year rose from HK$85.2 million to HK$122.3 million, mainly due to an increase in resources needed to drive the sales and marketing of new data centre capacity; enhancements in customer-facing and business support systems; and legal and professional fees incurred for the Judicial Review against Hong Kong Science and Technology Parks Corporation (HKSTPC) in relation to Tseung Kwan O Industrial Estate (TKOIE).

Profit from operations for the year amounted to HK$829.1 million, an increase of HK$90.4 million over the prior year. EBITDA for the year increased by HK$179.4 million. EBITDA from the data centre business increased 22%, from HK$827.6 million to HK$1,007.0 million. Other gains for the year amounted to HK$195.0 million, wholly attributable to the increase in fair value of investment properties. Finance costs rose to HK$24.8 million, mainly due to the interest expense for increased bank borrowings and the shareholder's loan.

The Group had approximately HK$467.8 million in cash on hand as of 30 June 2019, HK$4,752.7 million of bank borrowings, and HK$3,300.0 million of shareholder's loan. Total borrowings increased to HK$8,052.7 million at the end of the financial year, mainly to fund the Tseung Kwan O Town Lot No.131 (TKOTL 131) site acquisition and capital expenditure investment to enhance various data centre facilities. The gearing as of 30 June 2019, calculated as net borrowings (the difference between cash and bank borrowings) to shareholders' funds was 103%, compared to 39% in the previous year. With the support of the major shareholder and banks, the Group is in a strong position to meet its financing needs.

The Directors recommend the payment of a final dividend of HK16.50 cents per share for the year ended 30 June 2019, compared to HK15.10 cents per share in the previous financial year. The final dividend will be paid on 26 November 2019 following approval at the 2019 Annual General Meeting.

BUSINESS REVIEW

SUNeVision delivered healthy growth during the year, driven by its core data centre business. *MEGA Plus*, its flagship data centre located in Tseung Kwan O, has been in full operation for almost two years since completion. It has increasingly delivered a healthy revenue contribution to the Group. The acquisition of the land parcel in Tseung Kwan O (TKOTL 131) was completed in January 2019. The land sits adjacent to *MEGA Plus*, and the new data centre planned for this site is expected to deliver operational and business synergies with *MEGA Plus* upon completion. The preliminary design and construction works are now underway.

The other new site acquired back in January 2018 in Tsuen Wan (TWTL 428) is now under construction. Located near JUMBO (an existing data centre), this new site will be an addition to the Group's data centre cluster in Tsuen Wan. Upon completion of the two new greenfield data centres, SUNeVision will double its total portfolio gross floor area space to approximately 2.8 million square feet, firmly establishing its market-leading position in Hong Kong.

Development work at *MEGA-i* is well underway, and will provide additional data centre space and power to support the growing needs of our customers. As a major connectivity hub serving the Asia Pacific region, *MEGA-i* continues to strengthen its ecosystem with the addition of new customers from new economy sectors, such as video-on-demand, e-commerce, fintech and gaming. Connected by dark fibres, the *MEGA Campus* (consisting of *MEGA Plus*, *MEGA Two*, and *MEGA-i*) provides excellent connectivity and expandability to cater for increasing customers' needs arising from digitalization, artificial intelligence and 5G developments. SUNeVision's top-tier data centre infrastructure offers its customers outstanding architecture design advantages in international connectivity, high network resilience and low latency performance, supporting them to launch mission-critical applications for their business needs.

The Group's Super e-Technology and Super e-Network businesses continued to perform satisfactorily, and are focused on providing extra-low voltage (ELV) and IT systems as well as value-add services to corporate and residential customers. Super e-Technology secured contracts for the installation of ELV and IT systems totalling approximately HK$145.2 million for the year ended 30 June 2019.

The legal proceedings for Judicial Review against HKSTPC in relation to TKOIE is in progress. The main complaint in the proceedings is whether HKSTPC has taken reasonable steps to enforce those lease restrictions against subletting, licensing or permitting any third party to occupy any part of its leased premises. TKOIE land is heavily subsidized land from the Hong Kong Government. Any subletting inside TKOIE would create unfair advantages to lessees of TKOIE over other data centre players outside as many players have paid "market price" in the open market to secure land for data centres. This will seriously damage the healthy development of Hong Kong data centre industry, without actually raising Hong Kong's competitiveness.

FUTURE PROSPECTS

SUNeVision will continue its pursuit of creating sustainable growth and profitability amid keen competition. The new TWTL 428 and TKOTL 131 sites will further enhance SUNeVision's capacity to meet customers' needs for high-quality data centre facilities.

The data centre business is capital intensive requiring significant upfront capital investments as well as continued investment to ensure the facilities remain state-of-the-art. The investment horizon is long term and as such the Group will continue to review its debt financing arrangement to support this investment profile.

There have been some major macro uncertainties both globally and in Hong Kong. But data centres are a long-term business. The demand for data will only become stronger, and as a leading data centre operator, SUNeVision aspires to capture the opportunity by providing the best infrastructure, connectivity and service possible.

The Group adopts and implements environmental, social and governance principles and practices in accordance with the Environmental, Social and Governance Reporting Guide under the Main Board Listing Rules of the Stock Exchange of Hong Kong. The Board and the Board committees will continue to provide guidance and oversight on governance and sustainability issues, in order to create value for the Group and the community.

APPRECIATION

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

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 6 September 2019

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

SUNeVision completed the financial year ended 30 June 2019 with a profit attributable to the owners of the Company of HK$865.2 million, sustaining satisfactory growth, primarily from its core data centre business.

BUSINESS REVIEW

iAdvantage

iAdvantage continued its position as one of the largest top-tier data centre operators in Hong Kong, serving many regional and global customers. During the financial year, it attracted a number of important and fast-growing new logos into its *MEGA Campus*. The flagship facility *MEGA Plus* welcomed several new customers, including another major global cloud service player, in the first half of the year, followed by a regional video-on-demand service provider in the second half. *MEGA-i*, a major globally recognized connectivity hub, added an international e-commerce leader. *MEGA Two*, the data centre gateway between mainland and overseas, took onboard a regional internet conglomerate. This is a testament to the strong ecosystem, superior infrastructure and high service level commitment iAdvantage provides to its customers.

The TWTL 428 site in Tsuen Wan is proceeding with construction works. The TKOTL 131 site in Tseung Kwan O is in preliminary design and construction phase as well. These two greenfield sites will add 1.4 million square feet of gross floor area space to the Group’s data centre portfolio upon project completion.

Infrastructure facility improvements continued at the existing data centres. The development work at *MEGA-i* is in progress, and will deliver more data hall space and enhanced power capacity over the coming years. The additional capacity will meet increasing demand from new and existing customers.

The Group also invested additional sales and marketing resources in brand building and customer service improvement.

Super e-Technology and Super e-Network

Super e-Technology secured contracts for the installation of ELV and IT systems totalling approximately HK$145.2 million during the financial year. Super e-Technology maintains a positive outlook for the ELV sector in the next few years, and will continue to seek opportunities to expand its service offerings.

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

INVESTMENT

The acquisition of the new TKOTL 131 site is expected to support SUNeVision’s business growth, enhancing its income base over the long term. The data centre business is capital intensive, requiring long-term capital investment. The Group is committed to continued investment in existing as well as new infrastructure for business development, and regularly reviews its investment profile to take account of the changing customer and market environment.

OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group's cash on hand as of 30 June 2019 amounted to approximately HK$467.8 million, while it had short-term bank borrowings of HK$2,180.2 million and long-term bank borrowings of HK$2,572.5 million. The Group had an approximately HK$4,284.9 million in total net borrowings, which increased by HK$2,767.6 million or 182% year on year. The increase was mainly to finance the land premium of TKOTL 131 site, capital expenditure for various data centre facilities and general working capital requirements. The gearing ratio as of 30 June 2019 was 182%; if excluding the long-term unsecured shareholder's loan of HK$3,300.0 million from the Sun Hung Kai Properties Group (SHKP Group), such ratio was 103%.

SUNeVision has a solid financial position to fund its growth plans in the medium term, taking into account the financial resources available including internally generated funds, available credit facilities, and the loan from the SHKP Group.

As of 30 June 2019, the Group had no contingent liability while the Company had an aggregate of HK$8,097.0 million contingent liabilities in respect of guarantees for general banking facilities utilized by the Group's subsidiaries for increased planned capital expenditure and other guarantees. The Group's core operations are based in Hong Kong and its assets are primarily in Hong Kong or US dollars. It had no significant exposure to foreign exchange rate fluctuations. The Group had not pledged any of its assets as of 30 June 2019, and there was no material acquisition or disposal of subsidiaries or affiliated companies during the financial year.

EMPLOYEES

The Group had 280 full-time employees as of 30 June 2019. It is committed to talent development and staff retention. The Group continued to offer attractive career progression opportunities and competitive pay and benefits.

Staff costs rose during the year as the Group recruited more talent to support its expanded data centre operations. Periodical compensation reviews including other benefits such as medical coverage and Mandatory Provident Fund (MPF) contributions, are conducted to ensure competitiveness in the employment market.

Different engagement and culture development initiatives were also implemented to enhance staff communication and team spirit. Selective training and development opportunities continued to be provided to enhance employee capability to support business growth.

The Group operates a share option scheme and grants share options to selected directors and employees to recognize their significant contribution.

OUTLOOK

Building on SUNeVision's solid performance record, its state-of-the-art infrastructure and connectivity and financial resources, the Group is well positioned to attain business growth for higher returns to shareholders in the medium to long term. In recent months, there have been some major macro uncertainties both globally and in Hong Kong. But data centres are a long-term business. The demand for data will only become stronger, and as a leading data centre operator, SUNeVision aspires to capture the opportunity by providing the best infrastructure, connectivity and service possible. The Group will closely follow developments in the macro environment as well as the competitive landscape, and adjust its business strategies accordingly. iAdvantage will continue to evaluate new growth opportunities, taking a prudent approach. Super e-Technology and Super e-Network will further extend their quality service to new sites and enhance their service offerings.

Audited Consolidated Statement of Profit or Loss

For the year ended 30 June 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	3	**1,625,096**	1,364,768
Cost of sales		**(695,916)**	(565,736)
Gross profit		**929,180**	799,032
Other income	5	**22,233**	24,824
Selling expenses		**(25,382)**	(23,375)
Administrative expenses		**(96,883)**	(61,783)
		829,148	738,698
Other gains	6	**195,000**	164,828
Finance costs		**(24,820)**	(7,340)
Profit before taxation		**999,328**	896,186
Income tax expense	7	**(134,134)**	(119,813)
Profit for the year attributable to owners of the Company	8	**865,194**	776,373
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)	10 (a)		
- Basic (Remark (i))		**21.39 cents**	19.20 cents
- Diluted (Remarks (i) and (ii))		**21.36 cents**	19.16 cents
Earnings per share excluding the effect of other gains (underlying earnings per share)	10 (b)		
- Basic (Remark (i))		**16.57 cents**	15.12 cents
- Diluted (Remarks (i) and (ii))		**16.54 cents**	15.09 cents

Remarks:

(i) Upon completion of the bonus issue of shares (with a convertible note ("Convertible Note(s)", which were constituted by the deed poll dated 25 November 2010) alternative) on 25 November 2010, the Company had 2,342,675,478 ordinary shares in issue and outstanding Convertible Notes which could be converted into 1,720,292,188 fully paid ordinary shares, representing a total of 4,062,967,666 ordinary shares which form the basis for the calculation of basic and diluted earnings per share. Adjustments are made in respect of shares repurchased.

(ii) The calculation of diluted earnings per share for the year ended 30 June 2019 has been taken into account of 5,577,088 (2018: 6,695,897) potential ordinary shares in existence arising from certain share options granted.

Details of earnings per share calculation and the Company's share capital are set out in notes 10 and 15 respectively.

Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**865,194**	776,373
Other comprehensive (expense) income for the year		
Items that may be reclassified subsequently to the consolidated statement of profit or loss:		
Change in fair value of available-for-sale investments	**-**	(1,640)
Change in fair value of debt instruments measured at fair value through other comprehensive income ("FVTOCI")	**(1,096)**	-
Exchange differences arising from translation of operations outside Hong Kong	**5**	(18)
	(1,091)	(1,658)
Total comprehensive income for the year	**864,103**	774,715
Total comprehensive (expense) income attributable to:		
Owners of the Company	**864,618**	774,369
Non-controlling interests	**(515)**	346
	864,103	774,715

Audited Consolidated Statement of Financial Position

At 30 June 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Non-current assets			
Investment properties		**1,769,000**	1,686,000
Property, plant and equipment		**10,960,684**	4,566,952
Available-for-sale investments		**-**	55,582
Equity instrument at FVTOCI		**3,710**	-
		12,733,394	6,308,534
Current assets			
Available-for-sale investments		**-**	43,044
Debt instrument at FVTOCI		**51,089**	-
Inventories		**7,141**	9,967
Trade and other receivables	11	**294,760**	257,958
Contract assets and unbilled revenue		**82,309**	-
Amounts due from customers for contract works		**-**	8,461
Bank balances and deposits		**467,810**	465,969
		903,109	785,399
Current liabilities			
Trade and other payables	12	**956,893**	834,538
Contract liabilities		**85,087**	-
Deferred revenue		**-**	35,941
Tax payables		**83,600**	75,820
Bank borrowings	13	**2,180,153**	-
		3,305,733	946,299
Net current liabilities		**(2,402,624)**	(160,900)
Total assets less current liabilities		**10,330,770**	6,147,634
Non-current liabilities			
Contract liabilities		**42,679**	-
Deferred revenue		**-**	73,174
Deferred tax liabilities		**224,398**	163,392
Bank borrowings	13	**2,572,548**	1,983,333
Shareholder’s loan	14	**3,300,000**	-
		6,139,625	2,219,899
Net assets		**4,191,145**	3,927,735
Capital and reserves			
Share capital	15	**232,658**	232,541
Reserve arising from issuance of convertible notes	15	**172,002**	172,002
Other reserves		**3,772,092**	3,508,284
Equity attributable to owners of the Company		**4,176,752**	3,912,827
Non-controlling interests		**14,393**	14,908
Total equity		**4,191,145**	3,927,735

Audited Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Attributable to owners of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Reserve arising from issuance of convertible notes** *HK$'000* (Note)	**Share option reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Investments revaluation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 July 2017	232,261	2,315,904	172,003	3,873	2,517	3,303	954,523	3,684,384	14,562	3,698,946
Profit for the year	-	-	-	-	-	-	776,373	776,373	-	776,373
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	(364)	-	-	(364)	346	(18)
Change in fair value of available-for-sale investments	-	-	-	-	-	(1,640)	-	(1,640)	-	(1,640)
Total comprehensive (expense) income for the year	-	-	-	-	(364)	(1,640)	776,373	774,369	346	774,715
Exercise of share options (note 15)	279	7,697	-	(1,143)	-	-	-	6,833	-	6,833
Conversion of Convertible Notes (note 15)	1	-	(1)	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	1,095	-	-	-	1,095	-	1,095
Final dividend and distribution paid (note 9)	-	-	-	-	-	-	(553,854)	(553,854)	-	(553,854)
At 30 June 2018	232,541	2,323,601	172,002	3,825	2,153	1,663	1,177,042	3,912,827	14,908	3,927,735
Profit for the year	-	-	-	-	-	-	865,194	865,194	-	865,194
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	520	-	-	520	(515)	5
Change in fair value of debt instruments measured at FVTOCI	-	-	-	-	-	(1,096)	-	(1,096)	-	(1,096)
Total comprehensive (expense) income for the year	-	-	-	-	520	(1,096)	865,194	864,618	(515)	864,103
Exercise of share options (note 15)	117	3,381	-	(515)	-	-	-	2,983	-	2,983
Conversion of Convertible Notes (note 15)	-*	-	-*	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	7,190	-	-	-	7,190	-	7,190
Final dividend and distribution paid (note 9)	-	-	-	-	-	-	(610,866)	(610,866)	-	(610,866)
At 30 June 2019	**232,658**	**2,326,982**	**172,002**	**10,500**	**2,673**	**567**	**1,431,370**	**4,176,752**	**14,393**	**4,191,145**

* Less than HK$1,000

Note:

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

Reserve arising from issuance of convertible notes was then capitalised from the Company's share premium account for the purpose of issue of new shares upon conversion of the Convertible Notes. This reserve balance represented the aggregate amount of the Convertible Notes outstanding at the year end. The Convertible Notes in the amount of HK$50.00 (2018: HK$650.00) were exercised and converted into 500 (2018: 6,500) ordinary shares by noteholders during the year ended 30 June 2019. As a result, the Convertible Notes in the amount of HK$172,001,683.30 (2018: HK$172,001,733.30) remained outstanding as at 30 June 2019.

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 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".

Notes to the Consolidated Financial Statements

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, that are measured at fair values at the end of each reporting period.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$2,402,624,000 as at 30 June 2019. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations, including internal resources, available unutilised SHKP Group’s facility, available unutilised banking facility or obtain additional financing from financial institutions by taking into account the current value of the Group's assets which have not been pledged. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AN INTERPREATION

New and amendments to HKFRSs and an interpretation that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"):

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the amendments to HKFRSs and the interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AN INTERPREATION (continued)

New and amendments to HKFRSs and an interpretation that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 July 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 July 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

(i) Use of data centre and information technology ("IT") facilities;

(ii) Installation and maintenance fee of ELV and IT systems;

(iii) Building management service income; and

(iv) Property rental recognised under HKAS 17 "Leases".

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AN INTERPREATION (continued)

New and amendments to HKFRSs and an interpretation that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15

The application of HKFRS 15 has had no material impact on the timing and amounts of revenue recognised during the year ended 30 June 2019 and on retained profits and other components of equity at 1 July 2018 in the consolidated financial statements.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 July 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 30 June 2018	Reclassification	Carrying amounts under HKFRS 15 at 1 July 2018
		HK$'000	*HK$'000*	*HK$'000*
Current assets				
Trade and other receivables	(a)	257,958	(58,175)	199,783
Contract assets and unbilled revenue		-	66,636	66,636
Amounts due from customers for contract works	(b)	8,461	(8,461)	-
Current liabilities				
Trade and other payables	(c)	834,538	(48,466)	786,072
Contract liabilities		-	84,407	84,407
Deferred revenue	(d)	35,941	(35,941)	-
Non-current liabilities				
Contract liabilities		-	73,174	73,174
Deferred revenue	(d)	73,174	(73,174)	-

Notes:

(a) At the date of initial application of HKFRS 15, retention receivables of HK$11,293,000 are arising from service contracts which are conditional on the expiration of defect liability period, and hence such balance was reclassified from trade and other receivables to contract assets. The amounts also included reclassification of unbilled revenue for use of Data centre and IT facilities of HK$46,882,000.

(b) In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Amounts due from customers for contract work of HK$8,461,000 were reclassified to contract assets.

(c) As at 1 July 2018, advances from customers of HK$48,466,000 in respect of service contracts previously included in trade and other payables were reclassified to contract liabilities.

(d) At the date of initial application at HKFRS 15, deferred revenue of HK$109,115,000, which represented upfront lump sum amounts received from customers in respect of use of data centre and IT facilities, were reclassified to contract liabilities.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AN INTERPREATION (continued)

New and amendments to HKFRSs and an interpretation that are mandatorily effective for the current year (continued)

2.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 30 June 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Trade and other receivables	294,760	77,951	372,711
Contract assets and unbilled revenue	82,309	(82,309)	-
Amounts due from customers for contract works	-	4,358	4,358
Current liabilities			
Trade and other payables	956,893	50,799	1,007,692
Contract liabilities	85,087	(85,087)	-
Deferred revenue	-	34,288	34,288
Non-current liabilities			
Contract liabilities	42,679	(42,679)	-
Deferred revenue	-	42,679	42,679

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AN INTERPREATION (continued)

New and amendments to HKFRSs and an interpretation that are mandatorily effective for the current year (continued)

2.2 HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, contract assets and lease receivables and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Any difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 July 2018.

	Notes	Available-for-sale investments *HK$'000*	Debt instruments at FVTOCI *HK$'000*	Equity Instrument at FVTOCI *HK$'000*	Amortised cost (previously classified as loans and receivables *HK$'000*	Contract assets *HK$'000*
Closing balance at 30 June 2018 - HKAS 39		98,626	-	-	585,345	-
Effect arising from initial application of HKFRS 15		-	-	-	(19,754)	19,754
Effect arising from initial application of HKFRS 9:						
Reclassification from available-for-sale investments	(a)	(98,626)	94,916	3,710	-	-
Remeasurement: Impairment under ECL model	(b)	-	-	-	-	-
Opening balance at 1 July 2018		-	94,916	3,710	565,591	19,754

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AN INTERPREATION (continued)

New and amendments to HKFRSs and an interpretation that are mandatorily effective for the current year (continued)

2.2 HKFRS 9 "Financial Instruments" (continued)

Notes:

(a) Available-for-sale investments

From available-for-sale debt investments to FVTOCI

Listed bonds with a fair value of HK$94,916,000 were reclassified from available-for-sale investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value gains of HK$1,663,000 continued to accumulate in the investments revaluation reserve as at 1 July 2018.

From available-for-sale equity investment to FVTOCI

The Group elected to present in other comprehensive income for the fair value change of its equity investment previously classified as available-for-sale investment, of which HK$3,710,000 related to unquoted equity investment previously measured at cost less impairment under HKAS 39. Such investment is not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$3,710,000 was reclassified from available-for-sale investment to equity instrument at FVTOCI, which wholly represented the unquoted equity investment previously measured at cost less impairment under HKAS 39.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets and unbilled revenue. To measure the ECL, trade receivables and contract assets and unbilled revenue have been assessed individually for debtors with significant balances or grouped based on shared credit risk characteristics. The contract assets relate to unbilled revenue for the work in progress and retention receivables of installation services and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise of bank deposits, bank balances and other receivables, are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

All of the Group's debt instruments at FVTOCI are listed bonds that are issued by corporations with good reputation. Therefore, these investments are considered to be low credit risk investments and the loss allowance is measured on 12-month ECL basis.

As at the date of initial application of HKFRS 9, the ECL is not material and no additional credit loss allowance was recognised against retained profits and investments revaluation reserve, in case for the debt instruments at FVTOCI.

2.3 Amendments to HKAS 40 "Transfers of Investment Property"

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 "Investment Property" may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existed at that date, there is no impact to the classification at 1 July 2018.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AN INTERPREATION (continued)

New and amendments to HKFRSs and an interpretation that are mandatorily effective for the current year (continued)

2.4 Impacts on opening consolidated statement of financial position arising from the application of all new standards and amendments

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	30 June 2018 (Audited) *HK'000*	HKFRS 15 *HK'000*	HKFRS 9 *HK'000*	1 July 2018 (Restated) *HK'000*
Non-current assets				
Available-for-sale investments	55,582	-	(55,582)	-
Debt instruments at FVTOCI	-	-	51,872	51,872
Equity instrument at FVTOCI	-	-	3,710	3,710
Current assets				
Available-for-sale investments	43,044	-	(43,044)	-
Debt instruments at FVTOCI	-	-	43,044	43,044
Trade and other receivables	257,958	(58,175)	-	199,783
Contract assets and unbilled revenue	-	66,636	-	66,636
Amounts due from customers for contract works	8,461	(8,461)	-	-
Current liabilities				
Trade and other payables	834,538	(48,466)	-	786,072
Contract liabilities	-	84,407	-	84,407
Deferred revenue	35,941	(35,941)	-	-
Non-current liabilities				
Contract liabilities	-	73,174	-	73,174
Deferred revenue	73,174	(73,174)	-	-

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AN INTERPREATION (continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

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

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AN INTERPREATION (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

HKFRS 16 "Leases " (continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of HK$169,401,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$19,755,000 and refundable rental deposits received of HK$17,445,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements will result in changes in measurement, presentation and disclosure as indicated above. The Group elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 "Determining whether an Arrangement contains a Lease" and did not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) - Int 4. Therefore, the Group did not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group elected the modified retrospective approach for the application of HKFRS 16 as lessee and recognised the cumulative effect of initial application to opening retained profits without restating comparative information.

Notes to the Consolidated Financial Statements

3. REVENUE

Disaggregation of revenue

For the year ended 30 June 2019

	Data centre and IT facilities HK$'000	ELV and IT systems HK$'000	Properties holding HK$'000	Total HK$'000
Types of services recognised over time and rentals				
Income from data centre and IT facilities (including income of HK$394,341,000 from other value-added services)	1,384,033	-	-	1,384,033
Installation and maintenance fee of ELV and IT systems (including installation fee of HK$107,205,000)	-	176,805	-	176,805
Building management services	-	-	7,302	7,302
Revenue from contracts with customers	1,384,033	176,805	7,302	1,568,140
Property rentals	-	-	56,956	56,956
	1,384,033	176,805	64,258	1,625,096

3. REVENUE (continued)

Disaggregation of revenue (continued)

Revenue for the year ended 30 June 2018 was generated from the following activities:

	HK$'000
Income from data centre and IT facilities (including income of HK$334,330,000 from other value-added services)	1,138,193
Installation and maintenance fee of ELV and IT systems (including installation fee of HK$101,347,000)	165,794
Property rentals and building management services	60,781
	1,364,768

4. SEGMENT INFORMATION

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' emoluments, change in fair value of investment at FVTPL, 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.

(c) Properties holding refers to the Group's interests in investment properties which generate rental and other related income.

4. SEGMENT INFORMATION (continued)

Segment revenue and results

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

For the year ended 30 June 2019

	Data centre and IT facilities *HK$'000*	ELV and IT systems *HK$'000*	Properties holding *HK$'000*	Elimination *HK$'000*	Consolidated total *HK$'000*
REVENUE					
External	**1,384,033**	**176,805**	**64,258**	**-**	**1,625,096**
Inter-segment	**-**	**385**	**3,574**	**(3,959)**	**-**
Total	**1,384,033**	**177,190**	**67,832**	**(3,959)**	**1,625,096**
RESULTS					
Segment results	**764,304**	**32,994**	**246,150**	**-**	**1,043,448**
Unallocated corporate expenses					**(33,288)**
Interest income					**13,846**
Finance costs					**(24,820)**
Investment income					**142**
Profit before taxation					**999,328**

For the year ended 30 June 2018

	Data centre and IT facilities *HK$'000*	ELV and IT systems *HK$'000*	Properties holding *HK$'000*	Elimination *HK$'000*	Consolidated total *HK$'000*
REVENUE					
External	1,138,193	165,794	60,781	-	1,364,768
Inter-segment	-	363	2,435	(2,798)	-
Total	1,138,193	166,157	63,216	(2,798)	1,364,768
RESULTS					
Segment results	669,525	26,526	206,382	-	902,433
Unallocated corporate expenses					(22,508)
Increase in fair value of investment at FVTPL					5,828
Interest income					17,631
Finance costs					(7,340)
Investment income					142
Profit before taxation					896,186

Inter-segment sales are charged at prevailing market rates.

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

4. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 30 June 2019

	Data centre and IT facilities *HK$'000*	**ELV and IT systems** *HK$'000*	**Properties holding** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated total** *HK$'000*
Amounts included in the measure of segment results:					
Addition to property, plant and equipment	**6,523,376**	**387**	**-**	**-**	**6,523,763**
Depreciation of property, plant and equipment	**240,876**	**173**	**-**	**2**	**241,051**
Increase in fair value of investment properties	**-**	**-**	**195,000**	**-**	**195,000**
	=======	=======	=======	=======	=======

For the year ended 30 June 2018

	Data centre and IT facilities *HK$'000*	ELV and IT systems *HK$'000*	Properties holding *HK$'000*	Unallocated *HK$'000*	Consolidated total *HK$'000*
Amounts included in the measure of segment results:					
Addition to property, plant and equipment	1,655,510	122	-	-	1,655,632
Depreciation of property, plant and equipment	160,110	224	-	5	160,339
Increase in fair value of investment properties	-	-	159,000	-	159,000
	=======	=======	=======	=======	=======

Geographical information

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

Information about major customer

The largest customer, which comes from the segment of both Data centre and IT facilities and ELV and IT systems, accounted for about 11% (2018: 12%) of the total revenue.

5. OTHER INCOME

	2019 ***HK$'000***	2018 *HK$'000*
Interest income	**13,846**	17,631
Investment income	**142**	142
Miscellaneous	**8,245**	7,051
	----------	----------
	22,233	24,824
	======	======

Notes to the Consolidated Financial Statements

6. OTHER GAINS

	2019	2018
	HK$'000	*HK$'000*
Increase in fair value of investment properties	**195,000**	159,000
Increase in fair value of investment at FVTPL	**-**	5,828
	------------	------------
	195,000	164,828
	=======	=======

7. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax		
- Hong Kong Profits Tax	**73,288**	55,099
- Overprovision in prior years	**(160)**	(264)
	------------	------------
	73,128	54,835
Deferred tax charge	**61,006**	64,978
	------------	------------
	134,134	119,813
	=======	=======

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) on the estimated assessable profits for the year.

8. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**241,051**	160,339
Interest on bank borrowings	**69,102**	20,895
Interest on shareholder’s loan	**64,373**	-
Other finance costs	**12,488**	6,875
Less: amounts capitalised	**(121,143)**	(20,430)
	------------	------------
Total finance costs	**24,820**	7,340
	=======	=======

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividend paid and recognised as distribution during the year		
- Final dividend to ordinary shareholders in respect of the immediately preceding financial year of HK15.10 cents (2018: HK13.70 cents) per share	**351,143**	318,212
- Payments to convertible noteholders in respect of the immediately preceding financial year of HK15.10 cents (2018: HK13.70 cents) for each share which such registered noteholders would have become holders of, had such registered noteholders' Convertible Notes then outstanding been converted on 6 November 2018 (2018: 6 November 2017)	**259,723**	235,642
	610,866	553,854
Dividend proposed		
- Final dividend to ordinary shareholders in respect of the current financial year of HK16.50 cents (2018: HK15.10 cents) per share	**383,886**	351,137
- Payments to convertible noteholders in respect of the current financial year of HK16.50 cents (2018: HK15.10 cents) for each share which such registered noteholders would have become holders of, had such registered noteholders' Convertible Notes then outstanding been converted on 1 November 2019 (2018: 1 November 2018)	**283,803**	259,723
	667,689	610,860

At a meeting held on 6 September 2019, the Directors recommend the declaration of a final dividend of HK16.50 cents per share for the year ended 30 June 2019. This proposed dividend is not included as a dividend payable in the consolidated statement of financial position as at 30 June 2019.

Notes to the Consolidated Financial Statements

10. EARNINGS PER SHARE

(a) 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:

	2019 ***HK$'000***	2018 *HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**865,194**	776,373

	2019 **Number of shares**	2018 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,045,726,244**	4,043,517,526
Effect of dilutive potential ordinary shares: Share options	**5,577,088**	6,695,897
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,051,303,332**	4,050,213,423

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 15.

The computation of diluted earnings per share does not assume, the exercise of certain Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 30 June 2019 and 2018. Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the years ended 30 June 2019 and 2018.

(b) Underlying earnings per share

For the purposes of assessing the underlying performance of the Group, underlying earnings per share is calculated based on the underlying profit attributable to owners of the Company of HK$670,194,000 (2018: HK$611,545,000), excluding the effect of other gains. A reconciliation of profit is as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Profit attributable to owners of the Company as shown in the consolidated statement of profit or loss	**865,194**	776,373
Other gains (note 6)	**(195,000)**	(164,828)
Underlying profit attributable to owners of the Company	**670,194**	611,545

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

11. TRADE AND OTHER RECEIVABLES

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:

	2019	2018
	HK$'000	*HK$'000*
0 - 60 days	**139,819**	139,627
61 - 90 days	**6,326**	6,029
> 90 days	**18,555**	7,400
	----------	----------
Trade receivables	**164,700**	153,056
Other receivables	**42,711**	42,571
Prepayments	**46,139**	36,951
Deposits paid	**41,210**	25,380
	----------	----------
	294,760	257,958
	======	======

12. TRADE AND OTHER PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
Trade payables aged within 60 days	**33,553**	35,294
Trade payables aged over 60 days	**6,183**	3,798
Other payables and accruals	**748,507**	633,480
Deposits received	**168,650**	161,966
	------------	------------
	956,893	834,538
	=======	=======

13. BANK BORROWINGS

At the end of the reporting period, the Group's unsecured bank loans were denominated in Hong Kong dollar with the carrying amount of HK$4,752,701,000 (2018: HK$1,983,333,000). The loans carry interest at the Hong Kong Interbank Offered Rate plus a margin. The loans were used to fund various existing data centre projects.

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 2.56% (2018: 1.76%) per annum and specific borrowing to expenditure on qualifying assets.

13. BANK BORROWINGS (continued)

The carrying amounts of the above borrowings are repayables*

	2019	2018
	HK$'000	*HK$'000*
Within one year	**2,180,153**	-
Within a period of more than two years but less than five years	**2,572,548**	1,983,333
	4,752,701	1,983,333

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

14. SHAREHOLDER'S LOAN

During the year, the Group and SHKP Group entered into a loan agreement pursuant to which SHKP Group has 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. At the end of the reporting period, HK$3,300,000,000 was drawn down from the facility which was used to fund various existing data centre projects and for working capital requirements.

15. SHARE CAPITAL

	Number of ordinary shares	**Amount**
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 July 2017, 30 June 2018 and **30 June 2019**	**10,000,000,000**	**1,000,000**
Issued and fully paid:		
At 1 July 2017	2,322,616,833	232,261
Conversion of Convertible Notes (Note (i))	6,500	1
Exercise of share options (Note (ii))	2,789,000	279
At 30 June 2018	2,325,412,333	232,541
Conversion of Convertible Notes (Note (i))	500	-
Exercise of share options (Note (ii))	1,170,000	117
At 30 June 2019	**2,326,582,833**	**232,658**

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the years ended 30 June 2019 and 2018.

15. SHARE CAPITAL (continued)

Notes:

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

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

During the year ended 30 June 2019, Convertible Notes in the amount of HK$50.00 (2018: HK$650.00) were exercised and converted into 500 (2018: 6,500) ordinary shares of the Company.

	Number of fully paid ordinary shares to be issued/(issued) upon conversion	**Amount** *HK$'000*
At 1 July 2017	1,720,023,833	172,003
Conversion of Convertible Notes	(6,500)	(1)
At 30 June 2018	1,720,017,333	172,002
Conversion of Convertible Notes	(500)	-*
At 30 June 2019	**1,720,016,833**	**172,002**

* Less than $1,000

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,046,599,666 (2018: 4,045,429,666) fully paid ordinary shares of HK$0.1 each.

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

(ii) During the year ended 30 June 2019, 1,170,000 (2018: 2,789,000) shares were issued upon the exercise of share options.

DIVIDEND

The board of Directors (the "Board") recommended the payment of a final dividend of HK16.50 cents per share (2018: HK15.10 cents per share) to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company (the "Register of Members") on Tuesday, 5 November 2019, making a total dividend of HK16.50 cents per share for the full year ended 30 June 2019 (2018: HK15.10 cents per share). The proposed final dividend will be paid on Tuesday, 26 November 2019 following the approval at the forthcoming annual general meeting of the Company (the "2019 AGM"). Shares of the Company (the "Shares") will be traded ex-dividend as from Friday, 1 November 2019.

In addition, subject to the resolution for declaring the aforesaid final dividend being duly passed at the 2019 AGM, pursuant to the deed poll constituting the convertible notes dated 25 November 2010 (the "Convertible Notes"), the Company will, on Tuesday, 26 November 2019, pay to the noteholders of the Company (the "Noteholders") whose names appear on the register of Noteholders (the "Register of Noteholders") on Tuesday, 5 November 2019, HK16.50 cents for each share which such Noteholders would have become holders of, had such Noteholders' Convertible Notes then outstanding been converted on Tuesday, 5 November 2019.

ANNUAL GENERAL MEETING

The 2019 AGM will be held on Wednesday, 30 October 2019 and the notice of the 2019 AGM will be published and dispatched to the Shareholders and, for information only, the Noteholders accordingly.

CLOSURE OF REGISTER OF MEMBERS

In order to determine Shareholders' entitlements to attend and vote at the 2019 AGM, the Register of Members will be closed from Friday, 25 October 2019 to Wednesday, 30 October 2019, both dates inclusive, during which no transfer of Shares will be effected.

(i) In the case of the Shares, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 24 October, 2019; and

(ii) In the case of the Convertible Notes, in order to be entitled to attend and vote at the 2019 AGM, the notice of conversion accompanied by the relevant note certificate and payment of the necessary amount should have been surrendered to and deposited with the Company's registrar in respect of the Convertible Notes, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for conversion into Shares not later than 4:30 p.m. on Tuesday, 10 September 2019.

In addition, the Register of Members will be closed on Tuesday, 5 November 2019. On the assumption that the resolution for declaring the final dividend is duly passed at the 2019 AGM:

(i) in the case of the Shares, in order to determine entitlement to the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 4 November 2019; and

(ii) in the case of Convertible Notes, in order to determine entitlement to receive the relevant payments under the Convertible Notes, the Noteholders shall remain to be registered on the Register of Noteholders on Tuesday, 5 November 2019.

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

During the year ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed the final results for the year ended 30 June 2019 and has provided advice and comments thereon.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2019, the Group has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that the Chairman of the Board was unable to attend the annual general meeting of the Company held on 26 October 2018 due to other commitment.

By order of the Board
SUNEVISION HOLDINGS LTD.
AU King-lun, Paulina
Company Secretary

Hong Kong, 6 September 2019

As at the date of this announcement, the Board comprises four Executive Directors, being KWOK Ping-luen, Raymond, FUNG Yuk-lun, Allen, TONG Kwok-kong, Raymond and TUNG Chi-ho, Eric; five Non-Executive Directors, being CHEUNG Wing-yui, KWOK Kai-wang, Christopher, David Norman PRINCE, SIU Hon-wah, Thomas and CHAN Hong-ki, Robert; and five Independent Non-Executive Directors, being LI On-kwok, Victor, KING Yeo-chi, Ambrose, WONG Kai-man, KWOK Kwok-chuen and LEE Wai-kwong, Sunny.