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SUNEVISION HOLDINGS LTD.

新意網集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1686)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

CHAIRMAN'S STATEMENT

SUNeVision achieved a satisfactory performance for the financial year ended 30 June 2018, with a profit attributable to owners of the Company of HK\$776.4 million. Underlying profit attributable to owners of the Company, excluding the effect of other gain and loss, was HK\$611.5 million; an increase of HK\$57.2 million.

FINANCIAL HIGHLIGHTS

The Group's revenue for the year rose 20% to HK\$1,364.8 million, largely attributed to increased revenue from the Group's data centre operations. The Group's data centre business secured new contracts and renewed existing ones with satisfactory rental reversion during the year. Cost of sales increased 29% to HK\$565.7 million for the year, largely due to higher operating costs and depreciation charges due to the opening of MEGA Plus. Gross profit amount rose 13% to HK\$799.0 million with gross margin at 59% for the year.

Operating expenditure for the year increased 18% from HK\$71.9 million to HK\$85.2 million. This was mainly due to expanded sales and marketing resources, including various marketing activities, as well as the legal and professional fees incurred for the transfer of listing from GEM Board to Main Board.

Profit from operations for the year increased by HK\$75.7 million to HK\$738.7 million, representing an 11% growth compared with the previous financial year.

Other gain and loss for the year increased from HK\$75.4 million to HK\$164.8 million, mainly due to the increase in fair value of investment properties. Profit attributable to owners of the Company for the year was HK\$776.4 million, compared with HK\$629.8 million for the previous financial year.

Group's EBITDA (excluding the effect of other gain and loss) for the year increased by 19% from HK\$739.2 million to HK\$881.4 million. EBITDA from the data centre business for the period increased 21% from HK\$684.0 million to HK\$827.6 million.

Shareholders' funds as of 30 June 2018 amounted to HK\$3,912.8 million, or HK\$0.97 per share accounted for the effect of bonus shares and convertible notes issued in November 2010. The Group's financial position remained healthy with the net borrowing of HK\$1,517.3 million (being difference between cash of HK\$466.0 million and the long-term bank borrowing of HK\$1,983.3 million). An additional term loan of HK\$2.3 billion at a favorable interest rates was obtained in June 2018 for growing capital needs. The gearing as at 30 June 2018 calculated as net borrowing to shareholders' funds is at 39%.

The Directors recommend the payment of a final dividend of HK15.10 cents per share for the year ended 30 June 2018, compared to HK13.70 cents per share for the previous financial year. This represents approximately 100% of the underlying profit attributable to owners of the Company. The final dividend will be paid on 16 November 2018 following approval at the 2018 Annual General Meeting.

BUSINESS REVIEW

The Group has sustained healthy growth during the year, driven by the momentum from its core business in data centre operations. The new flagship data centre, MEGA Plus, in Tseung Kwan O, has commenced operations in October 2017, firmly establishing the Group as a leading data centre operator in the region. In January 2018, the Group acquired a new site in Tsuen Wan and the Company successfully completed the transfer of listing to the Main Board of The Hong Kong Stock Exchange. Our new CEO, Mr. Tong Kwok-kong, Raymond, was on board in June 2018.

The Group's core data centre business, iAdvantage, performed satisfactorily as the largest data centre operator in Hong Kong. The approach is to build a portfolio of data centres equipped with superior infrastructure and facilities at different locations, connected by high-speed dark fibers to form a campus ("MEGA Campus") to meet customers' needs. The newly opened MEGA Plus data centre is the first purpose-built facility utilizing land designated for data centre use by the Hong Kong Government. This distinguishes the site from neighbouring data centres in the Tseung Kwan O Industrial Estate, which are built on subsidized land that prohibits any form of subletting. MEGA Two has also expanded capacity following the completion of revitalization work. Optimization work at MEGA-i is being carried out to cater for increasing customer demand. The Group will continue to upgrade infrastructures, facilities, and services to remain as the Data Centre of Choice in Hong Kong for our customers. The Group is also pleased to have received several prestigious data centre awards during the year for excellent service.

The Group's Super e-Technology and Super e-Network businesses continued to perform, focusing on quality value-add service to corporate and residential customers for the security surveillance and SMATV sectors. Super e-Technology secured contracts for the installation of security surveillance, SMATV and IT systems totalling approximately HK\$36.5 million for the year ended 30 June 2018.

FUTURE PROSPECTS

Amid keen competition, the Group will strive to maintain its leading market position while taking a prudent investment approach when considering future expansion. We will continue to upgrade the data centres' facilities to meet the evolving needs of our customers. SUNeVision remains committed to maintaining high standards of corporate governance, under the effective guidance and oversight of the Board and the Board committees.

APPRECIATION

We welcome our new CEO and Executive Director, Mr. Tong Kwok-kong, Raymond, as well as our new Non-Executive Director, Mr. Chan Hong-ki, Robert, who joined us during the year.

I would also like to thank all Directors, management and every member of our staff for their dedication and hard work, and our shareholders for their continued confidence and support.

Kwok Ping-luen, Raymond
Chairman

Hong Kong, 5 September 2018

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

SUNeVision completed the financial year ended 30 June 2018 with HK\$776.4 million profit attributable to owners of the Company, an increase of HK\$146.6 million over the previous financial year.

Revenue for the year was HK\$1,364.8 million; an increase of HK\$223.0 million over the previous financial year largely resulting from the Group's data centre operations. Gross margin was 59%, translating into a gross profit of HK\$799.0 million. Excluding the effect of other gain and loss, underlying profit attributable to owners of the Company for the year was HK\$611.5 million; an increase of HK\$57.2 million or year-on-year growth of 10%.

BUSINESS REVIEW

iAdvantage

iAdvantage continued to secure new contracts from leading companies for its data centres in MEGA Campus. At the same time, iAdvantage continues to work on various major expansion and enhancement projects to maintain its market leader position in data centre service industry in Hong Kong.

The new MEGA Plus flagship facility commenced operations in October 2017. The facility is designed and built with high flexibility, catering to different needs in term of resilience and power density of various high-growth customer segments. It meets environmental requirements with high-efficiency power usage to attain best-in-class energy saving.

The transformation of the entire MEGA Two facility in Sha Tin into a dedicated data centre building has been completed and in a position to grow further. The transformation has proven to be a strong attraction to customers with high standards for mission critical data centre requirements.

The optimization of the prime MEGA-i facility, one of the most important global connectivity hubs in the region, is now underway. Upon completion, its unique proposition will capture the increasing demand from new and existing customers, riding on the need for ever-increasing regional and global data traffic exchange.

In addition to investing in the expansion of new capacity, there are continuous improvements made at existing data centres. The Group also invested additional sales and marketing resources to strengthen customer service quality. The Group is also pleased to have received several prestigious data centre awards from leading technology media during 2017/18.

Super e-Technology and Super e-Network

Super e-Technology completed a successful year having secured contracts worth approximately HK\$36.5 million in total for the year ended 30 June 2018, for the installation of security and surveillance, and related systems. Super e-Network continued to seek to expand its client base and new business opportunities to provide wireless LAN infrastructure in shopping malls and related value-added services.

OTHER FINANCIAL DISCUSSION AND ANALYSIS

The Group practises prudent financial management and has a healthy balance sheet with ample liquidity and financial resources. The Group's cash on hand as of 30 June 2018 amounted to approximately HK\$466.0 million, while it had long-term bank borrowing of HK\$1,983.3 million. As a result, the Group had an approximately HK\$1,517.3 million in net borrowing due to higher planned capital expenditure during the fiscal year. However, the gearing as of 30 June 2018 remained low at 39%. The Group obtained a 5-year loan facility of HK\$2.3 billion in June 2018 for capital expenditure and other potential investment opportunities in the future.

As of 30 June 2018, the Group had no contingent liability while the Company had an aggregate of HK\$2,012.9 million contingent liabilities in respect of guarantees for general banking facilities utilized by the Group's subsidiaries for higher 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 2018 and there was no material acquisition or disposal of subsidiaries or affiliated companies during the year under review.

EMPLOYEES

The Group had 255 full-time employees as of 30 June 2018. The Group is committed to attracting, motivating and retaining talent and continues to offer abundant career progression opportunities for staff. Periodical compensation reviews are conducted to ensure competitiveness in the employment market. Payroll costs increased during the financial year as the Group expanded and enriched its data centres operations, but the Group believes these are important and worthwhile investments. Bonuses were paid to selected employees to recognize outstanding performance. Various engagement initiatives were implemented during the year to enhance staff communication and team spirit.

Other remuneration and benefits, including medical coverage and provident fund contributions, remained at competitive levels. Various training and development opportunities continued to be offered to enhance employee capabilities to meet the growth in business. The Group also operates a share-option scheme and granted share options to selected directors and employees to recognize their significant contributions.

OUTLOOK

Building on SUNeVision's performance record, the Group will continue to utilize its strong liquidity and financial resources to improve profitability and attain business growth for higher returns to shareholders in the medium to longer term. The Group maintains an optimistic outlook for its data centre operations as the demand from customers remains strong despite increasing competition from existing and entry players. The Group will closely monitor the development of the competitive landscape and global economic developments, and adjust its business strategies accordingly. iAdvantage will continue evaluating new growth opportunities in a prudent approach, including the expansion of its footprint with new data centre space, as well as the enhancement of existing data centre facilities. Super e-Technology and Super e-Network will further extend their quality service to new sites and enhance service offerings.

Audited Consolidated Statement of Profit or Loss

For the year ended 30 June 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Revenue	3	1,364,768	1,141,757
Cost of sales		(565,736)	(437,626)
Gross profit		799,032	704,131
Other income	5	24,824	30,812
Selling expenses		(23,375)	(18,055)
Administrative expenses		(61,783)	(53,854)
Other gain and loss	6	164,828	75,440
Finance costs		(7,340)	-
Profit before taxation		896,186	738,474
Income tax expense	7	(119,813)	(107,039)
Profit for the year	8	776,373	631,435
Attributable to:			
Owners of the Company		776,373	629,801
Non-controlling interests		-	1,634
		776,373	631,435
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)	10 (a)		
- Basic (Remark (i))		19.20 cents	15.57 cents
- Diluted (Remarks (i) and (ii))		19.16 cents	15.56 cents
Earnings per share excluding the effect of other gain and loss (underlying earnings per share)	10 (b)		
- Basic (Remark (i))		15.12 cents	13.71 cents
- Diluted (Remarks (i) and (ii))		15.09 cents	13.69 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 2018 has been taken into account of potential ordinary shares of 6,695,897 (2017: 5,125,167) shares in existence arising from the share options granted on 8 March 2016 and 19 June 2018.

Details of earnings per share calculation and the Company's share capital are set out in notes 10 and 14 respectively.

Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year	776,373	631,435
Other comprehensive expense for the year		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale investments	(1,640)	(4,942)
Exchange differences arising from translation of operations outside Hong Kong	(18)	-
	(1,658)	(4,942)
Total comprehensive income for the year	774,715	626,493
Total comprehensive income attributable to:		
Owners of the Company	774,369	625,002
Non-controlling interests	346	1,491
	774,715	626,493

Audited Consolidated Statement of Financial Position

At 30 June 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Investment properties		1,686,000	1,527,000
Property, plant and equipment		4,566,952	3,071,660
Investments		55,582	144,651
		6,308,534	4,743,311
Current assets			
Investments		43,044	142,353
Inventories		9,967	9,499
Trade and other receivables	11	257,958	125,681
Amounts due from customers for contract works		8,461	8,599
Bank balances and deposits		465,969	604,303
		785,399	890,435
Current liabilities			
Trade and other payables	12	834,538	616,521
Deferred revenue		35,941	34,769
Tax payables		75,820	86,691
		946,299	737,981
Net current (liabilities) assets		(160,900)	152,454
Total assets less current liabilities		6,147,634	4,895,765
Non-current liabilities			
Deferred tax liabilities		163,392	98,414
Deferred revenue		73,174	101,947
Bank borrowings	13	1,983,333	996,458
		2,219,899	1,196,819
		3,927,735	3,698,946
Capital and reserves			
Share capital	14	232,541	232,261
Reserve arising from issuance of convertible notes	14	172,002	172,003
Other reserves		3,508,284	3,280,120
Equity attributable to owners of the Company		3,912,827	3,684,384
Non-controlling interests		14,908	14,562
Total equity		3,927,735	3,698,946

Audited Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

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 2016	232,237	2,315,239	172,003	1,100	2,374	8,245	834,064	3,565,262	13,071	3,578,333
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	143	-	-	143	(143)	-
Profit for the year	-	-	-	-	-	-	629,801	629,801	1,634	631,435
Change in fair value of available-for-sale investments	-	-	-	-	-	(4,942)	-	(4,942)	-	(4,942)
Total comprehensive income (expense) for the year	-	-	-	-	143	(4,942)	629,801	625,002	1,491	626,493
Exercise of share options (note 14)	24	665	-	(99)	-	-	-	590	-	590
Conversion of Convertible Notes (note 14)	-	-	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	2,872	-	-	-	2,872	-	2,872
Final dividend and distribution paid (note 9)	-	-	-	-	-	-	(509,342)	(509,342)	-	(509,342)
At 30 June 2017	232,261	2,315,904	172,003	3,873	2,517	3,303	954,523	3,684,384	14,562	3,698,946
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	(364)	-	-	(364)	346	(18)
Profit for the year	-	-	-	-	-	-	776,373	776,373	-	776,373
Change in fair value of available-for-sale investments	-	-	-	-	-	(1,640)	-	(1,640)	-	(1,640)
Total comprehensive income (expense) for the year	-	-	-	-	(364)	(1,640)	776,373	774,369	346	774,715
Exercise of share options (note 14)	279	7,697	-	(1,143)	-	-	-	6,833	-	6,833
Conversion of Convertible Notes (note 14)	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

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\$650.00 (2017: HK\$300.00) were exercised and converted into 6,500 (2017: 3,000) ordinary shares by noteholders during the year ended 30 June 2018. As a result, the Convertible Notes in the amount of HK\$172,001,733.30 (2017: HK\$172,002,383.30) remained outstanding as at 30 June 2018.

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\$160,900,000 as at 30 June 2018. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations, including internal resources, available unutilised banking facility or 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

Except as described below, the application of the amendments to HKFRSs 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.

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure of the reconciliation between the opening and closing balances of the mentioned items, the application of these amendments has had no impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(continued)

(b) New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
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 19	Plan Amendment, Curtailment or Settlement ²
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle ¹
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle ²

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2021

Notes to the Consolidated Financial Statements

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective. Under HKFRS 15, revenue is recognised when the entity satisfies a performance obligation by transferring control of a promised good or service to a customer. Control of an asset refers to the ability to direct the use and obtain substantially the benefits from the asset. Transfer of control may be at a point in time or over time, depending on the terms of the contracts and the laws applicable to the contracts.

As regard the revenue from customers' use of data center and information technology facilities, management anticipates that the application of HKFRS 15 in the future may result in more disclosures, however, management does not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

As regards the installation revenue, the Group specifically considers HKFRS 15's guidance on the reason for the difference in timing between the transfer of control of goods and services to customers and timing of relate payments. The Group has assessed that the Group's performance creates or enhances an asset (e.g. work in progress) that the customer controls as the asset is created or enhanced; therefore revenue from these installation contracts should be recognised over time during the course of installation by the Group.

Furthermore, the Group considers that the output method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under HKFRS 15. Amount due from customers from contract works and retention held by customers for contract works should be reclassified as contract assets.

The Group intends to use the limited retrospective method of transition to HKFRS 15. Except for providing more extensive disclosure on the Group's revenue transactions, management does not anticipate that the application of HKFRS 15 will have a significant impact on the financial position and/or financial performance of the Group.

Notes to the Consolidated Financial Statements

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 9 "Financial instruments"

HKFRS 9 introduces new classification and measurement for financial assets that reflects the business model in which the financial assets are managed and their contractual cash flow characteristics. It contains three principal classification categories for financial assets that are measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss. These replace existing HKAS 39 "Financial instruments: Recognition and measurement" categories of loans and receivables, held to maturity and available-for-sale financial assets.

HKFRS 9 introduces a new impairment model that requires the recognition of expected credit loss on financial assets that are measured at amortised cost or debt instruments measured at FVTOCI using forward looking information. This model replaces the incurred loss impairment model used in HKAS 39 with the result that a loss event will no longer need to occur before an impairment allowance is recognised.

The Group plans to adopt HKFRS 9 from 1 July 2018, with any effects of implementation recognised as an adjustment to opening retained earnings at 1 July 2018 and prior period comparatives are not restated.

Management has assessed the impact of HKFRS 9 on the Group's consolidated financial statements and has concluded that the adoption is not expected to have a material impact on the Group's opening retained earnings and financial results.

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 "Leases" and the related Interpretations when it becomes effective.

Under HKFRS 16, distinctions of operating 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. In contrast to lessee accounting, HKFRS 16 does not significantly change the accounting of lessors.

HKFRS 16 will affect the Group's accounting as a lessee arising from leases for properties which are currently classified as operating leases. The application of HKFRS 16 will result in the Group's recognition of a right-of-use asset and a corresponding liability in respect of these leases. In addition, the Group currently considers refundable rental deposits paid and refundable rental deposits received 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 and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Except as disclosed above, the Group anticipates that the application of all other new and amendments to HKFRSs and the interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

3. REVENUE

Revenue was generated from the following activities:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Income from data centre and IT facilities (including income of HK\$334,330,000 (2017: HK\$284,924,000) from other value-added services)	1,138,193	942,379
Installation and maintenance fee of SMATV, CABD, structural cabling and security systems (including installation fee of HK\$101,347,000 (2017: HK\$68,653,000))	165,794	138,965
Property rentals and building management services	60,781	60,413
	1,364,768	1,141,757

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 fair value through profit or loss, 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) Satellite master antenna television ("SMATV"), communal aerial broadcast distribution ("CABD"), structural cabling and security 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.

Notes to the Consolidated Financial Statements

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 2018

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

For the year ended 30 June 2017

	Data centre and IT facilities <i>HK\$'000</i>	SMATV, CABD, structural cabling and security systems <i>HK\$'000</i>	Properties holding <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
REVENUE					
External	942,379	138,965	60,413	-	1,141,757
Inter-segment	513	352	2,435	(3,300)	-
Total	<u>942,892</u>	<u>139,317</u>	<u>62,848</u>	<u>(3,300)</u>	<u>1,141,757</u>
RESULTS					
Segment results	<u>586,044</u>	<u>23,221</u>	<u>178,817</u>	<u>-</u>	<u>788,082</u>
Unallocated corporate expenses					(23,571)
Decrease in fair value of investment at fair value through profit or loss					(55,560)
Interest income					24,704
Investment income					4,819
Profit before taxation					<u>738,474</u>

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 Consolidated Financial Statements

4. SEGMENT INFORMATION (continued)

Other segment information

For the year ended 30 June 2018

	Data centre and IT facilities <i>HK\$'000</i>	SMATV, CABD, structural cabling and security systems <i>HK\$'000</i>	Properties holding <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
Amounts included in the measure of segment results:					
Depreciation of property, plant and equipment	160,110	224	-	5	160,339
Increase in fair value of investment properties	-	-	159,000	-	159,000

For the year ended 30 June 2017

	Data centre and IT facilities <i>HK\$'000</i>	SMATV, CABD, structural cabling and security systems <i>HK\$'000</i>	Properties holding <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
Amounts included in the measure of segment results:					
Depreciation of property, plant and equipment	100,605	259	-	17	100,881
Increase in fair value of investment properties	-	-	131,000	-	131,000

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 SMATV, CABD, structural cabling and security systems, accounted for about 12% (2017: 12%) of the total revenue.

5. OTHER INCOME

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest income	17,631	24,704
Investment income (Note)	142	4,819
Miscellaneous	7,051	1,289
	<u>24,824</u>	<u>30,812</u>

Note:

Included in the investment income for the year ended 30 June 2017 was a non-recurring income amounting to approximately HK\$4,368,000 as a result of the recognition of distributions from an unlisted equity investment.

Notes to the Consolidated Financial Statements

6. OTHER GAIN AND LOSS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Increase in fair value of investment properties	159,000	131,000
Increase (decrease) in fair value of investment at fair value through profit or loss	5,828	(55,560)
	<u>164,828</u>	<u>75,440</u>

7. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax		
- Hong Kong Profits Tax	55,099	85,340
- Over-provision in prior years	(264)	(160)
	<u>54,835</u>	<u>85,180</u>
Deferred tax charge	64,978	21,859
	<u>119,813</u>	<u>107,039</u>

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits for the year.

8. PROFIT FOR THE YEAR

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	160,339	100,881
Interest on bank borrowings	20,895	10,024
Other finance costs	6,875	2,500
Less: amounts capitalised	(20,430)	(12,524)
	<u>7,340</u>	<u>-</u>

Notes to the Consolidated Financial Statements

9. DIVIDENDS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Dividend paid and recognised as distribution during the year		
- Final dividend to ordinary shareholders in respect of the immediately preceding financial year of HK13.70 cents (2017: HK12.60 cents) per share	318,212	292,619
- Payments to convertible noteholders in respect of the immediately preceding financial year of HK13.70 cents (2017: HK12.60 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 2017 (2017: 3 November 2016)	235,642	216,723
	553,854	509,342
Dividend proposed		
- Final dividend to ordinary shareholders in respect of the current financial year of HK15.10 cents (2017: HK13.70 cents) per share	351,137	318,199
- Payments to convertible noteholders in respect of the current financial year of HK15.10 cents (2017: 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 1 November 2018 (2017: 6 November 2017)	259,723	235,643
	610,860	553,842

At a meeting held on 5 September 2018, the Directors recommend the declaration of a final dividend of HK15.10 cents per share for the year ended 30 June 2018. This proposed dividend is not included as a dividend payable in the consolidated statement of financial position as at 30 June 2018.

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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	776,373	629,801
	2018 Number of shares	2017 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,043,517,526	4,042,412,567
Effect of dilutive potential ordinary shares: Share options	6,695,897	5,125,167
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,050,213,423	4,047,537,734

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 14.

Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the years ended 30 June 2018 and 2017.

(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\$611,545,000 (2017: HK\$554,361,000), excluding the effect of other gain and loss. A reconciliation of profit is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit attributable to owners of the Company as shown in the consolidated statement of profit or loss	776,373	629,801
Other gain and loss (note 6)	(164,828)	(75,440)
Underlying profit attributable to owners of the Company	611,545	554,361

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

Notes to the Consolidated Financial Statements

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 net of allowance for doubtful debts at the end of the reporting period:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 - 60 days	139,627	52,738
61 - 90 days	6,029	3,455
> 90 days	7,400	7,000
	-----	-----
Trade receivables	153,056	63,193
Other receivables	42,571	20,380
Prepayments	36,951	14,369
Deposits paid	25,380	27,739
	-----	-----
	<u>257,958</u>	<u>125,681</u>

12. TRADE AND OTHER PAYABLES

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables aged within 60 days	35,294	56,557
Trade payables aged over 60 days	3,798	-
Other payables and accruals	633,480	404,493
Deposits received	161,966	155,471
	-----	-----
	<u>834,538</u>	<u>616,521</u>

13. BANK BORROWINGS

At the end of the reporting period, the Group's unsecured bank loan was denominated in Hong Kong dollar with the carrying amount of HK\$1,983,333,000 (2017: HK\$996,458,000). The loan carries interest at the Hong Kong Interbank Offered Rate plus a specific margin and is wholly repayable in August 2022 (2017: December 2018). The proceeds were used to fund various existing data centre projects.

During the year, the Group obtained another long-term banking facility of HK\$2,300,000,000 to fund the Group's capital expenditure and other potential investment opportunities. Such banking facility has not been utilised at the end of the reporting period.

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 1.76% (2017: 1.57%) per annum to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements

14. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2016, 30 June 2017 and 30 June 2018	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 July 2016	2,322,372,833	232,237
Conversion of Convertible Notes (Note (i))	3,000	-
Exercise of share options (Note (ii))	241,000	24
At 30 June 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

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 2018 and 2017.

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 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 2018, Convertible Notes in the amount of HK\$650.00 (2017: HK\$300.00) were exercised and converted into 6,500 (2017: 3,000) ordinary shares of the Company.

Notes to the Consolidated Financial Statements

14. SHARE CAPITAL (continued)

Notes: (continued)

(i) – (continued)

	Number of fully paid ordinary shares to be issued/(issued) upon conversion	Amount HK\$'000
At 1 July 2016	1,720,026,833	172,003
Conversion of Convertible Notes	(3,000)	-
	-----	-----
At 30 June 2017	1,720,023,833	172,003
Conversion of Convertible Notes	(6,500)	(1)
	-----	-----
At 30 June 2018	1,720,017,333	172,002
	=====	=====

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,045,429,666 (2017: 4,042,640,666) 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 2018, 2,789,000 (2017: 241,000) shares were issued upon the exercise of share options.

DIVIDEND

The board of Directors (the "Board") recommended the payment of a final dividend of HK15.10 cents per share (2017: HK13.70 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 Thursday, 1 November 2018, making a total dividend of HK15.10 cents per share for the full year ended 30 June 2018 (2017: HK13.70 cents per share). The proposed final dividend will be paid on Friday, 16 November 2018 following the approval at the forthcoming annual general meeting of the Company (the "2018 AGM"). Shares of the Company (the "Shares") will be traded ex-dividend as from Tuesday, 30 October 2018.

In addition, subject to the resolution for declaring the aforesaid final dividend being duly passed at the 2018 AGM, pursuant to the deed poll constituting the convertible notes dated 25 November 2010 (the "Convertible Notes"), the Company will, on Friday, 16 November 2018, pay to the noteholders of the Company (the "Noteholders") whose names appear on the register of Noteholders (the "Register of Noteholders") on Thursday, 1 November 2018, HK15.10 cents for each share which such Noteholders would have become holders of, had such Noteholders' Convertible Notes then outstanding been converted on Thursday, 1 November 2018.

ANNUAL GENERAL MEETING

The 2018 AGM will be held on Friday, 26 October 2018 and the notice of the 2018 AGM will be published and dispatched to the Shareholders and the Noteholders accordingly.

CLOSURE OF REGISTER OF MEMBERS

In order to determine Shareholders' entitlements to attend and vote at the 2018 AGM, the Register of Members will be closed from Tuesday, 23 October 2018 to Friday, 26 October 2018, 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 Monday, 22 October 2018; and
- (ii) In the case of the Convertible Notes, in order to be entitled to attend and vote at the 2018 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for conversion into Shares not later than 4:30 p.m. on Wednesday, 5 September 2018.

In addition, the Register of Members will be closed on Thursday, 1 November 2018. On the assumption that the resolution for declaring the final dividend is duly passed at the 2018 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 Wednesday, 31 October 2018; 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 Thursday, 1 November 2018.

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

During the year ended 30 June 2018, 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 2018 and has provided advice and comments thereon.

CORPORATE GOVERNANCE CODE

Throughout the year ended 30 June 2018, 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 and Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (which were respectively applicable during the relevant periods after and prior to the transfer of listing of the Shares from the Growth Enterprise Market to the Main Board of the Stock Exchange) except that the Chairman of the Board was unable to attend the annual general meeting of the Company held on 31 October 2017 due to other commitment.

By order of the Board
SUNEVISION HOLDINGS LTD.
Lee Kok-ming
Company Secretary

Hong Kong, 5 September 2018

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.