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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 2020**

## **CHAIRMAN'S STATEMENT**

### **RESULTS**

During the year under review, the Group's revenue from continuing operations increased 10% year on year to HK\$1,714 million, driven mainly by a growth in business with existing customers and signing up new customers for the core data centre business. EBITDA from continuing operations rose 18% year on year to HK\$1,186 million. Underlying profit for the year attributable to owners of the Company increased 6% year on year to HK\$709 million.

### **DIVIDEND**

The directors recommended the payment of a final dividend of HK17.50 cents per share for the year ended 30 June 2020. The dividend will be paid on 26 November 2020 following approval at the 2020 Annual General Meeting.

### **BUSINESS REVIEW**

The last twelve months have been a difficult period for Hong Kong and globally. There were the social incidents in the second half of the 2019, followed by COVID-19 pandemic together with rising international tensions. Such an operating environment brought us both challenges and opportunities. Under these circumstances, SUNeVision's data centre operations have demonstrated strong resilience and continued to meet our customers' stringent security and environmental requirements. The resilience of our network connectivity across our data centre campus has remained fully intact and operational during this critical time.

As the COVID-19 pandemic took hold, most economic activities worldwide have moved from in-person to virtual online communications, which resulted in a significant surge in data traffic and demand for a higher network performance requirement worldwide. The increased demand for global connectivity reinforced our leading market position as one of the most connected data centre hubs in Asia. The Group expects these changes in commercial and consumer behaviour to continue to drive growth for connectivity and to be reflected positively in the Group's operating performance in the coming few years.

SUNeVision's data centre business continues to be driven by two different sets of demand, both of which saw strong growth over the past year. Firstly, there is the demand for connectivity amongst both new economy players and traditional businesses. The demand for connectivity has heightened as the need for video conferencing, e-commerce, gaming and other online applications grew especially during the pandemic. Our MEGA-i data centre is by far Hong Kong's No.1 most connected ecosystem and benefitted from such developments. MEGA-i has over 14,000 cross-connects linking up hundreds of global and regional telcos, Internet Service Providers (ISPs), enterprises, cloud players and new economy players, facilitating direct and seamless data communication among them all. The majority of existing international subsea cables reaching Hong Kong are terminated in MEGA-i, making it the main data gateway between Hong Kong and the world. This demand has remained unaffected by the volatility in geo-politics, because such connectivity is fundamental in serving people's daily online needs.

The second set of demand comes from enterprises and cloud players. As businesses require more and more capacity to house their growing data, they either procure more data centre space or move to cloud. The last twelve months have seen cloud adoption taking off in Hong Kong, dovetailing what happened in other parts of the world. Our cloud customers demand high power density and resilience against any disruption, and this is what some of our facilities, MEGA Two and MEGA Plus in particular, are built for. The growth in demand for cloud services is expected to continue as they provide elevated business performance due to various benefits such as agile deployment, secure & storage management, low total cost ownership, utility-based sharing models, and high-level computing.

SUNeVision is committed to providing the best infrastructure and services to our customers. It also believes that the growth of the data centre industry in Hong Kong is beneficial to every player. At the same time, we also strongly believe in “fair” competition. In April 2020, SUNeVision lodged an appeal against the judgment on the judicial review case regarding alleged breach of the lease restrictions by data centre operators within Tseung Kwan O Industrial Estate (TKOIE) in subletting and sharing occupation of heavily subsidised land. SUNeVision would like to stress that some TKOIE data centre operators had been operating in a way that allegedly involves subletting or permitting third parties to occupy the leased premises for some time. TKOIE land is heavily subsidised by the Hong Kong Government while SUNeVision’s Tseung Kwan O data centre is built on open tender site with no restrictions on subletting and customer usage. SUNeVision can serve our customers more effectively and flexibly, and our customers will enjoy a higher degree of protection and privacy.

## **PROSPECTS**

The future of SUNeVision remains positive. Digital economies and hence connectivity needs will continue to grow. Data traffic across and along the Pacific is expected to grow significantly, and Hong Kong will continue to be one of the key hubs for this connectivity, given its geographical location, strong subsea cable connections and well-established connections in the region. Hong Kong’s long history of free trade practice and trusted data protection scheme will continue to maintain its global recognition as a distinctive location for data storage and transmission.

The robust growth in various technology trends such as cloud computing, artificial intelligence, fintech, the Internet of Things (“IoT”), big data analytics and 5G, will all continue to enrich the IT ecosystem of Hong Kong and the Asian region. The Group is well positioned to capture the opportunities against these backdrops, given the timely supply of the two new data centres and revitalisation of the existing data centres.

SUNeVision’s current data centres are performing well. But what is as important is that the Group has a very robust pipeline of top-quality greenfield data centres. Constructions of the two new projects, TWTL 428 in Tsuen Wan and TKOTL 131 in Tseung Kwan O, are targeted to be completed by phases starting in 2022. Upon completion, they will double the total GFA of the Group’s data centres in Hong Kong to approximately 2.8 million square feet, further reinforcing our market leading position. As TKOTL 131 is located next to our current data centre MEGA Plus, we will achieve substantial synergies in operations and infrastructure investment. Upon completion, the purpose-built data center in TKOTL 131 will support an ultra-high power of at least 120MW IT load, which will more than triple our Group’s total data center IT load. It will ensure that our customers have room for fast expansion as they grow.

As for the existing data centres, the increase of power capacity in MEGA-i by as much as 40% is on track to be completed before the end of 2020, which will be a big boost to our connectivity business growth in coming years. In addition, following the completion of the acquisition of MEGA Two in November 2019, the Group invested further in revitalising multiple floors at MEGA Two with additional power to serve the high power-density needs among customers.

## **APPRECIATION**

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

**Kwok Ping-luen, Raymond**

*Chairman*

Hong Kong, 4 September 2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### iAdvantage

The Group's data centre business, being operated under iAdvantage, continues to be driven by strong growth in two different sets of demand, firstly demand for connectivity amongst both new economy players and traditional businesses; and secondly capacity demand from enterprises and cloud players to host their fast growing data volume. It won new business from existing and new customers, which resulted in a healthy growth in revenue during the year under review. iAdvantage is seen as the preferred data centre partner for many companies, being the largest, carrier-neutral and cloud-neutral data centre operator in Hong Kong, with world-class facilities built around the MEGA Campus (consisting of MEGA-i, MEGA Plus and MEGA Two). The customers of iAdvantage include global and regional telcos, ISPs, large multinationals and local enterprises, cloud service providers and new economy players.

During the year under review, the Group secured contracts for existing customers' further expansion and also new customers from the gaming, entertainment and social networking industries mainly at MEGA Campus. Among these three MEGA data centres, MEGA-i is one of the most connected data centre hubs in Asia, with more than 14,000 cross-connects in an ecosystem connecting hundreds of telcos, ISPs, large enterprises, cloud service providers and new economy players together. The facility is being upgraded to enhance its power capacity by as much as 40%, and is targeted to be completed before the end of 2020. This upgrade will be a big boost to the Group's connectivity business growth in coming years. MEGA Two is strategically located in Shatin, and has undergone revitalisation work on multiple floors to serve the increasing high power-density needs of the Group's hyperscale and cloud customers. MEGA Plus is a higher-tier flagship data centre which continues to attract strong interest from global cloud service providers and new economy players.

Construction of new projects was progressing well on track. Located near the Group's existing facilities JUMBO, the new site TWTL 428 in Tsuen Wan with approximately 200,000 square feet of gross floor area ("GFA"), and the greenfield site TKOTL 131 in Tseung Kwan O which is adjacent to MEGA Plus, with approximately 1.2 million square feet of GFA, are targeted to complete construction by phases starting in 2022. Upon completion, the total GFA of the Group's data centres in Hong Kong will double to approximately 2.8 million square feet. The total IT load power capacity of the Group will more than triple, as the new TKOTL 131 site is the purpose-built data centre which will support an ultra-high power of at least 120MW IT load and will be the highest power density data centre in Hong Kong. It will ensure that our customers have room for fast expansion as they grow.

Given the timely supply of the two new data centres and revitalisation of the existing data centres, the Group is well positioned to meet the upcoming growth in demand for high-end data centre facilities in Hong Kong.

The Group was pleased to be awarded the "2019 Best IDC Provider (Overseas)" in the 14<sup>th</sup> China IDC Industry Annual Ceremony (IDCC2019), and received the "Innovative Date Centre: Silver Award" from the Communications Association of Hong Kong (CAHK) STAR Awards 2019. These awards are a recognition of the Group's outstanding data centre infrastructure and services, and its leading position in the region. It will continue to differentiate itself from other providers by offering world-class facilities, renowned connectivity and ecosystems, and high-quality services. The Group was also delighted to have multiple new equity research firms initiating coverage on its business during the year under review.

### Super e-Technology and Super e-Network

Super e-Technology secured contracts for the installation of Extra Low Voltage (“ELV”) and IT systems totalling HK\$134 million during the year under review. Super e-Technology is constantly exploring opportunities to enhance its service offerings and maintains a positive outlook for the ELV sector for the coming financial year.

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

## **FINANCIAL REVIEW**

### Review of operating results

During the year under review, the Group’s revenue from continuing operations increased 10% year on year to HK\$1,714 million, driven mainly by growth in business with existing customers and signing up new customers for the core data centre business. The cost of sales increased by 6% year on year to HK\$722 million, largely because of higher depreciation charges and operating costs from more data centre facilities in use, which was partly offset by net savings from the acquisition of the MEGA Two facility (“MEGA Two”) on 6 November 2019. Following the acquisition, excluding the impact of adopting HKFRS 16 “Leases” which resulted in a reclassification of rental expenses to depreciation and interest expenses, the savings in rental expenses for MEGA Two were higher than the additional depreciation charges associated with the acquisition. Operating expenditure increased 16% year on year to HK\$141 million, mainly because of more resources deployed in the management and sales team to promote sales and marketing of the data centre facilities and the upgrade of business support systems. Operating profit for the year from continuing operations rose 11% year on year to HK\$863 million.

EBITDA from continuing operations increased 18% year on year to HK\$1,186 million, driven mainly by EBITDA from the data centre business. The EBITDA margin from continuing operations rose to 69% from 64% in the previous year. Excluding the impact of adopting HKFRS 16 “Leases”, EBITDA from continuing operations increased by 15% year on year to HK\$1,158 million.

Finance costs rose 44% year on year to HK\$36 million mainly because of the Group’s increased bank borrowings to finance the upgrade of its data centre facilities and the acquisition of MEGA Two, as well as for general working capital purposes.

Underlying profit attributable to owners of the Company, increased 6% year on year to HK\$709 million. Underlying profit from continuing operations, rose 11% year on year to HK\$694 million. The connected transactions, involving the acquisition of MEGA Two and the disposal of the investment properties at Millennium City 1 and Kodak House II, which were completed on 6 November 2019, had an insignificant effect on the underlying profit, after taking into account the net savings in cost of sales and additional financing costs associated with the acquisition of MEGA Two. This mostly offset the loss of rental income from the disposed investment properties. As such, this was a beneficial transaction for the Group in view of the asset quality of MEGA Two and greater flexibility over the property to fulfil the requirements of long-term leasing of customers.

### Capital Investment

The recent acquisition of MEGA Two will enable the Group to have more control over the property and greater flexibility to add power for high power-density needs customers and to fulfil the requirements of long-term leasing of customers. The revitalisation of MEGA-i and the new site developments of TWTL 428 and TKOTL 131 will enhance and expand the Group’s high-tier data centre capacity to meet the increasing data demand. Data centre business is a capital-intensive industry, requiring long-term capital investment. The Group is committed to continuing investment in existing and new infrastructure for new business development, as well as regularly reviews its investment profile to take into account of the changing customer and market environment.

### Other financial discussion and analysis

The Group had HK\$402 million cash on hand as of 30 June 2020, while long-term bank borrowings were HK\$5,816 million. Total net bank borrowings increased 26% to HK\$5,414 million compared to HK\$4,285 million as at 30 June 2019. The increase was mainly due to financing of capital expenditure to upgrade data centre facilities, build up new sites, acquisition of MEGA Two (net of the sale proceeds from the disposals of investment properties), and general working capital requirements. The shareholder's loan was HK\$3,300 million as at 30 June 2020, which was an unsecured 6-year fixed interest rate term loan from SHKP Group at a fixed interest rate of 4% per annum. Effective from 1 August 2020, the interest rate was amended from 4% per annum to 3% per annum.

The gearing ratio as of 30 June 2020 was 202%; if excluding the long-term unsecured shareholder's loan of HK\$3,300 million from SHKP Group, such ratio was 126%. In December 2019, the Group obtained a HK\$3,000 million 5-year term and revolving loan facility from a bank to refinance the short-term bank borrowing due in January 2020 and to fund various existing data centre projects.

The Group has a strong financial position to fund its growth plans in the medium term, taking into account the financial resources available including internally generated funds, available banking facilities and the shareholder's loan from SHKP Group.

As of 30 June 2020, the Group had no contingent liability while the Company had an aggregate of HK\$5,908 million contingent liabilities in respect of guarantees for general banking facilities utilised by the Group's subsidiaries and other guarantees. The Group's core operations are based in Hong Kong and its assets are primarily in Hong Kong or US dollars. It had no significant exposure to foreign exchange rate fluctuations. The Group had not pledged any of its assets as of 30 June 2020. On 6 November 2019, the Group completed the connected transactions with SHKP Group, comprising the acquisition of the company owning the MEGA Two facility in Sha Tin from SHKP Group at a consideration of HK\$2,243 million and the disposals of two companies owning the properties at Millennium City 1 in Kwun Tong and Kodak House II in North Point to SHKP Group at a total consideration of HK\$1,808 million.

### **EMPLOYEES**

The Group employed 358 full-time employees as of 30 June 2020, whom the Group regards as its most valuable asset. In light of the COVID-19 situation, the Group implemented measures to safeguard the well-being of its employees, including work-from-home and flexible working hour policies, while ensuring the highest service standards to customers are maintained.

With continuous learning entrenched in the corporate culture to support business growth, the Group is dedicated to fostering lifelong learning and organisational development through staff training. The Group offers extensive opportunities for learning, competitive remuneration and appealing career prospects to help enrich and develop the careers and personal lives of its employees.

Periodical reviews of the fringe benefits, including medical coverage and Mandatory Provident Fund contributions, were conducted to maintain the Group's competitiveness in the employment market. Share options were granted to selected directors and employees to recognise their significant contribution and to help ensure talent retention. To enhance staff communication and team spirit, various engagement and culture development initiatives were carried out regularly.

# Audited Consolidated Statement of Profit or Loss

For the year ended 30 June 2020

	Notes	2020 HK\$'000	2019 HK\$'000 (restated)
<b>Continuing operations</b>			
Revenue	3	1,713,844	1,560,838
Cost of sales		(722,007)	(683,620)
		-----	-----
Gross profit		991,837	877,218
Other income	5	12,273	22,233
Selling expenses		(28,251)	(24,733)
Administrative expenses		(113,058)	(96,720)
		-----	-----
Profit from operations		862,801	777,998
Finance costs		(36,106)	(24,820)
		-----	-----
Profit before taxation		826,695	753,178
Income tax expense	6	(132,372)	(125,136)
		-----	-----
Profit for the year from continuing operations	7	694,323	628,042
		-----	-----
<b>Discontinued operations</b>			
Profit for the year from discontinued operations		88,926	237,152
		-----	-----
Profit for the year attributable to owners of the Company		783,249	865,194
		=====	=====
Earnings per share based on profit from continuing and discontinued operations attributable to owners of the Company (reported earnings per share)			
- Basic (Remark (i))	9 (a)	19.35 cents	21.39 cents
		=====	=====
- Diluted (Remark (i))		19.33 cents	21.36 cents
		=====	=====
Earnings per share excluding the effect of increase in fair value of investment properties (underlying earnings per share)			
- Basic (Remark (i))	9 (b)	17.51 cents	16.57 cents
		=====	=====
- Diluted (Remark (i))		17.50 cents	16.54 cents
		=====	=====
Earnings per share based on profit from continuing operations (earnings per share from continuing operations)			
- Basic (Remark (i))	9 (c)	17.15 cents	15.52 cents
		=====	=====
- Diluted (Remark (i))		17.13 cents	15.50 cents
		=====	=====



## **Audited Consolidated Statement of Profit or Loss**

*For the year ended 30 June 2020*

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Remark:

- (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.

Details of earnings per share calculation and the Company's share capital are set out in notes 9 and 14 respectively.

**Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*For the year ended 30 June 2020*

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<b>783,249</b>	865,194
	-----	-----
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 debt instruments measured at fair value through other comprehensive income ("FVTOCI")	<b>(567)</b>	(1,096)
Exchange differences arising from translation of operations outside Hong Kong	<b>5</b>	5
	-----	-----
	<b>(562)</b>	(1,091)
	-----	-----
Total comprehensive income for the year	<b>782,687</b>	864,103
	=====	=====
Total comprehensive income (expense) attributable to:		
Owners of the Company	<b>783,126</b>	864,618
Non-controlling interests	<b>(439)</b>	(515)
	-----	-----
	<b>782,687</b>	864,103
	=====	=====

# Audited Consolidated Statement of Financial Position

At 30 June 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Investment properties		-	1,769,000
Property, plant and equipment		14,419,009	10,960,684
Equity instrument at FVTOCI		3,710	3,710
		<b>14,422,719</b>	<b>12,733,394</b>
<b>Current assets</b>			
Debt instrument at FVTOCI		-	51,089
Inventories		6,750	7,141
Trade and other receivables	10	257,492	294,760
Contract assets and unbilled revenue		92,840	82,309
Bank balances and deposits		401,951	467,810
		<b>759,033</b>	<b>903,109</b>
<b>Current liabilities</b>			
Trade and other payables	11	1,258,032	956,893
Contract liabilities		83,501	85,087
Lease liabilities		1,771	-
Tax payables		111,937	83,600
Bank borrowings	12	-	2,180,153
		<b>1,455,241</b>	<b>3,305,733</b>
Net current liabilities		<b>(696,208)</b>	<b>(2,402,624)</b>
Total assets less current liabilities		<b>13,726,511</b>	<b>10,330,770</b>
<b>Non-current liabilities</b>			
Contract liabilities		31,372	42,679
Lease liabilities		1,751	-
Deferred tax liabilities		251,671	224,398
Bank borrowings	12	5,816,494	2,572,548
Shareholder's loan	13	3,300,000	3,300,000
		<b>9,401,288</b>	<b>6,139,625</b>
Net assets		<b>4,325,223</b>	<b>4,191,145</b>
<b>Capital and reserves</b>			
Share capital	14	232,919	232,658
Reserve arising from issuance of convertible notes	14	172,002	172,002
Other reserves		3,906,348	3,772,092
Equity attributable to owners of the Company		<b>4,311,269</b>	<b>4,176,752</b>
Non-controlling interests		13,954	14,393
Total equity		<b>4,325,223</b>	<b>4,191,145</b>

# Audited Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	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 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 income (expense) for the year	-	-	-	-	520	(1,096)	865,194	864,618	(515)	864,103
Exercise of share options (note 14)	117	3,381	-	(515)	-	-	-	2,983	-	2,983
Conversion of Convertible Notes (note 14)	*	-	*	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	7,190	-	-	-	7,190	-	7,190
Final dividend and distribution paid (note 8)	-	-	-	-	-	-	(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
Profit for the year	-	-	-	-	-	-	783,249	783,249	-	783,249
Exchange differences arising from translation of operations outside Hong Kong	-	-	-	-	444	-	-	444	(439)	5
Change in fair value of debt instruments measured at FVTOCI	-	-	-	-	-	(567)	-	(567)	-	(567)
Total comprehensive income (expense) for the year	-	-	-	-	444	(567)	783,249	783,126	(439)	782,687
Exercise of share options (note 14)	261	7,305	-	(1,094)	-	-	-	6,472	-	6,472
Conversion of Convertible Notes (note 14)	*	-	*	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	12,932	-	-	-	12,932	-	12,932
Final dividend and distribution paid (note 8)	-	-	-	-	-	-	(668,013)	(668,013)	-	(668,013)
<b>At 30 June 2020</b>	<b>232,919</b>	<b>2,334,287</b>	<b>172,002</b>	<b>22,338</b>	<b>3,117</b>	<b>-</b>	<b>1,546,606</b>	<b>4,311,269</b>	<b>13,954</b>	<b>4,325,223</b>

\* 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 (2019: HK\$50.00) were exercised and converted into 500 (2019: 500) ordinary shares by noteholders during the year ended 30 June 2020. As a result, the Convertible Notes in the amount of HK\$172,001,633.30 (2019: HK\$172,001,683.30) remained outstanding as at 30 June 2020.

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

# 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\$696,208,000 as at 30 June 2020. 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 INTERPRETATION

### **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 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

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.

## Notes to the Consolidated Financial Statements

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

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

##### *HKFRS 16 "Leases"*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

##### **Definition of a lease**

The Group has 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 not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 July 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

##### **As a lessee**

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019.

As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

## Notes to the Consolidated Financial Statements

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

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

#### HKFRS 16 "Leases" (continued)

#### As a lessee (continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 3.00%.

	At 1 July 2019 HK\$'000
Operating lease commitments disclosed as at 30 June 2019	169,401 -----
Lease liabilities discounted at relevant incremental borrowing rates	163,059
Add: Extension options reasonably certain to be exercised	5,383
Less: Practical expedient - leases with lease term ending within 12 months from the date of initial application	(1,099) -----
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 July 2019	167,343 =====
Analysed as:	
Current	70,996
Non-current	96,347 -----
	167,343 =====

The carrying amount of right-of-use assets as at 1 July 2019 comprises the following:

	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	167,343
Leasehold land included in leasehold properties and construction in progress	6,743,765 -----
	6,911,108 =====

Right-of-use assets relating to operating leases recognised upon application of HKFRS 16 in property, plant and equipment under leased properties.

## Notes to the Consolidated Financial Statements

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

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

##### HKFRS 16 "Leases" (continued)

##### As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 July 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 July 2019. However, effective on 1 July 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect at transition. No adjustment was made as discounting effect was not material.
- (c) Effective on 1 July 2019, the Group has applied HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The directors of the Company consider the application of HKFRS 16 as a lessor has had no material impact on the Group's consolidated financial statements for the year ended 30 June 2020 and the consolidated statement of financial position as at 30 June 2020.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 July 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at <u>30 June 2019</u> <i>HK\$'000</i>	<u>Adjustments</u> <i>HK\$'000</i>	Carrying amounts under HKFRS 16 <u>at 1 July 2019</u> <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	10,960,684	167,343	11,128,027
<b>Current liabilities</b>			
Lease liabilities	-	70,996	70,996
<b>Non-current liabilities</b>			
Lease liabilities	-	96,347	96,347



## Notes to the Consolidated Financial Statements

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

#### New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions <sup>6</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>7</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>5</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>5</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> 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

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>6</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2023

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, "the Amendments to References to the Conceptual Framework in HKFRS Standards", will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## Notes to the Consolidated Financial Statements

### 3. REVENUE

#### Disaggregation of revenue

##### For the year ended 30 June 2020

	Data centre and IT facilities <i>HK\$'000</i>	ELV and IT systems <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Types of services recognised over time</b>			
Income from data centre and IT facilities (including income of HK\$407,316,000 from other value-added services)	1,533,898	-	1,533,898
Installation and maintenance fee of ELV and IT systems (including installation fee of HK\$108,149,000)	-	179,946	179,946
	-----	-----	-----
Revenue from contracts with customers	1,533,898	179,946	1,713,844
	=====	=====	=====

##### For the year ended 30 June 2019

	Data centre and IT facilities <i>HK\$'000</i>	ELV and IT systems <i>HK\$'000</i>	Total <i>HK\$'000</i> (restated)
<b>Types of services recognised over time</b>			
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
	-----	-----	-----
Revenue from contracts with customers	1,384,033	176,805	1,560,838
	=====	=====	=====

### 4. SEGMENT INFORMATION

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

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

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

An operating segment regarding the properties holding was discontinued upon the disposal of subsidiaries in the current year. The segment information reported as below does not include any amounts for these discontinued operations. The comparative figures for the year ended 30 June 2019 were restated to exclude the properties holding segment from continuing operations.

## 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 2020

##### Continuing operations

	Data centre and IT facilities <i>HK\$'000</i>	ELV and IT systems <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
<b>REVENUE</b>				
External	1,533,898	179,946	-	1,713,844
Inter-segment	-	284	(284)	-
	-----	-----	-----	-----
Total	1,533,898	180,230	(284)	1,713,844
	=====	=====	=====	=====
<b>RESULTS</b>				
Segment results	862,113	40,474	-	902,587
	=====	=====	=====	=====
Unallocated corporate expenses				(46,560)
Interest income				6,632
Finance costs				(36,106)
Investment income				142
				-----
Profit before taxation from continuing operations				826,695
				=====

#### For the year ended 30 June 2019 (restated)

##### Continuing operations

	Data centre and IT facilities <i>HK\$'000</i>	ELV and IT systems <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
<b>REVENUE</b>				
External	1,384,033	176,805	-	1,560,838
Inter-segment	-	385	(385)	-
	-----	-----	-----	-----
Total	1,384,033	177,190	(385)	1,560,838
	=====	=====	=====	=====
<b>RESULTS</b>				
Segment results	764,304	32,994	-	797,298
	=====	=====	=====	=====
Unallocated corporate expenses				(33,288)
Interest income				13,846
Finance costs				(24,820)
Investment income				142
				-----
Profit before taxation from continuing operations				753,178
				=====

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 2020

#### Continuing operations

	Data centre and IT facilities <i>HK\$'000</i>	ELV and IT systems <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i>
Amount included in the measure of segment results:				
Depreciation of property, plant and equipment	328,578	1,579	-	330,157
Addition to property, plant and equipment	1,446,716	492	-	1,447,208
	=====	=====	=====	=====

#### For the year ended 30 June 2019 (restated)

#### Continuing operations

	Data centre and IT facilities <i>HK\$'000</i>	ELV and IT systems <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated total <i>HK\$'000</i> (restated)
Amount included in the measure of segment results:				
Depreciation of property, plant and equipment	240,876	173	2	241,051
Addition to property, plant and equipment	6,523,376	387	-	6,523,763
	=====	=====	=====	=====

#### 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 data centre and IT facilities and ELV and IT systems, accounted for about 10% (2019: 11%) of the total revenue.

### 5. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income	6,632	13,846
Investment income	142	142
Miscellaneous	5,499	8,245
	-----	-----
	12,273	22,233
	=====	=====

## Notes to the Consolidated Financial Statements

### 6. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
Continuing operations		
Current tax		
- Hong Kong Profits Tax	<b>102,299</b>	65,712
- Overprovision in prior years	<b>(160)</b>	(160)
	-----	-----
	<b>102,139</b>	65,552
Deferred tax charge	<b>30,233</b>	59,584
	-----	-----
	<b>132,372</b>	125,136
	=====	=====

Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) on the estimated assessable profits for the year.

### 7. PROFIT FOR THE YEAR

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year from continuing operations has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	<b>330,157</b>	241,051
Interest on bank borrowings	<b>119,273</b>	69,102
Interest on shareholder's loan	<b>132,362</b>	64,373
Interest on lease liabilities	<b>1,720</b>	-
Other finance costs	<b>17,789</b>	12,488
Less: amounts capitalised	<b>(235,038)</b>	(121,143)
	-----	-----
Total finance costs	<b>36,106</b>	24,820
	=====	=====

## Notes to the Consolidated Financial Statements

### 8. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <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 HK16.50 cents (2019 HK15.10 cents) per share	<b>384,210</b>	351,143
- Payments to convertible noteholders in respect of the immediately preceding financial year of HK16.50 cents (2019: 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 5 November 2019 (2019: 1 November 2018)	<b>283,803</b>	259,723
	<b>668,013</b>	610,866
Dividend proposed		
- Final dividend to ordinary shareholders in respect of the current financial year of HK17.50 cents (2019: HK16.50 cents) per share	<b>407,609</b>	383,886
- Payments to convertible noteholders in respect of the current financial year of HK17.50 cents (2019: HK16.50 cents) for each share which such registered noteholders would have become holders of, had such registered noteholders' Convertible Notes then outstanding been converted on 5 November 2020 (2019: 5 November 2019)	<b>301,003</b>	283,803
	<b>708,612</b>	667,689

At a meeting held on 4 September 2020, the directors recommend the declaration of a final dividend of HK17.50 cents per share for the year ended 30 June 2020. This proposed dividend is not included as a dividend payable in the consolidated statement of financial position as at 30 June 2020.

## Notes to the Consolidated Financial Statements

### 9. EARNINGS PER SHARE

(a) Reported earnings per share

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	<b>783,249</b> =====	865,194 =====
	<b>2020</b> <b>Number of</b> <b>shares</b>	2019 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>4,048,265,163</b>	4,045,726,244
Effect of dilutive potential ordinary shares: Share options	<b>4,222,755</b> -----	5,577,088 -----
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>4,052,487,918</b> =====	4,051,303,332 =====

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.

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 2020 and 2019. Save as the share options mentioned above, there were no other dilutive potential ordinary shares in existence during the years ended 30 June 2020 and 2019.

(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 from continuing and discontinued operations of HK\$708,997,000 (2019: HK\$670,194,000), excluding the effect of increase in fair value of investment properties (included in profits from discontinued operations). A reconciliation of profit is as follows:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit attributable to owners of the Company as shown in the consolidated statement of profit or loss	<b>783,249</b>	865,194
Less: increase in fair value of investment properties	<b>(74,252)</b> -----	(195,000) -----
Underlying profit attributable to owners of the Company	<b>708,997</b> =====	670,194 =====

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

## Notes to the Consolidated Financial Statements

### 9. EARNINGS PER SHARE (continued)

#### (c) Earnings per share from continuing operations

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (restated)
Profit attributable to owners of the Company as shown in the consolidated statement of profit or loss	<b>783,249</b>	865,194
Less: profit from discontinued operations	<b>(88,926)</b>	(237,152)
	-----	-----
Earnings for the purpose of basic and diluted earnings per share from continuing operations	<b>694,323</b>	628,042
	=====	=====

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

#### (d) Earnings per share from discontinued operations

Basic earnings per share for the discontinued operations is HK2.20 cents per share (2019: HK5.87 cents per share) and diluted earnings per share for the discontinued operations is HK2.20 cents per share (2019: HK5.86 cents per share), based on the profit for the year from discontinued operations of HK\$88,926,000 (2019: HK\$237,152,000) and the denominators detailed above for both basic and diluted reported earnings per share.

### 10. TRADE AND OTHER RECEIVABLES

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 - 60 days	<b>129,942</b>	139,819
61 - 90 days	<b>5,397</b>	6,326
> 90 days	<b>15,596</b>	18,555
	-----	-----
Trade receivables	<b>150,935</b>	164,700
Other receivables	<b>45,160</b>	42,711
Prepayments	<b>58,649</b>	46,139
Deposits paid	<b>2,748</b>	41,210
	-----	-----
	<b>257,492</b>	294,760
	=====	=====



## Notes to the Consolidated Financial Statements

### 11. TRADE AND OTHER PAYABLES

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables aged within 60 days	49,709	22,406
Trade payables aged over 60 days	2,395	1,820
Other payables and accruals	1,050,375	764,017
Deposits received	155,553	168,650
	-----	-----
	<b>1,258,032</b>	956,893
	=====	=====

### 12. 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\$5,816,494,000 (2019: HK\$4,752,701,000). The loans carry interest at the Hong Kong Interbank Offered Rate plus a margin. The loans were used to fund various existing data centre projects.

During the year, the Group obtained another long-term banking facility of HK\$3,000,000,000 to refinance its existing short-term bank loan and to fund various existing data centre projects. HK\$2,200,000,000 was drawn down from newly obtained bank facility during the year for the repayment to the short-term bank loan with a principal amount of HK\$2,182,400,000. The Group has also drawn down an unsecured bank loan of HK\$1,070,000,000 from its existing unutilised banking facility.

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 2.53% (2019: 2.56%) per annum and specific borrowings to expenditure on qualifying assets.

The carrying amounts of the above borrowings are repayables\*

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within one year	-	2,180,153
Within a period of more than one year but less than two years	-	-
Within a period of more than two years but less than five years	5,816,494	2,572,548
	-----	-----
	<b>5,816,494</b>	4,752,701
	=====	=====

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

## Notes to the Consolidated Financial Statements

### 13. SHAREHOLDER'S LOAN

During the year ended 30 June 2019, the Group and SHKP Group entered into a loan agreement pursuant to which SHKP Group had agreed to make available unsecured term loan facility in an aggregate amount of HK\$3,800,000,000 to the Group for a term of 72 months at a fixed interest rate of 4% per annum. At the end of the reporting period, HK\$3,300,000,000 (2019: 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.

### 14. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 July 2018, 30 June 2019 and <b>30 June 2020</b>	<b>10,000,000,000</b>	<b>1,000,000</b>
	=====	=====
Issued and fully paid:		
At 1 July 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
Conversion of Convertible Notes (Note (i))	500	-*
Exercise of share options (Note (ii))	2,610,000	261
	-----	-----
<b>At 30 June 2020</b>	<b>2,329,193,333</b>	<b>232,919</b>
	=====	=====

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 2020 and 2019.

\* Less than HK\$1,000

## Notes to the Consolidated Financial Statements

### 14. 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 2020, Convertible Notes in the amount of HK\$50.00 (2019: HK\$50.00) were exercised and converted into 500 (2019: 500) ordinary shares of the Company.

	<b>Number of fully paid ordinary shares to be issued (issued) upon conversion</b>	<b>Amount HK\$'000</b>
At 1 July 2018	1,720,017,333	172,002
Conversion of Convertible Notes	(500)	*
	-----	-----
At 30 June 2019	1,720,016,833	172,002
Conversion of Convertible Notes	(500)	*
	-----	-----
<b>At 30 June 2020</b>	<b>1,720,016,333</b>	<b>172,002</b>
	=====	=====

\* Less than HK\$1,000

Upon conversion of all the outstanding Convertible Notes, the issued share capital of the Company would be 4,049,209,666 (2019: 4,046,599,666) 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 2020, 2,610,000 (2019: 1,170,000) shares were issued upon the exercise of share options.

## **DIVIDEND**

The board of Directors (the “Board”) recommended the payment of a final dividend of HK17.50 cents per share (2019: HK16.50 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, 5 November 2020, making a total dividend of HK17.50 cents per share for the full year ended 30 June 2020 (2019: HK16.50 cents per share). The proposed final dividend will be paid on Thursday, 26 November 2020 following the approval at the forthcoming annual general meeting of the Company (the “2020 AGM”). Shares of the Company (the “Shares”) will be traded ex-dividend as from Tuesday, 3 November 2020.

In addition, subject to the resolution for declaring the aforesaid final dividend being duly passed at the 2020 AGM, pursuant to the deed poll constituting the convertible notes dated 25 November 2010 (the “Convertible Notes”), the Company will, on Thursday, 26 November 2020, pay to the noteholders of the Company (the “Noteholders”) whose names appear on the register of Noteholders (the “Register of Noteholders”) on Thursday, 5 November 2020, HK17.50 cents for each share which such Noteholders would have become holders of, had such Noteholders’ Convertible Notes then outstanding been converted on Thursday, 5 November 2020.

## **ANNUAL GENERAL MEETING**

The 2020 AGM will be held on Friday, 30 October 2020 and the notice of the 2020 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 2020 AGM, the Register of Members will be closed from Tuesday, 27 October 2020 to Friday, 30 October 2020, 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 Friday, 23 October 2020; and
- (ii) In the case of the Convertible Notes, in order to be entitled to attend and vote at the 2020 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 Wednesday, 9 September 2020.

In addition, the Register of Members will be closed on Thursday, 5 November 2020. On the assumption that the resolution for declaring the final dividend is duly passed at the 2020 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, 4 November 2020; 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, 5 November 2020.

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

During the year ended 30 June 2020, 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 2020 and has provided advice and comments thereon.

## **CORPORATE GOVERNANCE CODE**

Throughout the year ended 30 June 2020, 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 30 October 2019 due to other commitment.

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

Hong Kong, 4 September 2020

*As at the date of this announcement, the Board comprises six Executive Directors, being Kwok Ping-luen, Raymond, Fung Yuk-lun, Allen, Tong Kwok-kong, Raymond, Tung Chi-ho, Eric, Chan Man-yuen, Martin and Lau Yeuk-hung, Fiona; 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 six Independent Non-Executive Directors, being Li On-kwok, Victor, King Yeo-chi, Ambrose, Wong Kai-man, Kwok Kwok-chuen, Lee Wai-kwong, Sunny and Cheng Ka-lai, Lily.*