



**SUNeVision Holdings Ltd.**  
**新意網集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 8008)

**FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2004**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK  
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*As at the date of this announcement, the Board of Directors comprises of twelve Executive Directors, being KWOK Ping Luen, Raymond, KWOK Ping Sheung, Walter, KWOK Ping Kwong, Thomas, YEN Shiao Hua, Sheridan, CHAN Kui Yuen, Thomas, WONG Yick Kam, Michael, LEUNG Kui King, Donald, SO Chung Keung, Alfred, TUNG Chi Ho, Eric, WONG Chin Wah, TUNG Yiu Kwan, Stephen and SO Sing Tak, Andrew; one Non-Executive Director, being CHEUNG Wing Yui; and three Independent Non-Executive Directors, being Professor KAO Kuen, Charles, Professor LI On Kwok, Victor and Doctor FONG Ching, Eddy.*

*This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the day of its posting.*

## **CHAIRMAN'S STATEMENT**

During the financial year 2003-2004, the back-to-basics strategy that SUNeVision has been executing steadily in the past financial year bore solid fruit: the Group achieved full-year profitability for the first time and generated a net profit of HK\$108 million, equivalent to HK\$0.05 per share.

### **FINANCIAL HIGHLIGHTS**

Turnover was HK\$228 million, a 6% decline from that in the previous year. Factors behind this moderate change included reduced revenue from the Group's last-mile connectivity businesses, caused by slow project starts in the first half of the financial year. Revenue from the property-related website businesses also showed a decline.

Despite this, the year's gross profit of HK\$69 million was only marginally down from the previous year's HK\$71 million. Gross margin for the year was 30%, similar to the previous year. Profit from operations before one-off costs was HK\$108 million, a significant improvement over the HK\$74 million achieved in the previous year.

During the year under review, one of the Group's equity technology investments, ChinaCast Communication Holdings, a provider of satellite-based multimedia solutions in China, was successfully listed on the Singapore Exchange and is expected to provide satisfactory returns to the original investment. During the year, the Group also made a conservative provision of HK\$38 million for impairment of several other equity technology investments that had been made historically during 2000-2001, reflecting market conditions and a prudent outlook for the investments. As of 30 June 2004, the revised value of the Group's equity technology investments stood at HK\$133 million.

Further, following normal practice the Group's investment properties were independently revalued as of 30 June 2004 on an open market value basis, resulting in a valuation surplus of HK\$38 million which reflected prevailing property market conditions.

After these adjustments, shareholder funds as of 30 June 2004 stood at HK\$2,989 million, or HK\$1.48 per share. The Group's financial position continues strong, with approximately HK\$1.3 billion in cash and interest-bearing securities.

As a result of the Group's achieving full-year profitability, the directors recommend the payment of a final dividend of HK\$0.03 per share for the year ended 30 June 2004.

### **BUSINESS REVIEW**

iAdvantage continued to anticipate and meet the needs of global telecommunications carriers, IT service providers, multinational corporations, and the authorities with its carrier-neutral, world-class Internet data centres in Hong Kong and Mainland China. During the year, iAdvantage secured important new business opportunities in outsourcing and business continuity services with major local and multinational customers. Overall data centre occupancy during the year was approximately 56%, and continuing demand for iAdvantage's services is anticipated.

During the year, SUNeVision's consumer enabling and property-related technology businesses continued to deliver value-added services to its customers. Productivity improved and the parent company's strong property heritage continued to provide valuable leverage.

## **PROSPECTS**

SUNeVision's portfolio of stable data infrastructure and service provision businesses, positions it well to improve and sustain its new-found profitability. Specifically, iAdvantage will press forward with increasing the occupancy of its data centres, while the Group's consumer enabling and property-related technology businesses will continue to utilize the parent company's important relationships.

I would like to close by thanking the board and management for their clear vision, commitment, and strong execution throughout the year, and to express my sincere appreciation to each member of our loyal and hardworking staff.

### **KWOK PING LUEN, RAYMOND**

*Chairman and Chief Executive Officer*

Hong Kong, 20 September 2004

## **MANAGING DIRECTOR'S REPORT**

### **OVERVIEW**

The Group's back-to-basics strategy has proved successful, resulting in a net profit of HK\$108 million for the full financial year that ended on 30 June 2004. This was the first time that the Group achieved a positive year-end result. The Group also maximized new revenue opportunities and improved operating efficiency. A clear vision and strong execution led to the profitable year-end result.

Turnover for the year under review dropped a modest 6% from the previous year to HK\$228 million. A reduction in revenue from the Group's last-mile connectivity business due to slow project starts in the first half of the financial year and a reduction in revenue from property-related website businesses contributed to the adjustment. Gross profit for the year was HK\$69 million, while gross margin was 30%, up 1% over last year. Operating expenses fell 18% to HK\$56 million.

Profit from operations before one-off costs was HK\$108 million, a 46% improvement over the previous year. During the year, the Group made a conservative provision of HK\$38 million for impairment of several equity technology investments, reflecting market conditions and a prudent outlook for these investments. In addition, an independent reassessment of the Group's investment properties was carried out as part of standard practice, and resulted in a valuation surplus of HK\$38 million which reflected prevailing property market conditions. The net profit for the year was HK\$108 million, a significant improvement over the net loss of HK\$341 million in the previous year.

### **DATA INFRASTRUCTURE**

#### ***iAdvantage***

iAdvantage continued to meet the needs of global telecommunications companies, IT service providers, multinational corporations and official bodies with its carrier-neutral, world-class Internet data centres in Hong Kong and on the mainland. The company also signed up prestigious new customers from different business sectors and built on its solid client base for future growth. Efforts to maintain premium-quality service, and to strengthen relationships with major IT service providers, enabled iAdvantage to capture new business opportunities arising from outsourcing and the demand for business continuity from major local and multinational customers. Overall data centre occupancy during the year was approximately 56%, and continuing demand for iAdvantage's services is anticipated. Ongoing operational reviews enabled the company to optimize its deployment of resources and strengthen its competitive position amid market consolidation.

## ***Super e-Technology***

Super e-Technology operates 152 satellite master antenna television (SMATV) systems serving approximately 83,000 households, making it the third-largest player in the market. Super e-Technology has eight security surveillance installation contracts worth HK\$28 million and nine SMATV installation contracts worth HK\$9 million in hand during the year. The company also reached an agreement with a major pay TV operator, under which Super e-Technology will install and maintain a system using its SMATV/CABD networks to deliver programming.

The company's Super e-Shooter system was developed for property developers, transit operators, shopping malls, chain retailers and other organizations that need to monitor pedestrian flows. There are currently four systems in operation and four more in the works, and the number of installations is forecast to grow.

## ***Super e-Network***

Super e-Network made a satisfactory contribution to the Group during the year. Key achievements included the installation and operation of a broadband system at Ocean Shores Phase 3 in Tseung Kwan O, and the installation of a wireless local area network in IFC mall. The company is currently wiring up Phase 1 of YOHO Town in Yuen Long. Super e-Network will strive to generate additional revenue by providing broadband service packages to new residential estates in 2004-2005.

## **ENABLING SERVICES**

### ***SuperHome***

Development of SuperHome's web-based estate platform and related applications is now complete, and the company will focus on licensing its software and servicing its expanding network of residential estates throughout Hong Kong.

### ***SuperStreets***

SuperStreets underwent a restructuring and will focus exclusively on revenue-generating businesses such as mortgage and interior design referrals as it goes forward. SuperStreets is expected to deliver better performance in the next financial year as property market sentiment improves.

### ***Red-Dots***

Red-Dots ended the year profitably, by following its strategy of providing first-class products and services to discerning customers willing to pay for a clean and trustworthy e-commerce platform. Red-Dots will enter the coming financial year with a commitment to improving performance by following its proven strategy and introducing new revenue streams.

## **INVESTMENTS**

### ***Venture Capital***

The Group only makes investments on a prudent and conservative basis, and no new investments were made during the year. One of its equity technology investments is in ChinaCast Communication Holdings, a provider of satellite-based multimedia solutions in China. ChinaCast was listed on the Singapore Exchange during the year under review, which should provide a satisfactory return on the original investment. During the year, the Group also made a conservative provision of HK\$38 million for the impairment of several other equity technology investments that had been made historically during 2000-2001, reflecting prevailing market conditions and a prudent valuation. The revised value of the Group's equity technology investments stood at HK\$133 million as of 30 June 2004.

The Group maintains a prudent and conservative approach to its investments, committing funds only where returns can be reasonably expected and are demonstrably attractive.

## **OTHER FINANCIAL DISCUSSION AND ANALYSIS**

The Group practices prudent financial management and has a strong balance sheet, with high liquidity and substantial financial resources. It held cash and interest-bearing securities of approximately HK\$1.3 billion as of 30 June 2004. Gearing (or net debt, after deducting cash and bank balances, to shareholders' funds) was zero as of 30 June 2004.

Certain group subsidiaries have general banking facilities of HK\$33 million, of which approximately HK\$6.2 million had been drawn down as of 30 June 2004. Other than these utilized banking facilities, the Group has no material contingent liabilities.

The Group's core operations are based in Hong Kong and its assets are primarily denominated in Hong Kong or US dollars. It has no significant exposure to foreign exchange rate fluctuations. The Group had not pledged any of its assets as of 30 June 2004, and there were no material acquisitions or disposals of subsidiaries or affiliated companies during the year.

There have been no material changes in the composition of the Group's equity technology investment portfolio since 30 June 2003.

## **EMPLOYEES**

The Group had 202 full-time employees as of 30 June 2004 and payroll costs remained at a similar level as before during the year. Discretionary bonuses were given to selected employees in recognition of good performance. Other remuneration and benefits, including medical coverage and provident fund contributions, remained at appropriate levels. Various training and development courses were also offered to enable employees to upgrade their skills. The Group offers a share option scheme to reward employees who make significant contributions and to retain key staff. Particulars of the scheme are set out in the relevant sections of this report.

## **OUTLOOK**

SUNeVision's strength lies in its solid business units providing data infrastructure and other services, together with a team of competent, professional staff. All these assets position the Group well to sustain and improve its new-found profitability. iAdvantage will press forward to increase the occupancy of its data centres, and the Group's consumer-enabling and property-related technology businesses will continue to deliver value-added services to customers, improving productivity and taking full advantage of its parent company's strong position in the property market.

The Group will maintain its prudent financial approach and keep focusing on IT-related businesses with immediate revenue. It will pay close attention to market trends and continue to push for revenue growth and greater operating efficiency.

I would like to close by thanking SUNeVision's management team and staff for their dedication and commitment over the past years, and our shareholders for their long-standing trust and support.

**YEN SHIAO HUA, SHERIDAN**  
*Managing Director*

Hong Kong, 20 September 2004

## AUDITED CONSOLIDATED INCOME STATEMENT

The Directors of SUNeVision Holdings Ltd. (“the Company”) are pleased to announce the following audited consolidated figures of the Company and its subsidiaries (“the Group”) for the year ended 30 June 2004 together with the comparative audited consolidated results for the year ended 30 June 2003 as follows:

	<u>NOTES</u>	<u>2004</u> HK\$'000	<u>2003</u> HK\$'000
Turnover		227,822	242,770
Cost of sales		<u>(159,106)</u>	<u>(171,525)</u>
Gross profit		68,716	71,245
Other revenue	3	<u>95,192</u>	<u>85,887</u>
		163,908	157,132
Selling expenses		(7,966)	(8,574)
Administrative expenses		<u>(48,264)</u>	<u>(60,277)</u>
Profit from operations		107,678	88,281
Finance costs	4	<u>(19)</u>	<u>(14,557)</u>
Profit from operations after finance costs		107,659	73,724
Surplus (deficit) on revaluation of investment properties		37,800	(50,000)
Impairment losses of equity technology investments		(37,950)	(252,163)
Share of loss of an associate		(223)	(5,681)
Deficit on revaluation of land and buildings		<u>-</u>	<u>(123,312)</u>
Profit (loss) before taxation		107,286	(357,432)
Taxation	5	<u>262</u>	<u>(88)</u>
Profit (loss) before minority interests		107,548	(357,520)
Minority interests		<u>-</u>	<u>16,748</u>
Net profit (loss) for the year		<u><u>107,548</u></u>	<u><u>(340,772)</u></u>
Dividends:			
Proposed final dividend of HK\$0.03 per share based on 2,026,197,500 shares (2003: nil)		<u><u>60,786</u></u>	<u><u>-</u></u>
Earnings (loss) per share	6		
- Basic		<u><u>5.31 cents</u></u>	<u><u>(16.82 cents)</u></u>
- Diluted		<u><u>5.31 cents</u></u>	<u><u>N/A</u></u>

Notes:

## 1. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain property interests, and in accordance with accounting principles generally accepted in Hong Kong.

## 2. BUSINESS AND GEOGRAPHICAL SEGMENTS

### *Business segments*

Business segment information is chosen as the primary reporting segment format. The principal activities of the main business segments of the Group are as follows:

Internet services centre and IT facilities cover the provision of data centre, facilities management, web applications and value added services.

SMATV, CABD, structural cabling and security systems comprise installation and maintenance services for the respective systems.

Properties holding refers to the Group's interests in rental properties.

Segment information about these businesses is presented below:

For the year ended 30 June 2004

	Internet services centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>					
External	129,215	66,899	31,708	-	227,822
Inter-segment	<u>1,502</u>	<u>873</u>	<u>2,785</u>	<u>(5,160)</u>	<u>-</u>
Total	<u>130,717</u>	<u>67,772</u>	<u>34,493</u>	<u>(5,160)</u>	<u>227,822</u>
<b>RESULTS</b>					
Segment results	<u>17,071</u>	<u>12,978</u>	<u>23,725</u>	<u>-</u>	53,774
Unallocated corporate expenses					(19,416)
Interest income					48,929
Gain on redemption/disposal of debt securities					19,824
Exchange gain on debt securities					<u>4,567</u>
Profit from operations					107,678
Finance costs					<u>(19)</u>
Profit from operations after finance costs					107,659
Surplus on revaluation of investment properties	-	-	37,800	-	37,800
Impairment losses of equity technology investments					<u>(37,950)</u>
Share of loss of an associate					<u>(223)</u>
Profit before taxation					107,286
Taxation					<u>262</u>
Profit before minority interests					<u>107,548</u>

## 2. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### *Business segments – continued*

For the year ended 30 June 2003

	Internet services centre and IT facilities HK\$'000	SMATV, CABD, structural cabling and security systems HK\$'000	Properties holding HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>					
External	139,932	85,824	17,014	-	242,770
Inter-segment	773	1,757	2,894	(5,424)	-
<b>Total</b>	<u>140,705</u>	<u>87,581</u>	<u>19,908</u>	<u>(5,424)</u>	<u>242,770</u>
<b>RESULTS</b>					
Segment results	<u>12,259</u>	<u>13,225</u>	<u>21,756</u>	<u>-</u>	47,240
Unallocated corporate expenses					(21,412)
Interest income					56,370
Gain on redemption/disposal of debt securities					6,083
Profit from operations					88,281
Finance costs					(14,557)
Profit from operations after finance costs					73,724
Deficit on revaluation of investment properties	-	-	(50,000)	-	(50,000)
Deficit on revaluation of land and buildings	(123,312)	-	-	-	(123,312)
Impairment losses of equity technology investments					(252,163)
Share of loss of an associate					(5,681)
Loss before taxation					(357,432)
Taxation					(88)
Loss before minority interests					<u>(357,520)</u>

Inter-segment sales are charged at prevailing market rates.

### *Geographical segments*

The Group's turnover and results are substantially derived from Hong Kong. Accordingly, no analysis by geographical segment is presented.

## 3. OTHER REVENUE

	<u>2004</u> HK\$'000	<u>2003</u> HK\$'000
Interest income	48,929	56,370
Gain on redemption/disposal of debt securities	19,824	6,083
Compensations received from tenants	19,284	-
Exchange gain on debt securities	4,567	-
Others	2,588	4,627
Property income (2003: net of outgoings of HK\$3,977,000)	-	11,707
Liquidation dividend from a former tenant	-	7,100
	<u>95,192</u>	<u>85,887</u>

#### 4. FINANCE COSTS

	<u>2004</u> HK\$'000	<u>2003</u> HK\$'000
Interest on convertible note	-	14,520
Finance charges on finance leases	<u>19</u>	<u>37</u>
	<u>19</u>	<u>14,557</u>

#### 5. TAXATION

	<u>2004</u> HK\$'000	<u>2003</u> HK\$'000
The (credit) charge comprises:		
Current tax:		
Overprovision of Hong Kong Profits Tax in prior year	(262)	-
Tax in other regions of the People's Republic of China (the "PRC")	<u>-</u>	<u>88</u>
	<u>(262)</u>	<u>88</u>

No tax is payable on the profit for the year arising in Hong Kong since the estimated assessable profit is wholly absorbed by tax losses brought forward. No provision for Hong Kong Profits Tax was made in the financial statements for the year ended 30 June 2003 as the Group had no assessable profit for that year.

Taxation in other regions of the PRC for the year ended 30 June 2003 was calculated at the rates prevailing in those jurisdictions.

#### 6. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	<u>2004</u> HK\$'000	<u>2003</u> HK\$'000
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share	<u>107,548</u>	<u>(340,772)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	2,026,197,500	2,026,378,921
Effect of dilutive potential ordinary shares:		
Share options	343,898	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>2,026,541,398</u>	<u>N/A</u>

No diluted loss per share has been presented for the year ended 30 June 2003 because the conversion of the Company's outstanding convertible note would result in a decrease in loss per share and the exercise price of the Company's outstanding share options was higher than the average market price of the shares of the Company during that year.

## 7. RESERVES

	Share <u>premium</u> HK\$'000	Exchange <u>reserve</u> HK\$'000	Property revaluation <u>reserve</u> HK\$'000	Accumulated <u>losses</u> HK\$'000	<u>Total</u> HK\$'000
At 1 July 2002	3,869,931	288	23,518	(855,594)	3,038,143
Deficit on revaluation of land and buildings not recognised in the income statement	-	-	(17,285)	-	(17,285)
Repurchase of own shares	(1,564)	-	-	-	(1,564)
Net loss for the year	-	-	-	(340,772)	(340,772)
At 30 June 2003 and 1 July 2003	3,868,367	288	6,233	(1,196,366)	2,678,522
Net profit for the year	-	-	-	107,548	107,548
Proposed final dividend	-	-	-	(60,786)	(60,786)
At 30 June 2004	<u>3,868,367</u>	<u>288</u>	<u>6,233</u>	<u>(1,149,604)</u>	<u>2,725,284</u>

## DIVIDEND

The Board of Directors recommend a final dividend of HK\$0.03 per share (2003: Nil), making a total dividend of HK\$0.03 per share for the full year ended 30 June 2004 (2003: Nil).

## CLOSING OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 21<sup>st</sup> October 2004 to Thursday, 28<sup>th</sup> October 2004 (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 20<sup>th</sup> October 2004.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## AUDIT COMMITTEE

The Audit Committee had reviewed the annual results and provided advice and comments thereon.

## BOARD PRACTICES AND PROCEDURES

The Company has complied with rules 5.34 to 5.45 (where applicable) concerning board practices and procedures throughout the accounting period covered by this Report.

On behalf of the Board

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**KWOK PING LUEN, RAYMOND**  
*Chairman and Chief Executive Officer*  
20 September 2004